beate uhse

3-MONTH STATEMENT 2009

In Hungary, Beate Uhse has its own production plant for love toys in a class of their own.

MAE B. – SYNONYMOUS WITH LOVE TOY QUALITY

In Börcs, a sleepy Hungarian village with 1,400 residents just one hour by car from the international airport of the Austrian capital, Vienna, the Beate Uhse Group has built up a production site for love toys in a class of their own.

More than 50 different models have now been created under the Mae B. brand. With enticing names, such as Simply Geisha or Chakira, they are sold absolutely exclusively via the company's own distribution channels – in stores, in the catalogue and at the online shop.

With its home-grown Mae B. collection, Beate Uhse has set new standards in terms of quality and boosted its profile as a pioneer in the interesting growth market for sex toys. The job of shaping the toys professionally was assigned to Heinrich Maria Brüggemann, who has won prizes for his expertise as a designer of love toys. The creations he has developed for Mae B. have also been singled out for an award – namely approval by the TÜV Technical Inspection Agency. The love toys have thus been certified as being of the utmost quality. They are waterproof, kind to the skin and free of harmful substances. Only high-quality materials are used in their production. Silicome is the name of the specially developed type of silicon. It is so soft and kind to the skin that it is even used for highly sensitive medical products. Mae B. love toys are the world's first to be recognised as Class 2A medical products and awarded the CE mark of conformity. The production site has now been extended to include a liquid filling plant, thus enabling Mae B. to produce its own high-quality wellness lines here as well.

Top priority is accorded to careful inspection of the products at bu productions Kft's Hungarian plant. The vibrators and love balls undergo a multistage quality check. Before any batch is cleared for production, the specimens are subject to a painstaking examination. Only absolutely flawless silicon shells are cleared for further processing into vibrators. Every vibrator is finely polished by hand, before being packed and made ready for dispatching.

These high standards in terms of quality, design and functionality are being honoured by customers. Couples and women in particular are among Mae B.'s greatest fans. The Mae B. love toy collection has established itself as the best-selling group of products in the shops.

Mae B. represents a new generation of love toys meeting the needs of new desires and smart sex. These toys inspire, stimulate the imagination and are an almost endless source of fun

BEATE UHSE AT A GLANCE

EUR 000s		3 months 31.03.2008	**3 months 31.03.2009**	Change %
SALES PERFORMANCE				
Retail		18,684	15,861	-15.1
Mail Order		30,013	26,923	-10.3
Wholesale		15,976	13,054	-18.3
Entertainment		3,641	3,021	-17.0
Total sales		68,314	**58,859**	-13.8
International share of sales	%	61.1	64.2	5.1
Results				
EBITDA		10,204	5,170	-49.3
EBIT		7,464	2,695	-63.9
EBT		6,391	1,498	-76.6
Net income of ongoing business divisions		3,938	356	-91.0
Other earnings indicators				
Return on sales before tax	%	9.4	2.5	-72.8
Return on sales after tax	%	5.8	0.6	-89.5
Return on equity	%	4.2	0.4	-91.1
Gross profit margin	%	58.0	56.4	-2.7
Financial situation				
Cash flow from operating activities		340	1,021	200.3
Investments		1,950	5,788	196.8
Depreciation and amortisation		2,740	2,475	-9.7
Dividend paid		0	0	0,0
Balance sheet data				
Total assets		176,441	178,250	1.0
Shareholders‘ equity		94,594	95,739	1.2
Equity ratio	%	53.6	53.7	0.2
Non-current assets		92,249	94,145	2.1
Current assets		83,442	84,105	0.8
Other data				
Employees	total	1,379	1,215	-11.9
Personnel expenses		11,232	10,397	-7.4
Cost of sales		28,721	25,658	-10.7
Sales related expenses		28,204	26,845	-4.8
Shares				
Number of shares	total	70,984,696	70,984,696	0.0
Closing price	EUR	1.35	0.60	-55.6
Annual high	EUR	2.03	0.62	-69.5
Annual low	EUR	1.23	0.42	-65.9
Earnings per share	EUR	0.04	0.00	-100.0
Cash flow per share	EUR	0.06	0.04	-33.3

FOREWORD OF THE MANAGEMENT BOARD

DEAR SHAREHOLDERS OF BEATE UHSE AG,
DEAR LADIES AND GENTLEMEN,

Since the crash of the US investment bank Lehman Brothers in September 2008, no topic has gripped the population more closely than that of the economic crisis. One in five German households finds itself in a tense situation, according to a new study published by the GfK market research company. Consumers are adapting their spending habits to the situation, tending to postpone investments in durable and high-price consumer goods, but less willing to cut back their spending on everyday commodities. So far. After all, it is now clear that the full scale of the downturn has by no means yet reached end consumers. According to economic experts, no recovery in the economy can be expected in the near future.

Beate Uhse is less affected by the current economic situation than the automobile and real estate sectors, for example, as erotica is a product which is just as much part of life as eating and drinking. Having said this, we too have been unable to escape the crisis entirely. We have been particularly affected in those areas where the automobile industry plays a major role, where local workers have had their working hours reduced, in tourist destinations such as Amsterdam, and at airports, where the recession has left its mark on travel activity. We channelled all of our efforts in the first quarter into standing up to the economic headwind. We worked at full steam on rapidly implementing our plans. At the same time, we reduced our costs where this was possible without endangering our target achievement. In this way, we have been able to generate EBIT of Euro 2.6 million, and thus a third of our earnings target for this year. As expected, sales were somewhat lower at Euro 59 million. The largest share of this decline was due to the smaller store network and to a reduction in orders from wholesale customers. We also saw lower sales in our mail order business, our strongest segment in terms of sales. In spite of all this, a closer analysis of our results provides grounds for optimism:

Firstly, we have successfully maintained our customer basis at a stable level – an indication that customers are satisfied with the service and products we offer.
Secondly, our customers looked not only at the price, but rather opted for what they liked. Love toys and lingerie were in the greatest demand, while our newly launched wellness and living product worlds have also met with a warm reception, thus confirming our strategy of relying on the quality and breadth of our product range, rather than further promoting the downward spiral in prices.

We can conclude that customers are not cutting back on their quality of life. They are fulfilling smaller wishes and desires, but are being more careful about how they spend their money. This is a development from which we stand to benefit. Even now, we are already seen as the full-range provider for erotica products of all kinds. Beate Uhse is the address for erotica services and products.

And we are by no means standing still.

By taking over the Dutch Playhouse Group, we have acquired some valuable additional assets. With the home parties already well-established in the Netherlands under the name “Ladies Night”, we have acquired a further interesting distribution channel, one which we are now introducing into other countries. These parties have already been launched in Germany. Not only that, we have also procured valuable sector expertise, notably in the field of new media. This is an area in which we see great opportunities for the future, especially by dovetailing new media with our traditional mail order and retail distribution channels. We will be strict in implementing the standardisation of our product ranges, sales promotion and advertising across all channels and will also stimulate sales by means of cross-selling campaigns, such as a club card. With amazon.de, we have acquired a very interesting partner to market our products via channels other than our own and are already holding talks with other interested retail companies.

Even though the global recession means that our expectations are not especially high, and our optimism is relatively subdued, we are nevertheless heading into the second quarter with new directions, creative ideas and, above all, a strong, committed team.

Yours faithfully,

Serge van der Hooft
COO and Spokesman of the Management Board

Jan Boddaert
CMO

INTERIM MANAGEMENT REPORT

BUSINESS AND ECONOMIC FRAMEWORK

Macroeconomic developments

The global economy finds itself deep in crisis at the beginning of 2009. Following the marked intensification in the economic downturn in autumn 2008, virtually all countries in the world are now affected by the recession. Notwithstanding numerous government economic stimulus packages, the euro area has yet to see any improvement in its situation. According to Eurozone Economic Outlook, realterm GDP dropped by 4.0 percent in the first quarter of 2009 compared with the equivalent period in the previous year. Given the tenser situation on the labour market, private consumer spending also showed a slight decline of 0.8 percent.

The German economy is witnessing the same trend. Global demand for investment goods has collapsed, a development which has hit major export nations, such as Germany, especially hard. In all, according to the spring survey compiled by economic experts, real-term GDP fell by 3.5 percent in the first quarter compared with the same period in the previous year. Private consumer spending, which has shown only a slight decline of 0.1 percent, is therefore still able to play a supportive role. However, this stability is largely due to the government's old car scrapping incentive programme. The German retail sector, by contrast, which as well as department stores and supermarkets also includes mail order, reported a 3.1 percent reduction in sales compared with the first quarter of 2008, asconsumers have been obliged to save the cash they invested in buying new cars in other areas.

Erotica market

The erotica sector is also feeling the effects of the increasingly subdued consumer climate in the wake of the financial crisis, albeit to a less tangible extent than providers of expensive goods. The sector rather faces problems arising from changing patterns of consumption, the availability of films free of charge on the internet and a declining film and cabin business. Sex toys, lingerie and erotic wellness articles, on the other hand, are in ever greater demand, especially from couples and women – a target group which the erotica sector is just discovering and to whose desires and expectations it will have to adapt. After all, the new customer group accords great importance to high quality and imaginative design in terms of the products and to shopping in an appealing ambience. Providers alien to the sector, ranging from large electronics groups to small online shops, have also discovered this market potential and are offering products of all conceivable quality, in most cases via the internet.

The traditional target group of men with an affinity for hardcore erotica, by contrast, now procures its films online, often from video portals available free of charge. Accordingly, retailers with traditionally large stocks of DVDs and video cabins are having to contend with a substantial downturn in sales and will disappear from the market in the medium term. Having said this, the business model of video portals offering content free of charge is also not secure in the medium to long term, as advertising revenues fall far short of covering their costs. In the longer term, quality will also gain the upper hand in the entertainment market, which is awash and saturated with cheap productions.

Beate Uhse recognised these developments in good time and prepared for the transformation in the market by changing its structures and launching a restructuring programme. As an established, competent player in the sector, with its variety of distribution channels and forward-looking logistics centres and with its well-known brands and high-quality private label products, Beate Uhse has laid the foundations for exploiting the potential offered by this interesting market and for benefiting from the transformation in the market.

EARNINGS POSITION

Sales performance

The Beate Uhse Group generated sales of Euro 58.9 million in the first three months of 2009 and thus fell short of the previous year's figure of Euro 68.3 million. This reduction in sales is consistent with expectations and is due on the one hand to the smaller store network, which has been streamlined within the restructuring programme to remove unprofitable stores with no future prospects. The number of proprietary stores reduced to 137, down from 152 in the same period in the previous year. On the other hand, sales were also indirectly impacted by the economic downturn – airport stores were affected by lower passenger volumes, stores in areas where the automotive industry plays an important role felt the effects of the cuts in working hours, stores in major tourist destinations such as Amsterdam suffered from the downturn in travel activity. The mail order business managed to keep its number of customers stable and to enhance delivery levels, but sales were nevertheless negatively affected by lower orders per customer.

Of the country markets, Belgium reported very pleasing developments, with sales growth of 4.9 percent due to a higher order quota in the mail order business. The large country markets of Germany and the Netherlands, by contrast, were especially hard hit by the indirect effects of the recession already outlined above.

SALES BY REGION

EUR 000s	3 months 31.03.2008	**3 months 31.03.2009**	Change %
Germany	26,605	21,087	-2.7
Netherlands	12,175	10,466	-14.0
Belgium	4,286	4,497	4.9
France	11,719	11,081	-5.4
UK	3,189	2,179	-31.7
Austria	3,359	2,463	-26.7
Scandinavia	3,027	2,871	-5.1
Italy	1,003	870	-13.3
Other regions	2,951	3,344	13.3
	68,314	**58,859**	-13.8

Earnings performance

Costs of sales fell by 10.7 percent to Euro 25.7 million in the first quarter (2008: Euro 28.7 million). The fact that this item reduced more slowly than sales was due to the lower volume of mail order sales, which generate the highest margins in the Group, as well as to increased material expense ratios in other segments of the Group. As a result, the gross profit amounted to Euro 33.2 million, compared with Euro 39.6 million in the previous year. The gross margin decreased slightly from 58.0 percent in the previous year to 56.4 percent. Sales-related expenses dropped by 4.8 percent to Euro 26.8 million, down from Euro 28.2 million in the previous year. Within this item, lower costs were incurred in the retail segment due to the store streamlining measures, as well as in the wholesale business. On the other hand, there was an increase in outlays for advertising, the development of a new brand image and the launch of a campaign across all distribution channels. General administration expenses fell from Euro 6.7 million to Euro 6.1 million. Personnel expenses, the largest single item, could be reduced by 3.6 percent. Other operating expenses were influenced by exchange rate differences on loans within the Group and thus rose to Euro 1.2 million in the period under report (2008: Euro 0.6 million).

As expected, the Beate Uhse Group therefore generated operating earnings (EBIT) of Euro 2.7 million, compared with Euro 7.5 million in the previous year. At Euro 1.2 million, net financial expenses were at the same level as in the previous year (Euro 1.1 million). Earnings before taxes (EBT) thus amounted to Euro 1.5 million (2008: Euro 6.4 million). Taxes on income fell significantly from Euro 2.5 million in the previous year to Euro 1.1 million in the quarter under report, as a result of which consolidated net income amounted to Euro 0.4 million (2008: Euro 3.9 million). Earnings per share (based on 70,703,337 shares) therefore amounted to Euro 0.00 (2008: Euro 0.06).

Segment performance

Retail

EUR 000s	3 months 31.03.2008	**3 months 31.03.2009**	Change %
Sales	18,684	15,861	-15.1
EBITDA	1,675	916	-45.3
EBIT	486	-81	-
EBT	102	-431	-
Investments	538	176	-67.3

Sales in the retail segment declined by Euro 2.8 million to Euro 15.9 million in the first quarter of 2009 (2008: Euro 18.7 million). Alongside the lower number of stores, this development was also due to reduced sales in traditional stores focusing on hardcore articles. In Amsterdam, where Beate Uhse operates ten stores, with one of these also having been affected since March by construction work, the shrinking of the red light district ordered by the city and lower numbers of visiting tourists have had a particularly drastic impact on revenues. Very pleasing developments, by contrast, were reported by the premium stores aimed at couples and women. Both the German premium stores and their Dutch equivalents, the Christine le Duc stores, were absolutely on target in the first quarter of 2009. The company is pressing ahead with the further implementation of its premium concept. In May 2009, the flagship store in Munich will be extended to include a third floor with an erotic wellness section. The stores in Stiftstrasse in Frankfurt and in Bochum will be completely converted before the end of the first half; all other stores will receive a facelift. The company is pressing rapidly ahead with converting Belgian stores to the Pabo country brand following the great success of the trials completed at the end of last year. The third store, in this case in Antwerp, was renamed as Pabo in February already, and a further store is set to follow suit in the second quarter. What’s more, two new store openings are planned for 2009. The French stores have also performed very positively since being rebranded to the Adam & Eve country brand and are ahead of budget in terms of earnings. Sales were impaired by lower sales at the store in Reims, which has been affected by roadwork. All in all, the results affirm the multi-channel strategy of relying on one strong brand in each country.

BEATE UHSE SHOPS BY REGION
OWN SHOPS

	3 months 31.03.2008	%	**3 months 31.03.2009**	%
Germany	65	42.8	53	38.7
Italy	6	3.9	6	4.4
Switzerland	1	0.7	1	0.7
Netherlands	58	38.2	57	41.6
Belgium	11	7.2	9	6.6
France	7	4.6	7	5.1
Norway	4	2.6	4	2.9
	152	100.0	**137**	100.0

LICENSE & FRANCHISE

	3 months 31.03.2008	%	**3 months 31.03.2009**	%
Germany	60	48.0	63	47.4
Austria	41	32.8	44	33.1
Norway	4	3.2	4	3.0
Italy	1	0.8	1	0.8
Hungary	2	1.6	3	2.3
Poland	12	9.6	12	9.0
Slovenia	5	4.0	6	4.5
	125	100.0	**133**	100.0

The performance of individual product groups reflects the same trend – while sales with DVDs and the cabin business have fallen substantially, product groups targeted at couples and women, such as love toys, lingerie and erotic wellness articles, have shown further sales growth in spite of the recession. These new product groups already account for 90 percent of total sales at the premium stores.

Due largely to reduced sales at traditional stores, the retail segment's earnings before taxes amounted to Euro -0.4 million, and thus fell short of the previous year's figure (Euro 0.1 million).

Investments amounted to Euro 0.2 million in the first quarter (2008: Euro 0.5 million) and mainly involved store conversion and rebranding measures.

Mail Order

EUR 000s	3 months 31.03.2008	**3 months 31.03.2009**	Change %
Sales	30,013	26,923	-10.3
EBITDA	7,195	5.037	-30.0
EBIT	6,679	4.629	-30.7
EBT	6,563	4.556	-30.6
Investments	207	807	+289.9

The mail order segment posted sales of Euro 26.9 million in the first quarter of 2009, as against Euro 30.0 million in the previous year's period. The segment was able to maintain customer numbers at a stable level, a development which confirms customers' satisfaction with the service and product range, but there was a decline in average order values. The weakening in the consumer climate as the first quarter progressed was particularly apparent in Germany. The British market reported reduced sales due to the decline in the value of the British pound. The major international markets of the Netherlands and Belgium, by contrast, reported pleasing sales growth driven by higher orders and increased delivery quotas.

By analogy with the stores, love toys, lingerie and wellness products are in ever greater demand. These product groups, which also enable new target groups to be addressed, are being gradually expanded and extended. Initial trial results for the new “Living” product world, which includes living accessories such as bedding, towels and decorative articles, are highly positive. These products will therefore supplement Beate Uhse's product range on a permanent basis. Over and above this, the product range has been extended to include gifts and further erotica-related items.

The mail order business too has pressed ahead with standardising its Beate Uhse, Adam & Eve, Christine le Duc and Pabo country brands in the context of the multi-channel strategy. Customers should enjoy the same brand experience and encounter a uniform product range across all distribution channels and countries.

One additional focus involved further expanding the share of online orders. Beate Uhse sees very great potential from dovetailing its traditional catalogue and store business with the internet. 32 percent of customers now already order online. In the Netherlands, this figure has even reached 47 percent. In Spain, where business operations initially began with an online shop in 2008, preparations are now underway for an offline campaign to be launched the autumn/winter season.

Customers' order behaviour is analysed very closely, with customers being addressed on an individual basis in line with their preferences. Sales promotion activities are tailored to individual target groups using new IT tools. The mailing cycle has been enhanced, while the product range and pricing policies are optimised on an ongoing basis.

Earnings before taxes amounted to Euro 4.6 million in the first three months of 2009, as against Euro 6.6 million one year earlier. Lower customer sales have impacted in this respect on margins.

The investments of Euro 0.8 million (2008: Euro 0.2 million) mainly involved software.

Wholesale

EUR 000s	3 months 31.03.2008	**3 months 31.03.2009**	Change %
Sales	15,976	13,054	-18.3
EBITDA	1,817	645	-64.5
EBIT	997	-202	-
EBT	670	-519	-
Investments	1,148	568	-50.5

At Euro 13.1 million, sales in the wholesale segment fell Euro 2.9 million short of the previous year's figure of Euro 16.0 million. Sales were impaired above all by the difficulties being encountered by some clients with a focus on the faltering film business. These are feeling the effects not only of changing consumer behaviour, but now of the economic downturn as well.

In the first quarter, the wholesale segment channelled all of its efforts into integrating the Playhouse Group into the Beate Uhse Group, whose controlling influence took effect on 1 April 2009. This company, which was acquired in February 2009, has a sex toy range of more than 600 articles and possesses more than 8,000 film titles from various labels. What's more, Playhouse can contribute great experience in the field of new media and is highly successful in marketing film rights via its own internet platforms and new media such as IPTV, VoD and mobile services. Both companies expect the cooperation to generate substantial synergy effects. Beate Uhse stands to benefit from the strong market penetration of the Playhouse Group, especially in the important future market for sex toys and wellness products. Of the newly launched products, the most interesting is the high-quality Geisha erotic personal care line, which was presented to around 600 procurement managers from around the world at Scala's in-company trade fair in March. Scala has also recently begun supplying products to Ukraine and Kazakhstan as well.

By taking over the Playhouse Group, the Beate Uhse Group has also acquired additional management expertise. Alongside Serge van der Hooft, who remains Managing Director in addition to his management board position as COO, Walter Kroes, former shareholder of the Playhouse Group, will manage the international Scala wholesale business in Almere, as well as the ZBF wholesale outlet in Wiesbaden. As Germany's only full-line provider, this company has the most extensive product range, with more than 15,000 articles on offer.

The Ladies Night home parties have also been integrated into the Beate Uhse Group in the context of the Playhouse takeover. This sales concept was developed by the Playhouse Group in the Netherlands four years ago and with 120 advisors is now well established. A total of 5,000 parties are held every year. At these, participants are stylishly and humorously introduced by a Ladies Night advisor to erotica articles, such as love toys, wellness products and games. Since February, the parties can now also be booked in the Bremen, Kiel and Hamburg regions. The concept is to be extended across the whole of Germany in the course of the year, and should also be introduced in other countries at a later date. The Group is thus on the one hand exploiting a new distribution channel to market its products. On the other hand, this method provides access to completely new target groups, especially women.

Alongside e-mailing and magazines for B2B customers, the wholesale business has extended its advertising measures to include a customer magazine, Hidden Desire, which is targeted at end customers.

Due to the decline in sales, earnings before taxes in the wholesale segment fell to Euro -0.5 million (2008: Euro 0.7 million). The investments of Euro 0.6 million (2008: Euro 1.1 million) related to film rights.

Entertainment

EUR 000s	3 months 31.03.2008	**3 months 31.03.2009**	Change %
Sales	3,641	3,021	-17.0
EBITDA	716	350	-51.1
EBIT	642	289	-55.0
EBT	693	311	-55.1
Investments	49	34	-30.5

At Euro 3.0 million, the entertainment segment’s sales were down on the previous year’s figure of Euro 3.6 million. While the online business was able to maintain its sales virtually constant in a tough competitive climate, consumers’ reluctance to spend led to a significant reduction in revenues in the telephony business.

Trials testing acceptance of product ranges in other countries were initiated in connection with the further internationalisation of online products. Not only that, development work was completed on the new product SexyVoiceOn, in which telephony services are connected with the internet. From May, Beate Uhse’s telephony services will also be available via IP telephony. Especially in these difficult economic times, the online business is feeling the effects of increased competition from video portals available free of charge. In the longer term, however, Beate Uhse will be able to differentiate itself from free competitors due to the high quality of content on offer and the integration with the mail order and retail businesses.

The main focuses in the future alignment of Beate Uhse New Media GmbH include integrating the 8,000 titles in the Playhouse Group’s film database into the company’s own range and jointly digitalising new films. Bert Ruzette, a former Playhouse shareholder, is the new Managing Director of the entertainment business. He has thus succeeded Jan Boddaert, who was appointed to the Management Board as Chief Marketing Officer as of 1 April 2009.

The market for the telephony business continues to be characterised by strict regulation and tough competition. This situation has now been exacerbated by more subdued consumer behaviour in the wake of the economic downturn. Only a small number of competitors remain.

For Beate Uhse, the aim is now to stabilise sales in this still promising market. The company will be assisted in this by its strong brand, outstanding expertise and extensive network of contacts with the media world.

Earnings before taxes in the entertainment division amounted to Euro 0.3 million, down from Euro 0.7 million in the previous year. This reduction in earnings was due to lower sales in the telephony business, as well as to expenses incurred on external software systems intended to analyse and optimise user streams on entertainment product websites.

The investments of € 34k (2008: € 49k) chiefly involved the internationalisation of online products.

NET ASSET AND FINANCIAL POSITION

The total assets of the Beate Uhse Group rose slightly to Euro 178.3 million as of 31 March 2009, compared with Euro 176.4 million as of 31 December 2008.

Assets

There were only slight changes in individual items on the asset side of the balance sheet. Non-current assets thus grew by Euro 1.9 million to Euro 94.1 million (2008: Euro 92.2 million). Within this item, scheduled depreciation led property, plant and equipment to decline by Euro 1.4 million to Euro 26.8 million (2008: Euro 28.2 million). Due to the takeover of the Playhouse Group, shareholdings showed a substantial increase of Euro 4.1 million to Euro 29.9 million (2008: Euro 25.8 million). Of deferred tax assets, Euro 1.1 million was reversed, following which this item now amounts to Euro 7.0 million (2008: Euro 8.1 million).

At Euro 84.1 million, current assets were at more or less the same level as at the previous year's reporting date (Euro 83.4 million). Inventories were reduced by Euro 1.8 million to Euro 38.4 million (2008: Euro 40.2 million). Due to improved receivables management in the mail order business, trade receivables also decreased by Euro 1.4 million to Euro 26.0 million (2008: Euro 27.4 million). As a result of increased tax claims in the Netherlands, income tax refund claims rose significantly by Euro 3.4 million to Euro 6.3 million. At Euro 5.3 million, cash and cash equivalents virtually matched the previous year's figure of Euro 5.6 million.

Shareholders' equity and liabilities

The liabilities side of the balance sheet also only witnessed minor shifts between individual items. Shareholders' equity grew by Euro 1.1 million to Euro 95.7 million. The equity ratio thus showed a further improvement, rising to 53.7 percent (2008: 53.6 percent).

Non-current debt rose by Euro 4.6 million to Euro 44.2 million (2008: Euro 39.6 million). This increase was chiefly due to the rise in interest-bearing loans to Euro 36.3 million (2008: Euro 32.3 million) in the context of the purchase price payment for the Playhouse Group.

The ongoing financial crisis has also led to a further increase in the negative fair values of payer swaps, as a result of which other financial debt now amounts to Euro 1.4 million (2008: Euro 0.8 million).

Current debt, by contrast, dropped by Euro 3.9 million to Euro 38.3 million. This figure benefited above all from the reduction in trade payables, mainly in the mail order business, by Euro 3.0 million to Euro 17.2 million (2008: Euro 20.2 million). Following tax payments in the first quarter, income tax liabilities also declined notably from Euro 3.8 million to Euro 3.4 million.

Cash flow and investments

The cash flow from operating activities showed a clear improvement from Euro 0.3 million to Euro 1.0 million. This figure benefited in particular from enhanced receivables management in the mail order business. At Euro 2.5 million, depreciation and amortisation was at virtually the same level as the previous year. The cash flow was negatively affected, by contrast, by the reduction in trade payables by Euro 2.9 million. While the outflow of funds for interest paid on loans and for income taxes paid amounted to Euro 4.4 million in the previous year, this figure could be substantially reduced to Euro 1.1 million in the first quarter of 2009.

As a result of the acquisition of the Playhouse Group, the cash flow from investing activities rose markedly to Euro -6.4 million (2008: Euro -1.6 million). This figure includes the cash component of Euro 4 million forming part of the Playhouse deal. Accordingly, investments also rose from Euro 2.0 million in the previous year to Euro 5.8 million. Alongside the takeover, these mainly related to rights, licences and plant and office equipment.

The cash flow from financing activities grew substantially from Euro 0.0 million to Euro 4.5 million. This development was due to the taking up of bank liabilities in the course of the Playhouse takeover.

INVESTMENTS BY REGION

EUR 000s	3 months 31.03.2008	**3 months 31.03.2009**	Change %
Germany	314	4,246	1,252.3
Netherlands	422	1,301	208.2
Belgium	136	21	-84.7
France	12	15	23.3
UK	21	24	13.5
Austria	1	3	200.0
Other European countries	1,044	178	-82.9
	1,950	**5,788**	196.8

EMPLOYEES

The Beate Uhse Group had a total of 1,215 employees as of 31 March 2009, compared with 1,379 at the reporting date one year earlier. The downsizing in the workforce was chiefly due to store closures in the retail segment, optimised logistics and administration processes in the mail order business and internal restructuring measures at the holding company.

EMPLOYEES AT THE BEATE UHSE GROUP

By Region	3 months 31.03.2008	**3 months 31.03.2009**	Change %
Germany	665	541	-18.6
Netherlands	491	476	-3.1
Belgium	29	28	-4.9
France	70	60	-14.2
UK	7	9	27.6
Austria	13	6	-52.4
Scandinavia	55	45	-18.2
Other European countries	49	50	-2.0
	1,379	**1,215**	-11.9

By Segment	3 months 31.03.2008	**3 months 31.03.2009**	Change %
Retail	787	672	-14.6
Mail Order	247	236	-4.7
Wholesale	231	203	-12.1
Entertainment	81	72	-11.1
Holding Services	33	32	-3.0
	1,379	**1,215**	-11.9

SHARE

Performance and liquidity

Poor news from companies, especially in the banking sector, and the dramatic intensification in the economic crisis dominated the stock market climate in the first quarter of 2009. German stock exchanges thus ran up substantial losses in the first three months of the year. While the SDAX small-cap index lost around 16 percent in value, the DAX lead index even fell 18 percent short of its level at the beginning of the year. During the period under report, Beate Uhse's share performed considerably better than the market. By analogy with German indices, the share initially began 2009 on a negative note, reaching its period low at Euro 0.42 on 23 March. Upon the publication of the 2008 Annual Report on 31 March, however, the price rapidly regained ground, ending the first quarter at Euro 0.60 and thus only slightly down on the price of Euro 0.61 at which it began the year. The company's market capitalisation amounted to Euro 42.6 million at the end of the period. An average total of 38,763 Beate Uhse shares were traded per day.

Investor Relations

The Management Board and the investor relations team were in close contact with institutional investors, private investors, analysts and journalists during the first quarter. Investor relations activities focused in the first quarter on preparing the 2008 Annual Report, and on the presenting the company's figures and plans for the future at the annual results press conference in Hamburg on 31 March 2009. These figures were presented to representatives of the press by Serge van der Hooft, acting for the first time in his new capacity as Spokesman of the Management Board. Jan Boddaert, the newly appointed Chief Marketing Officer on Beate Uhse's Management Board, also took this opportunity of introducing himself and of explaining the company's marketing strategy, for which he is responsible. The talks were continued in greater detail in numerous individual interviews with both the German and the international press.

SHARE PRICE PERFORMANCE

		3 months 31.03.2008	**3 months 31.03.2009**	Change %
Opening price	EUR	1.92	0.61	-68.2
Closing price	EUR	1.35	0.60	-55.6
High	EUR	2.03	0.62	-69.5
Low	EUR	1.23	0.42	-65.9
Performance	%	-29.7	-1.6	-

Source: Xetra

KEY SHARE FIGURES

		3 months 31.03.2008	**3 months 31.03.2009**	Change %
EPS	EUR	0.04	0.00	n.a.
P/E ratio		6	n.a.	n.a.
Cash flow per share		4.0	3.8	-5.0
Quote/sales		0.4	0.2	-50.0
Quote/EBITDA		2.0	2.1	+5.0
Quote/book value		1.0	0.1	-90.0
Book value per share	EUR	1.1	0.5	-54.5
Share capital	No. of shares	70,984,696	70,984,696	0
Market capitalisation	EUR	95.8	42.6	-55.5
Market capitalisation of free float	EUR	59.4	26.4	-55.6
Average trading volumes/day	No. of shares	78,819	38,763	-50.8

Source: Xetra

RISK REPORT

The months of January to March 2009 did not see any material change in the opportunities and risks presented in the management report and group management report accompanying the 2008 annual financial statements.

EVENTS AFTER THE REPORTING DATE

The company’s share capital was increased by Euro 7,090,000 to Euro 78,074,696 as of 1 April 2009 in the context of a capital increase from authorised capital executed in connection with the Playhouse takeover.

Apart from this, no other events of significance requiring report here have occurred since 31 March 2009.

OUTLOOK

No end to the economic downturn is currently in sight, although some indicators do point to an easing in the pace of decline in production and demand in the coming months. According to the “Gemeinschafts-diagnose” project group, GDP in the euro area is therefore expected to fall by 4.5 percent in 2009 as a whole. Consumer spending is forecast to decline by 2.0 percent. The European economy is only expected to recover very slowly in the winter of 2009/2010.

Research institutes also expect the economic climate in Germany to remain difficult. The basic downward tendency should remain, although the rate of decline may well have peaked. All in all, the experts expect German GDP to decline by 6 percent in 2009. With growth of 0.2 percent, private household consumer spending should still offer some support to the economy. However, it is still difficult to predict whether this growth will benefit the retail sector as a whole, or merely car retailers due to the Federal Government's old car scrapping incentive programme.

In the coming months, Beate Uhse will press further ahead with developing and implementing its multi-channel strategy. Once the external appearance and product range has been standardised across all distribution channels, this transformation will be presented with a joint marketing campaign across the whole of the Group. By the end of May 2009, for example, all display windows in the retail business will be designed with the same look and feel, thus providing customers with a uniform brand experience. New product worlds, such as wellness and living, will be introduced to extend product ranges across all distribution channels and enable new customer groups to be addressed. At the same time, the company will further build up its private label product lines in order to differentiate itself from competitors by means of quality and design. In the retail business, the expansion of proprietary stores will be promoted by means of a franchise system as the year progresses. Work has already begun on acquiring franchisees in the Netherlands and is due to begin in France from June 2009.

In view of the ongoing uncertainty surrounding the future development of the global economy and the resultant impact on consumer behaviour, it is difficult to provide any longer-term forecast at this juncture. In the current year, Beate Uhse will therefore focus on improving its profitability. As forecast at the beginning of the year, the Management Board expects operating earnings (EBIT) for the 2009 financial year as a whole to grow to between Euro 6 million and Euro 7 million. Given the lower number of stores and the difficulties on the part of wholesale customers, sales can be expected to fall short of the previous year's figure. The entire Group will benefit in the longer term from the dovetailing of the online and mail order businesses, the improved exploitation of distribution channels and the synergies generated by the multi-channel concept. The Group's priority in the coming years as well will be that of sustainably increasing its profitability.

BALANCE SHEET

ASSETS

EUR 000s	31.12.2008	31.03.2009
Non-current assets		
Intangible assets	11,010	11,178
Goodwill	15,230	15,230
Property, plant & equipment	28,211	26,831
Other financial assets	3,935	3,967
Investments in associates	25,757	29,910
Deferred tax assets	8,106	7,029
	92,249	**94,145**
Current assets		
Inventories	40,201	38,441
Trade receivables	27,356	25,957
Other current financial assets and other assets	6,859	8,125
Income tax refund claims (current)	3,414	6,323
Cash and cash equivalents	5,612	5,259
	83,442	**84,105**
Assets held for sale	750	0
Total assets	176,441	**178,250**

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR 000s	31.12.2008	31.03.2009
Shareholders' equity		
Share capital	70,985	70,985
Treasury stock at cost of acquisition	-3,463	-3,463
Capital reserves	2,653	2,456
Revenue reserves	3,295	3,295
Unappropriated net profit	20,445	20,798
Balancing item for currency translation	548	1,282
Minority interests	131	386
	94,594	**95,739**
Non-current debt		
Interest-bearing loans	32,344	36,312
Pensions and similar obligations	3,968	3,949
Other provisions	2,156	2,159
Other financial debt	778	1,453
Deferred tax liabilities	333	309
	39,579	**44,182**
Current debt		
Trade payables	20,176	17,244
Other financial debt	14,241	13,495
Pensions and similar obligations	259	259
Other provisions	2,724	2,146
Income tax liabilities	3,803	3,383
Loans	255	570
Current portion of non-current loans	810	1,232
	42,268	**38,329**
Total shareholders' equity and liabilities	176,441	**178,250**

CONSOLIDATED INCOME STATEMENT

EUR 000s	3 months 31.03.2008	**3 months 31.03.2009**
Sales	68,314	**58,859**
Cost of sales	-28,721	-25,658
Gross profit on sales	39,593	**33,201**
Other operating income	3,226	3,558
Sales-related expenses	-28,204	-26,845
General administration expenses	-6,678	-6,053
Other operating expenses	-575	-1,166
Share in earnings of associates	87	0
Other income from shareholdings	15	0
Earnings before interest and taxes (EBIT)	7,464	**2,695**
Financial income	117	23
Financial expenses	-1,190	-1,220
Earnings before taxes (EBIT)	6,391	**1,498**
Taxes on income	-2,453	-1,142
Earnings of ongoing business divisions	3,938	**356**
Allocable to:		
Shareholders in the holding company	3,919	353
Minority shareholders	-19	-3
Earnings per share (EPS)		
Basic (EUR)	0.06	0.00
Diluted (EUR)	0.06	0.00

CASH FLOW STATEMENT

EUR 000s	3 months 31.03.2008	**3 months 31.03.2009**
Cash flow from operating activities		
Operating earnings (EBIT) at ongoing and discontinued business divisions	7,463	**2,694**
Corrections for:		
Non-cash expenses (IFRS 2)	18	0
Depreciation of property, plant and equipment, amortisation of intangible assets	2,741	2,474
Losses incurred on the disposal of property, plant and equipment and intangible assets	-36	-37
Other non-cash income	-101	0
Changes in:		
Trade receivables	-1,510	1,399
Other assets	-840	-870
Trade payables	-5,846	-2,939
Other liabilities	2,761	-575
Interest received	48	23
Interest paid for loans and hedging instruments	-1,260	-426
Income taxes paid	-3,098	-722
Cash flow from operating activities	340	**1,021**
Cash flow from investing activities		
Cash received from the sale of property, plant and equipment, intangible assets and other non-current assets	30	410
Cash paid for investments in property, plant and equipment, intangible assets and other non-current assets	-1,950	-5,788
Cash paid in connection with short-term financial management	-30	-1,001
Cash received in connection with short-term financial management	47	0
Cash received from the acquisition of subsidiaries	285	0
Cash flow from investing activities	-1,618	**-6,379**
Cash flow from financing activities		
Contribution to capital (capital increase)	25,700	-197
Taking up of bank liabilities	30,047	4,703
Redemption of bank liabilities	-35,782	0
Redemption of borrowers' note loans	-19,713	0
Redemption of loans from third parties	-260	0
Cash flow from financing activities	-8	**4,506**
Net change in cash, cash equivalents and securities	-1,286	**-852**
Changes due to movements in exchange rates	-13	499
Cash, cash equivalents and securities at beginning of period	7,408	5,612
Cash, cash equivalents and securities at end of period	6,109	5,259
Composition of cash and cash equivalents at end of period		
Cash holdings, credit balances at banks, cheques and securities	6,096	5,259
Short-term money investments	13	0
	6,109	**5,259**

GROUP EQUITY SCHEDULE 2009

	Equity allocable to the shareholders in the parent company									
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
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							-11	-11	-2	-13
Total income recognised in equity							**-11**	**-11**	**-2**	**-13**
Consolidated net income						3,919		3,919	19	3,938
Total period earnings						**3,919**	**-11**	**3,908**	**17**	**3,925**
Capital increase	23,661		2,057					25,718		25,718
Balance as of 31 March 2008	70,985	-3,463	2,802	3,295	133	**22,154**	**-52**	**95,854**	**156**	**96,010**
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							734	734	252	986
Total income recognised in equity							**734**	**734**	**252**	**986**
Consolidated net income						353		353	3	356
Capital increase			-197					-197		-197
Balance as of 31 March 2009	70,985	-3,463	2,456	3,295	0	20,798	**1,282**	**95,353**	**386**	**95,739**

GROUP STATEMENT OF COMPREHENSIVE INCOME

EUR 000s	31.03.2008	31.03.2009
Changes in equity recognised through profit or loss:		
Net income for quarter	3,938	356
Changes in equity recognised in equity:		
Foreign currency translation	-13	986
Capital increase	2,057	-197
Changes recognised directly in equity	2,044	**789**
Comprehensive income for the 1st quarter	5,982	**1,145**
of which: attributable to minority interests	17	255
of which: attributable to the Beate Uhse Group	5,965	890

SEGMENT REPORT 31 MARCH 2008

EUR 000s	Retail	Mail Order	Wholesale	Entertainment	Holding	Consolidation	Group Value
Sales	18,799	30,031	21,313	4,292	0	-6,121	68,314
-of which with third parties	18,684	30,013	15,976	3,641	0	0	68,314
-of which with other segments	115	18	5,337	651	0	-6,121	0
Amortisation of intangible assets	-86	-20	-423	-49	-95	0	-673
Depreciation of property, plant and equipment	-1,103	-496	-367	-25	-46	0	-2,037
Extraordinary depreciation	0	0	-30	0	0	0	-30
Amortisation of financial assets	0	0	0	0	0	0	0
Financial result	-384	-116	-327	51	-297	0	-1,073
Income from interest in associates	0	0	0	0	87	0	87
Income from other shareholdings	0	0	15	0	0	0	15
EBT	102	6,563	670	693	-1,637	0	6,391
Taxes on income	-5	-45	-54	-155	-2,194	0	-2,453
Consolidated net income	97	6,518	616	538	-3,831	0	**3,938**
Assets (incl. shareholdings)	45,257	34,048	53,048	13,708	191,417	-167,513	169,965
Shareholdings in associates	0	0	0	0	3,070	0	3,070
Investments in non-current assets	538	207	786	49	8	0	1,588
Liabilities	39,813	25,247	34,885	4,634	44,373	-66,121	82,831

SEGMENT REPORT 31 MARCH 2009

EUR 000s	Retail	Mail Order	Wholesale	Entertainment	Holding	Consolidation	Group Value
Sales	16,034	26,931	16,796	3,492	0	-4,394	58,859
-of which with third parties	15,861	26,923	13,054	3,021	0	0	58,859
-of which with other segments	173	8	3,742	471	0	-4,394	0
Amortisation of intangible assets	-56	-35	-481	-36	-126	0	-734
Depreciation of property, plant and equipment	-941	-373	-339	-25	-36	0	-1,714
Extraordinary depreciation	0	0	-27	0	0	0	-27
Amortisation of financial assets	0	0	0	0	0	0	0
Financial result	-350	-73	-317	22	-479	0	-1,197
Income from interest in associates	0	0	0	0	0	0	0
Income from other shareholdings	0	0	0	0	0	0	0
EBT	-431	4,556	-519	311	-2,419	0	1,498
Taxes on income	-24	-942	127	-135	-168	0	-1,142
Consolidated net income	-455	3,614	-392	176	-2,587	0	**356**
Assets (incl. shareholdings)	40,315	41,831	50,318	13,637	200,679	-181,882	164,898
Shareholdings in associates	0	0	0	0	0	0	0
Investments in non-current assets	176	641	696	34	75	0	1,622
Liabilities	32,585	36,539	32,446	6,382	48,543	-77,676	78,819

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 31 March 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 Standard (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 3-month report for 2009 has not been subject to any audit review by the auditor.

SCOPE OF CONSOLIDATION

The Beate Uhse Group acquired the Dutch Playhouse Group as of 1 January 2008. The purchase price consists of a cash component of Euro 4 million and of 7,090,000 shares in Beate Uhse AG. Following the approval of the capital increase on 11 March 2009, the acquisition took legal effect by transfer of the shares to the buyer on 1 April 2009. The Playhouse Group will therefore be integrated into the Group as of this date.

SEGMENT REPORTING

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

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

		3 months 31.03.2008	3 months 31.03.2009
Net income for the period	EUR million	3,938	356
No. of shares (basic)		70,703,337	70,703,337
No. of shares (diluted)		70,703,337	70,703,337
Earnings per share (basic)	EUR	0.06	0.00
Earnings per share (diluted)	EUR	0.06	0.00

CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARDS

On 7 January 2009, Gerard P. Cok took over the chairmanship of the Supervisory Board from Ulrich Rotermund, who had stepped down from this position at his own request. Ulrich Rotermund retired from the Supervisory Board for reasons of poor health on 11 February 2009. Andreas Bartmann, Managing Partner of Globetrotter Ausrüstung GmbH, Hamburg, was appointed by Flensburg District Court as a new member of the Supervisory Board until the company’s Annual General Meeting on 16 June 2009.

At its meeting on 12 February 2009, the Supervisory Board appointed Jan Boddaert as the new CMO (Chief Marketing Officer) on the Management Board of Beate Uhse AG as of 1 April 2009. Otto Christian Lindemann, who held the functions of CFO and Spokesman of the Management Board since 2000, left the Group upon the expiry of his management board contract on 31 March 2009. Serge van der Hooft, COO on the Management Board of Beate Uhse, has additionally taken over the function of Spokesman of the Management Board and also assumed responsibility for the controlling, finance, accounting, legal and communications services divisions.

RELATED PARTY TRANSACTIONS

Transactions were performed with the following related parties in the reporting period from 1 January 2009 to 31 March 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

16 June 2009	Annual General Meeting, Flensburg
14 August 2009	6-month report 2009
November 2009	German Equity Forum (Eigenkapitalforum), Frankfurt
13 November 2009	9-month report 2009
31 December 2009	End of financial year

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The report for the 1st quarter of 2009 is available online only in German and English.