9-MONTH REPORT 2005

beate uhse

BEATE UHSE AT A GLANCE

€ million		9 months 30.09.2004	9 months 30.09.2005	Change %
Sales growth				
Retail		61.2	63.2	3.1
Mail Order		88.0	101.8	15.8
Wholesale		44.0	42.6	-3.1
Entertainment		12.8	12.7	-0.6
Holding Services		-	-	-
Total sales		**206.0**	**220.3**	**7.0**
Foreign share of sales	%	55.4	59.6	
Earnings				
EBITDA		21.9	24.2	10.5
EBIT		14.6	16.5	13.2
EBT		12.6	14.4	14.1
Net income for the period		8.7	9.0	4.0
Other earnings indicators				
Return on sales before tax	%	6.1	6.5	7.2
Return on sales after tax	%	4.2	4.1	-2.2
Return on equity	%	12.2	11.2	-8.2
Gross margin	%	65.7	68.4	4.2
Financial position				
Gross cashflow		16.1	16.8	4.3
Cashflow from operating activities		3.8	13.2	247.4
Investments		9.0	6.9	-23.2
Depreciation		7.3	7.7	5.8
Dividend paid		4.7	-	-
Balance sheet data (2004: at 31. 12.)				
Total assets		187.9	185.2	-1.5
Equity		72.8	80.7	10.9
Equity ratio	%	38.7	43.6	12.7
Fixed assets		84.8	81.2	-4.3
Current assets		97.1	98.4	1.4
Other disclosures				
Employees		1,503	1,527	1.6
Personnel expenses		36.3	36.6	0.7
Cost of materials		70.6	69.5	-1.5
Other operating expenses		90.3	101.9	12.9
Shares				
Number of shares		47,323,696	47,323,696	-
Closing share price	EUR	10.40	6.45	-38.0
Highest share price	EUR	13.02	10.37	-20.4
Lowest share price	EUR	10.17	6.09	-40.1
Earnings per share	EUR	0.18	0.19	5.6
Cashflow per share	EUR	0.34	0.35	2.9

FOREWORD OF THE MANAGEMENT BOARD

Ladies and Gentlemen,
Dear Shareholders,

The Beate Uhse Group has had a successful third quarter. Sales and earnings both developed on budget. Over and above this, it was interesting to see that the reorganisation initiated at some of the company's divisions is beginning to show its first success. We should like to provide you with a brief overview of the most important developments in the past quarter.

BEATE UHSE NOW ALSO IN HUNGARY

We have maintained the international expansion of the Group with the opening of the first Beate Uhse shop in Budapest (Hungary). With 1.7 million inhabitants, Budapest is the largest city in this new market and provides Beate Uhse Retail with an excellent starting point. Beate Uhse Retail is now on location for its customers in ten countries across Europe. Hungarians are open in their dealings with matters of sex and erotica. The existing range of erotica shops across the whole country is targeted almost exclusively at male customers. With its modern, bright shop concept and its wide product range, Beate Uhse caters to both men and women and can thus build on a larger target group than its competitors.

In the same way as in other Eastern European countries, in Hungary we are working together with partners with contacts around the whole country and knowledge of specific market circumstances. Beate Uhse Retail sees the granting of a country licence as involving the greatest chances of success for implementing the shop concept rapidly and economically throughout the country. The licence agreement is structured over several years and provides for the opening of ten Beate Uhse outlets over this period.

BEATE UHSE IS ATTESTED GOOD CORPORATE GOVERNANCE

We were highly satisfied with the results of the 2005 Corporate Governance Survey. This study, which was recently published by ergo Unternehmenskommunikation, Cologne, is probably the most in-depth investigation of its kind in Germany. The study revealed that German companies (the investigation encompassed 230 companies listed in the Prime Standard) are fulfilling an increasing number of the recommendations contained in the German Corporate Governance Codex.

For Beate Uhse, good corporate governance represents an obligation towards our shareholders. We undertook some improvements in our management of the company in 2004/2005 and now already fulfil most of the changes in the Codex in its new version dated June 2005. We are pleased that the priority we accord to this issue is also reflected in our evaluation in the Corporate Governance Survey. Of the 50 companies in the SDAX, Beate Uhse was awarded seventh place. We are in second place in terms of reporting executive and supervisory board remuneration and in the top ten in four of the five categories. In the valuation of corporate governance reporting in the Annual Report and the internet, Beate Uhse is in 25th position among all companies and is therefore directly ahead of TUI, DaimlerChrysler, SAP, Bayer and Adidas.

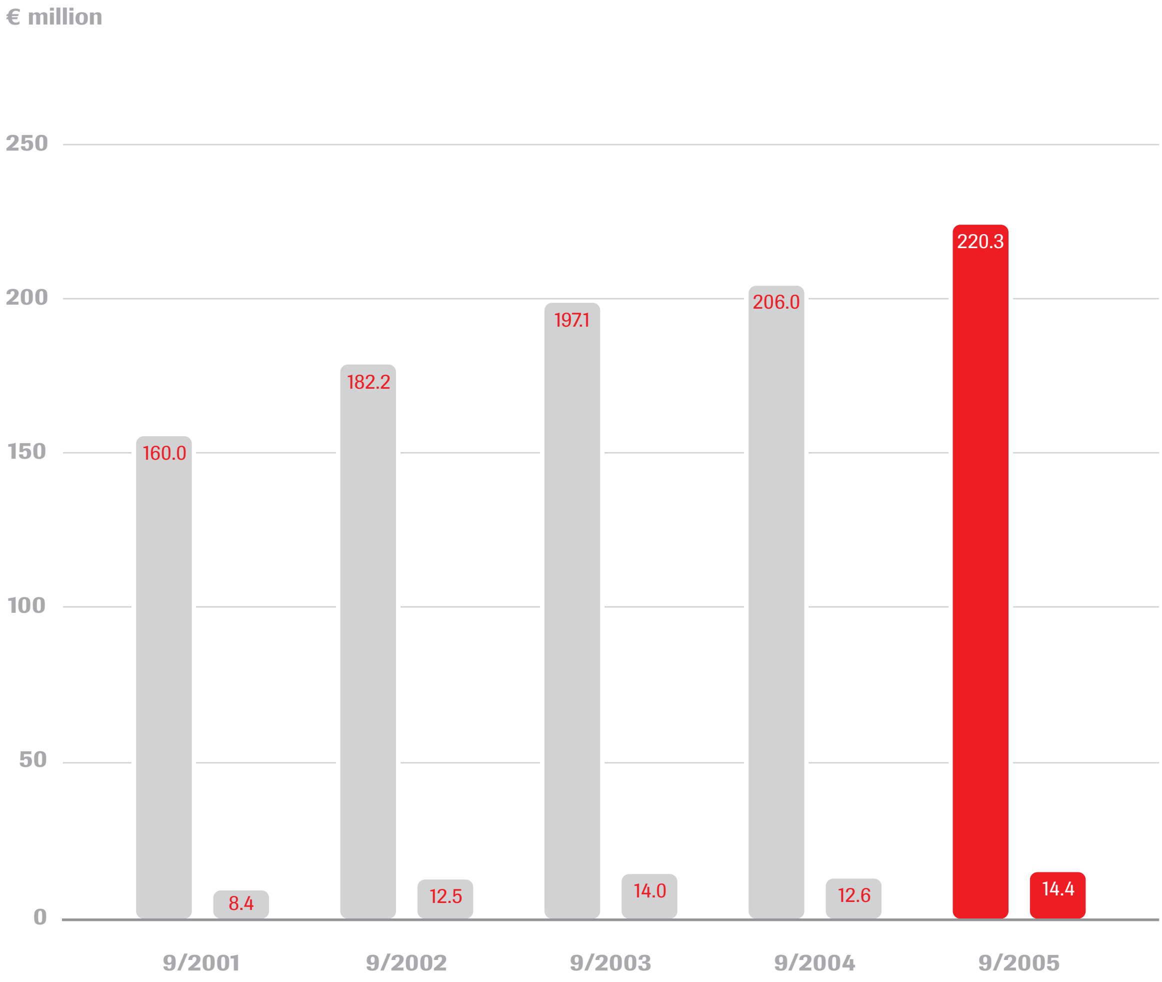
Strengthened by this pleasing assessment, at the end of September 2005 we adopted further resolutions in line with the German Corporate Governance Codex. The Supervisory Board established two further committees in addition to the Audit Committee. In future, an Investment Committee, consisting of four members of the Supervisory Board, will deal with investment proposals made by the Management Board. A Personnel Committee will also handle issues relating to the employment contracts of members of the Management Board.
Beate Uhse will thus fulfil the requirements set out in Point 5.3.2 of the Corporate Governance Code and increase the effectiveness of the work of the Supervisory Board.

"BLUE MOVIE" TELEMEDIA PROVIDER NOW BELONGS TO BEATE UHSE GROUP

On 30 September 2005, erotic media ag, in which Beate Uhse holds a 33 percent shareholding, took over the Blue Movie telemedia provider, which is specialised in full erotica services, from Premiere Fernsehen GmbH & Co. KG. Blue Movie is the only full erotica provider in Germany and Austria to provide its customers with erotica films as videos-on-demand around the clock. Blue Movie thus represents an ideal supplement for the TV broadcaster BEATE-UHSE.TV, which focuses on soft pornography. The erotica service currently has around 170,000 customers. We expect its integration into the Beate Uhse activities across the Group to result in a rapid expansion of its customer base, given that both the smart card and the digital receiver for the reception of Blue Movie will in future be offered to erotica enthusiasts at all Beate Uhse outlets, on the internet and in the mail-order catalogue. This enables us to round off the range of products and services Beate Uhse provides to its customers in the interests of a modern, media-based and erotica-friendly society.

Yours faithfully,

Otto Christian Lindemann	Gerard Cok
Spokesman for the Management Board, CFO	COO



DEVELOPMENT OF SALES AND EBT

ECONOMY AND MARKET

Private consumption continues to play the role of killjoy in current economic developments in Germany. According to economic researchers and retail associations, the prospects of a revival in private demand levels even witnessed a further deterioration in the third quarter. This development is attributable to the sharp rise in petrol prices, heating expenses and the uncertainty surrounding the tax implications of the legislative programme of the probable grand coalition.

The sales figures reported by the German retail sector show a very heterogeneous picture in the third quarter. While sales witnessed a somewhat dramatic decline of 3.3 percent in July (source: Federal Statistics Office), they recovered once again by 2.4 percent in August and remained virtually unchanged in September. With growth of +0.9 percent in the year to date, sales in the retail sector have remained almost unchanged on 2004. Compared with other European countries, German retail sales presented a consistently poor picture. In the list compiled by Eurostat, the EU statistics office, Germany occupied the fourth position from the bottom and was even bottom in August. Considerably better developments were reported by the new member states, especially the Baltic states, as well as in Scandinavia.

The experts at the Company for Consumer Research (GfK) do not expect to see any improvement in the consumer climate in Germany in the remainder of this year. Consumer confidence levels in Europe as a whole will also be dampened by external factors such as the oil price. Improvements can only be expected in 2006, and will even then be highly subdued, according to the economic research institutes.

SALES PERFORMANCE

The Beate Uhse Group generated sales of Euro 220.3 million in the first nine months of 2005. Sales were therefore Euro 14.3 million, or 7 percent, higher than in the equivalent period in the previous year. Sales of Euro 76.2 million were generated in the third quarter.

SALES BY PROFIT CENTRE

Mail order remains the profit centre with the highest growth rates. This division generated sales of Euro 101.8 million, which is equivalent to growth of 15.8 percent. The Retail division also showed pleasing developments, with sales growth of 3.1 percent to Euro 63.2 million. With sales of Euro 42.6 million, the Wholesale division fell slightly short of the equivalent figure for the previous year (Euro 44 million). At Euro 12.7 million, sales at the Entertainment division were at virtually the same level as in the equivalent period in the previous year by the end of the third quarter (9-months 2004: Euro 12.8 million).

SALES BY PROFIT CENTRE

€ million	9 months 30.09.2004	9 months 30.09.2005	Change %
Retail	61.2	63.2	3.1
Mail Order	88.0	101.8	15.8
Wholesale	44.0	42.6	-3.1
Entertainment	12.8	12.7	-0.7
Holding Services	-	-	-
	206.0	220.3	7.0

SALES BY REGION

The trend witnessed in the first half of 2005 was maintained in the third quarter. France, Austria, Italy and Eastern Europe were the markets with the strongest growth. Developments in other countries continued to be held back by hesitant consumer behaviour.

SALES BY REGION

€ million	9 months 30.09.2004	9 months 30.09.2005	Change %
Germany	91.7	89.0	-3.0
Netherlands	37.7	37.1	-1.7
Belgium	12.9	13.8	6.5
France	18.0	26.2	45.6
United Kingdom	12.0	9.7	-19.0
Austria	10.9	23.0	110.5
Switzerland	1.5	1.2	-24.3
Scandinavia	9.2	8.8	-5.0
Italy	0.2	0.6	150.7
Hungary	0.1	0.1	-5.7
Other European countries	7.1	7.8	9.0
Other regions	4.4	3.1	-29.9
	206.0	220.3	7.0

EARNINGS PERFORMANCE

The third quarter once again proved that the targets set by the Beate Uhse Group for the overall Group are very much attainable. The targeted 15 percent increase in pre-tax earnings has almost been reached before the fourth quarter, traditionally the strongest, has even begun. The Group reported EBT of Euro 14.4 million as of the end of September, equivalent to growth of 14.1 percent compared with the equivalent period in the previous year. All profit centres contributed to the Group's positive earnings performance. The exemption of gambling machines from VAT in Germany enabled the Retail division in particular to improve its earnings position by more than Euro 1 million. The Entertainment division also achieved a clear increase in its pre-tax earnings as a result of further improvements in its cost structures. As in the first half of 2005, earnings were reduced by a write-down of treasury stock at the Holding Service division.

Earnings before tax and interest (EBIT) were 13.2 percent higher than in the comparable period in 2004.

EBT

€ million	9 months 30.09.2004	9 months 30.09.2005	Change %
Retail	3.6	5.7	58.2
Mail Order	7.7	8.4	9.2
Wholesale	3.7	3.4	-6.3
Entertainment	1.5	1.7	17.9
Holding Services	-3.8	-4.9	-27.7
	12.6	14.4	14.1

EBIT

€ million	9 months 30.09.2004	9 months 30.09.2005	Change %
Retail	4.5	6.7	48.6
Mail Order	8.0	8.7	9.4
Wholesale	4.4	4.1	-5.1
Entertainment	1.5	1.7	13.4
Holding Services	-3.8	-4.7	26.2
	14.6	16.5	13.2

EBITDA

€ million	9 months 30.09.2004	9 months 30.09.2005	Change %
Retail	7.0	10.7	53.1
Mail Order	9.8	9.4	-3.7
Wholesale	5.8	5.9	1.0
Entertainment	1.8	2.0	10.4
Holding Services	-2.5	-3.7	-52.2
	21.9	24.2	10.5

OPERATING EARNINGS PERFORMANCE

The excellent development in the Group’s gross margin was maintained unchanged at a high level in the third quarter. Compared with the equivalent period in the previous year, the gross margin rose from 65.7 percent to 68.4 percent. This development reflects the positive impact of the new central warehouse in Almere. The optimised stocking procedures, the pooling of the Group’s purchasing power and the increase in the share of sales generated by the high-margin mail order business enabled the materials cost ratio to be reduced from 34.3 percent to 31.6 percent.

The Beate Uhse Group has succeeded in achieving sales growth without having to increase its personnel expenses. By analogy with the strong growth reported by the mail order division, the Group’s other operating expenses rose from Euro 90.3 million to Euro 101.9 million. A higher level of write-downs was also undertaken in the mail order division in this respect, given that the increase in sales also led to a rise in the volume of receivables. The result of ordinary operating activities reduced by Euro 1 million as a result of the write-down of treasury stock due to the development of the share price. At the end of the period, the Group undertook an adjustment to a price of Euro 6.45 per share (average share price in 2004: Euro 10.07).

NET INCOME

The tax rate rose by 2.4 percentage points to 27.3 percent in view of the fact that loss carry-overs have been used up at individual companies. Other taxes showed a particularly marked rise of plus 87.7 percent to Euro 1.4 million. This was attributable to the taxation of the mail order business in France, which provides for a duty on revenues from video sales. The main portion of the increase in other taxes was due to retrospective payments for previous years. The net income for the period rose by 3.7 percent to Euro 9 million.

DEVELOPMENT OF NET ASSET AND FINANCIAL POSITION

As was already the case in the first half of 2005, the balance sheet total of Beate Uhse also reduced in the third quarter, falling by Euro 2.8 million to Euro 185.2 million.

ASSETS

Fixed assets reduced by 4 percent to Euro 81.2 million. The slight changes were mainly attributable to scheduled depreciation and to a lower level of shares in associated companies. Current assets rose from Euro 97.1 million to Euro 98.4 million. The sharp rise in accounts receivable is due in part to the increase in receivables from customers in the mail order business. The optimisation of storage procedures at the Group as a result of the new central warehouse, by contrast, enabled inventories to be reduced by Euro 5.8 million to Euro 41.3 million. In line with the performance of the Beate Uhse share, treasury stock was re-valued at Euro 6.45 per share, which resulted in a write-down amounting to Euro 1 million.

LIABILITIES

The equity ratio of the Beate Uhse Group rose from 38.7 percent as of 31 December 2004 to 43.6 percent as of 30 September 2005. In absolute terms, shareholders' equity amounted to Euro 80.7 million. This growth is attributable to the net income for the period and to the change in reserves for treasury stock. In line with the growth in Group earnings, it has also been necessary to increase the provisions for taxes, resulting in a rise of 8 percent in total provisions to Euro 17.8 million.
Reducing liabilities continued to form one of the most important financial objectives of the Group. Compared with the end of the 2004 financial year, liabilities fell by Euro 12.2 million to Euro 86.6 million. They remained at virtually the same level as at the end of the first half of 2005.

CASHFLOW AND INVESTMENTS

The gross cash flow of the Group rose by 4.1 percent to Euro 16.8 million. At 35 cent, the cash flow per share remained stable.
The pleasing development of cash flow from operating activities in the first half of the financial year was clearly upheld in the third quarter. At Euro 13.2 million, this was Euro 5.5 million higher than the cash flow as of June 2005 and around Euro 10 million higher than the equivalent figure at the end of the third quarter of 2004. The rise in the cash flow is due to the pleasing development seen in the Group's earnings and to the further reduction in inventories resulting from the optimisation of the Almere warehouse. Mainly on account of the retention

of earnings for the 2004 financial year, the Group has been able to repay liabilities to banks amounting to Euro 9 million. This led to a correspondingly negative cash flow from financing activities. As a result of the Group's ongoing strict cash management, financial funds amounted to Euro 7.1 million at the end of the period under report.

INVESTMENTS BY PROFIT CENTRE

€ million	9 months 30.09.2004	9 months 30.09.2005
Retail	5.3	4.1
Mail Order	1.1	1.0
Wholesale	2.0	1.4
Entertainment	0.2	0.2
Holding Services	0.4	0.3
	9.0	6.9

EMPLOYEES

The Beate Uhse Group had a total of 1,527 employees at the end of the third quarter. This represents an increase of 6 on the end of the previous quarter. Compared with the end of the same period in 2004, the Group had 24 additional employees. This rise is attributable to further shop openings in the Retail division and to employees being taken on in the Mail Order division in order to do justice to the rise in package consignments.

EMPLOYEES BY REGION

	9 months 30.09.2004	9 months 30.09.2005
Germany	750	754
Netherlands	505	534
Belgium	34	30
France	46	64
United Kingdom	23	23
Austria	22	26
Scandinavia	55	40
Italy	12	11
Other European countries	38	38
USA	18	7
	1,503	1,527

EMPLOYEES BY PROFIT CENTRE

	9 months 30.09.2004	9 months 30.09.2005
Retail	865	881
Mail Order	284	300
Wholesale	229	229
Entertainment	83	76
Holding Services	42	41
	1,503	1,527

SHARE

The share of Beate Uhse AG is listed in the Prime Standard of the Frankfurt Stock Exchange. Beate Uhse is a member of the SDAX, Prime All Share, Classic All Share and GEX indices, as well as of the Prime Retail sector index.

PERFORMANCE AND LIQUIDITY

The Beate Uhse share concluded the first nine months of 2005 at a price of Euro 6.40 (Xetra). This represents a performance of minus 36.7 percent since the beginning of the year. The erotica share recorded its highest price this year at Euro 10.37 in April 2005 and its lowest price at Euro 6.09 in the middle of August of this year. The average price for the year to date amounts to Euro 7.83. The average daily trading volume of Beate Uhse shares on Xetra amounted to 20,378 as of the end of September.

INDEX WEIGHTING

With a free-float market capitalisation of Euro 75.84 million, the share remains in the lower third of the SDAX (weighting: 0.76 percent). The company value amounted to Euro 305.24 million as of 30 September 2005.

DEVELOPMENT OF SHARE PRICE

		9 months 30.09.2004	9 months 30.09.2005
Opening	EUR	13.02	10.19
Closing	EUR	10.40	6.45
High	EUR	13.02	10.37
Low	EUR	10.17	6.09
Average	EUR	11.38	7.83
Development	%	-20.10	-36.70

Source: Xetra

KEY FIGURES FOR THE BEATE UHSE SHARE

		9 months 30.09.2004	9 months 30.09.2005
Capital stock		47,323,696	47,323,696
SDAX weighting	%	2.74	0.76
Market capitalisation: total	EUR	486.5	305.2
Market capitalisation: free float	EUR	168.32	75.84
Ø Sales/ Day		5.592	20.378
Ø Sales/ Day	EUR	63,653	159,495

Source: Dt. Börse

PROFIT CENTRES

RETAIL

The Dutch store chain Christine le Duc has received a new brand image based on the corporate design of the Group.

Christine le Duc®

This revision is aimed at modernising the brand, at positioning it in such a way that it is clearly delineated from the Beate Uhse brand and at providing it with an integral place within the brand architecture of the Group. The target group for the 32 stores in Holland and Belgium is formed by men and women between the ages of 23 and 40 with a modern and open approach to life and who would like to fulfil or stimulate their erotic fantasies. The basic values of the new Christine le Duc concept are: exciting, accessible and reliable. The new store concept accords particular significance to the expansion of brand and private label products.

The conversion of the first Dutch Christine le Duc shop to the new design was directly started in the third quarter of 2005. The conversion of all stores to the new Christine le Duc brand is to be completed in 2005. Following an analysis of customer input, the modernization of the stores to the new concept is to be implemented within two years.

BEATE UHSE SHOPS BY COUNTRIES

OWN SHOPS

	9 months 30.09.2004	%	9 months 30.09.2005	%
Germany	63	39.1	70	42.4
Italy	6	120.0	5	62.5
Netherlands	66	41.0	66	40.0
Belgium	10	6.2	10	6.1
France	9	5.6	9	5.5
Norway	7	4.3	5	3.0
	161	100.0	165	100.0

LICENCE & FRANCHISE

	9 months 30.09.2004	%	9 months 30.09.2005	%
Germany	53	38.4	55	39.6
Austria	39	28.3	41	29.5
Switzerland	42	30.4	38	27.3
Norway	4	2.9	4	2.9
Hungary	-	-	1	0.7
	138	100.0	139	100.0

INVESTMENTS

	9 months 30.09.2004	%	9 months 30.09.2005	%
Poland	5	100.0	8	100.0
	5	100.0	8	100.0

The German Beate Uhse Retail stores performed well. By September 2005, the success of the stores newly opened had compensated for the downturn in sales resulting from the closure of five unprofitable stores. Sales at existing stores were at the same level as in the previous year. The opening of the store at Hamburg Airport in the third quarter marked the seventh such opening of an airport store. This was supplemented at the end of September by the opening in Pforzheim of the fifth specialist store. The opening of a specialist store and the reopening of the Beate Uhse store in the international terminal of Frankfurt Airport are scheduled to take place in the fourth quarter. The Fun Centres opened in the second quarter have fulfilled the expectations placed in them. This store concept will be extended in 2006.

MAIL ORDER

The Mail Order division has developed steadily. As in the first half of 2005, the strongest levels of sales growth were reported in France and Austria. The other countries in which Pabo operates concluded the third quarter at the same level as in the equivalent period in the previous year. Pabo reported a downturn in sales in the Netherlands. The overall economic situation in this country is similarly difficult to that in Germany, which has led to ongoing financial insecurity and reluctance to consume on the part of customers. Sales in the British market continued to decline in the third quarter as a result of the court ban imposed on sales of R18 products (products which may only be sold to adults aged over 18) in the mail order business in the second quarter. In the USA, final customer orders were accepted in September. The winding down of the American mail order outlet will have been completed by the end of November.

In terms of earnings, the Beate Uhse Mail Order division reported a pleasing development of plus 9.2 percent. The intense level of marketing activities undertaken for trial purposes was reduced in some country markets. Pabo reviewed the extent to which it is possible to optimise marketing expenses without having to sacrifice market share and thus to reverse the deliberately anti-cyclical advertising strategy of the past years, which has involved continuous significant budget growth.

Pabo Mail Order had sent around 27.6 million catalogues by the end of September 2005. This means that around 3.5 million more catalogues have reached Pabo customers in 2005. The number of consignments rose by 22 percent.

The construction of an extension for the Pabo warehouse and its office capacity was fully on schedule at the end of September 2005. The new logistics systems will be installed following the completion of construction activity in December 2005. Initial system tests are scheduled to take place in July 2006.

WHOLESALE

Processes at the central warehouse in Almere have been further optimised. It is still aimed to fully eliminate final compatibility problems by the end of 2005 and to exploit the positive effects resulting from the reorganisation. The Scala Autumn Fair was highly successful. Many customers took the opportunity of inspecting the fully automated high-rack warehouse near Amsterdam. The purchasing behaviour on the part of customers at the fair confirmed the trends seen in the wholesale business in the year to date. As a result of high supply levels, the DVD prices remain under pressure. Toy sales developed well and the placement of a new private label product line (Toy Joy) has been granted a very positive reception by the market.

The German wholesaler ZBF GmbH had a successful third quarter. The ZBF Autumn Fair was highly pleasing. Visitors focused on multimedia-products, toys and magazines. The purchasing behaviour on the part of customers at the fair confirmed the turnover figures for the year to date. Pleasure Films, a private label of the Beate Uhse Group, were particularly well received by customers. Overall, however, the situation in the erotica wholesale business remains tense. The general willingness to purchase remained subdued. Moreover, the wholesale market has suffered a certain saturation due to the large number of product offerings from the USA.

ENTERTAINMENT

The Entertainment division did not witness any change in its development in the third quarter, either in terms of the progress made internally or of ongoing unfavourable external market conditions. The first nine months of 2005 were characterised by crowding-out competition in the Audiotex business and the tightening up of the familiar regulations governing the protection of minors in the online business.
The third quarter of 2005 saw a further joint project go online in the form of the Pabo Download Shop. This new web product provides mail order customers with downloads of erotic films and thus extends the range of products on offer for broadband internet customers.

The takeover of the Blue Movie full-erotica product range by erotic media ag will have a positive impact on the erotica broadcaster BEATE-UHSE.TV, given that it will provide the broadcaster with additional potential for cooperation. The acquisition further reinforced the already close level of cooperation with Premiere. This effective collaboration was exemplified once again in September in the form of a joint marketing campaign undertaken by BEATE-UHSE.TV and Premiere. All Premiere households were granted access to the erotica broadcaster for the entire month, thus providing BEATE-UHSE.TV with coverage of around 3.2 million households rather than its usual level of 2 million.

The third quarter of 2005 also saw consumers with an interest in erotica being directly addressed in the form of a cooperation with the “Praline” magazine published by the Heinrich Bauer publishing house. Within the framework of the “Lustflimmern” film festival, readers were able to choose their favourite films over a period of two months and were provided with information about the erotica broadcaster in the form of editorial contributions.

HOLDING SERVICE

The Holding Service division concluded the first nine months of 2005 with pre-tax earnings of minus Euro 4.9 million, equivalent to a decline of around Euro 1.1 million on the previous year's figure. Its earnings were particularly affected in this respect by the write-down of treasury stock by around Euro 1 million and the fact that the figure for the previous year included the proceeds from the sale of the Penthouse bond.

RISKS

The months of January to September 2005 have not produced any noteworthy changes to the risks presented in the management report and group management report accompanying the 2004 annual financial statements.

OUTLOOK

Beate Uhse has used the 2004 and 2005 financial years to reorganise the Group. Even during this phase, the erotica Group has set itself the objective of achieving slow but steady growth. Sales are budgeted to rise by five percent and pre-tax earnings by 15 percent in the current financial year.

Based on the course of business in the first nine months of 2005, this forecast appears to be achievable. At Euro 220.3 million, the Group's sales as of the end of September 2005 were 6.7 percent higher than the equivalent figure for the previous year. Given that the fourth quarter is generally the strongest quarter on account of seasonal factors, the targeted level of sales growth of plus five percent seems to be clearly achievable. Pre-tax earnings as of September 2005 were more than 14 percent above the nine-month earnings reported in 2004. To reach or even exceed the targeted growth of plus 15 percent, the Beate Uhse Group will need a strong fourth quarter in 2005.

BALANCE SHEET (HGB)

Assets € 000s	31.12.2004	30.09.2005
Intangible assets	22,912	21,639
Property, plant & equipment	26,029	25,436
Financial assets	35,895	34,084
Total fixed assets	**84,836**	**81,159**
Inventories	47,109	41,279
Receivables	37,929	47,931
Marketable securities	3,047	2,141
Cash on hand, cash on bank	9,035	7,092
Total current assets	**97,120**	**98,443**
Prepaid expenses	**4,303**	**3,940**
Deferred taxes	**1,675**	**1,614**
	187,934	**185,156**

Liabilities € 000s	31.12.2004	30.09.2005
Capital subscribed	47,324	47,324
Reserve for treasury stock	2,830	1,817
Other revenue reserves	3,052	3,052
Balancing item for currency conversion	938	128
Balancing item for minority interests	-1,115	-1,368
Retained earnings	19,734	29,790
Total equity	**72,763**	**80,743**
Accruals	**16,463**	**17,786**
Liabilities to banks	50,605	42,242
Borrowers' note loan	19,071	18,357
Trade payables	22,351	15,849
Other liabilities	6,656	10,176
Total liabilities	**98,683**	**86,624**
Deferred income	**25**	**3**
	187,934	**185,156**

INCOME STATEMENT (HGB)

€ 000s	Q3/2004 1.7.-30.9.04	Q3/2005 1.7.-30.9.05	9 months 30.09.2004	9 months 30.09.2005	Change € 000s	Change %
Sales	**70,278**	**76,224**	**205,952**	**220,295**	**14,343**	**7.0**
Other income	4,179	3,258	13,202	12,061	-1,141	-8.6
Total operating performance	74,457	79,482	219,154	232,356	13,202	6.0
Cost of materials	23,688	25,002	70,647	69,530	-1,117	-1.6
Personnel expenses	11,713	11,860	36,255	36,565	310	0.9
Depreciation	2,496	2,651	7,341	7,726	385	5.2
Other operating expenses	31,687	33,983	90,271	101,949	11,678	12.9
Income from shareholdings	-112	241	-84	-109	-25	29.8
Net interest expenses	-757	-728	-1,941	-2.078	-137	7.1
Earnings before tax (EBT)	**4,004**	**5,499**	**12,615**	**14,399**	**1,784**	**14.1**
Income taxes	1,212	1,609	3,132	3,927	795	25.4
Other taxes	255	548	760	1,426	666	87.6
Net income	**2,537**	**3,342**	**8,723**	**9,046**	**323**	**3.7**
Minority interests	200	8	213	48	-165	-77.5
Profit/loss carried forward	-	-52	2,138	19,682	17,544	820.6
Change to reserve for treasury stock	-	257	6,813	1,013	-5,800	-85.1
Distribution to minorities	-	-	-98	-	98	-100.0
Retained earnings	**2,738**	**3,556**	**17,790**	**29,790**	**12,000**	**67.5**

CASHFLOW (HGB)

€ 000s	Q3/2004 1.7.-30.9.04	Q3/2005 1.7.-30.9.05	9 months 30.09.2004	9 months 30.09.2005
Net income	2,537	3,342	8,723	9,046
Depreciation	2,496	2,651	7,341	7,726
(+/-) Increase/decrease in assets	-10,854	-1,959	-9,939	487
(-/+) Increase/decrease in liabilities	5,679	164	-4,287	-5,567
Other adjustments	4,219	1,340	1,937	1,553
Cashflow from operating activities	**4,077**	**5,538**	**3,775**	**13,245**
Cashflow from investment activities	**-948**	**-1,994**	**-4,601**	**-5,313**
Cashflow from financing activities	**-1,085**	**-2,109**	**1,732**	**-9,066**
Change in cash and cash equivalents	2,044	1,435	906	-1,134
(+/-) Change in cash and cash equivalents	1,029	-67	-108	-809
Cash and cash equivalents: beginning of period	6,068	5,724	8,343	9,035
Cash and cash equivalents: end of period	**9,141**	**7,092**	**9,141**	**7,092**

EQUITY SCHEDULE (HGB)

€ 000s	Equity: Subscribed capital	Revenue reserves: Reserves for treasury stock	Revenue reserves: Other revenue reserves	Retained earnings
Balance at 01.01.2004	**47,324**	**10,279**	**3,295**	**6,795**
Net income for the period				8,723
Distribution to minorities				-98
Currency changes				
Earnings/losses minorities				213
Offsetting of goodwill				
Dividend				-4,657
Purchase of treasury stock		-6,813		6,813
Balance at 30.09.2004	**47,324**	**3,465**	**3,295**	**17,790**
Balance at 01.01.2005	**47,324**	**2,830**	**3,052**	**19,734**
Net income for the period				9,046
Currency changes				
Earnings/losses minorities				48
Offsetting of goodwill				
Withdrawal from/increase in revenue reserves				
Dividend				-51
Purchase of treasury stock		-1,013		1,013
Balance at 30.09.2005	**47,324**	**1,817**	**3,052**	**29,790**

SEGMENT REPORT (HGB)

30. September 2005

€ 000s	Retail	Mail Order	Wholesale	Entertainment	Holding	Total
Sales	**63,152**	**101,820**	**42,604**	**12,719**	**-**	**220,295**
Operating result (EBIT)	6,677	8,705	4,132	1,708	-4,744	**16,478**
Depreciation	4,057	641	1,649	378	1,001	**7,726**
Assets	34,438	28,233	36,175	6,966	79,344	**185,156**
Investment in long-term assets	4,077	1,010	1,391	171	267	**6,916**
Trade payables	2,010	6,345	5,793	841	860	**15,849**
Accruals	4,571	4,647	3,868	766	3,934	**17,786**
Liabilities to banks	349	3	54	3	60,190	**60,599**
Other liabilities	2,365	4,908	966	183	1,754	**10,176**

Group equity earned	Balancing item for currency conversion	Minority Shareholders: Balancing item for minority interests	Minority Shareholders: Balancing item for currency conversion	Total group equity
20,369	**710**	**-619**	**-**	**67,784**
				8,723
				-98
	-107			**-107**
		-232		**-19**
				-
				-4,657
				-
20,369	**603**	**-851**		**71,626**
25,616	**938**	**-893**	**-222**	**72,763**
				9,046
	-810			**-810**
		-253		**-205**
				-
				-
				-51
				-
34,659	**128**	**-1,146**	**-222**	**80,743**

30. September 2004

Retail	Mail Order	Wholesale	Entertainment	Holding	Total
61,225	**87,950**	**43,971**	**12,806**	**-**	**205,952**
4,493	7,960	4,356	1,506	-3,759	**14,556**
3,697	916	1,412	338	977	**7,340**
36,791	28,226	35,872	8,337	81,965	**191,191**
5,293	1,114	1,972	224	372	**8,975**
1,832	5,001	7,468	1,433	1,353	**17,087**
5,155	6,597	3,403	494	3,539	**19,188**
901	9	9	10	70,772	**71,701**
3,183	4,319	855	366	2,825	**11,548**

NOTES

ACCOUNTING AND VALUATION METHODS

This interim report has been compiled in line with the requirements of the German Commercial Code (HGB) and in accordance with German Accounting Standard 6 (DRS 6). The accounting and valuation principles correspond to those applied in the consolidated financial statements for the 2004 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.

REPORTING ENTITY

There were no changes in the reporting entity as of 30 September 2005 compared with the 2004 consolidated financial statements.

SEGMENTAL REPORTING

A detailed portrayal and explanation has been provided in the report on business developments. There have been no changes in the delineation of the segments or in the calculation of the segment results since 31 December 2004.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Pursuant to Section 21 of the Securities Trading Act (WpHG), Beate Uhse received notifications in respect of share ownership in October 2005. Orthmann Holding AG notified the company on 14 October that its shareholding had fallen short of the 5 percent hurdle and Art Media Productions GmbH informed the company on 20 October 2005 that is shareholding had exceeded the threshold value of 5 percent.

EARNINGS PER SHARE

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

		9 months 30.09.2004	9 months 30.09.2005
Net income for the period	**€ million**	**8.7**	**9.1**
Number of shares (diluted)		**46,546,878**	**46,549,385**
Number of shares (undiluted)		**46,549,385**	**46,549,385**
Earnings per share (diluted)	**EUR**	**0.19**	**0.19**
Earnings per share (undiluted)	**EUR**	**0.19**	**0.19**

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 central group management functions, including accounting, controlling, financing, human resources, legal and communications services.
The development of earnings at Beate Uhse AG primarily results from profit and loss transfer agreements concluded with its subsidiaries and from further investment income, as well as from the expenses relating to its functions as holding company.

Flensburg, 10 November 2005

The Management Board

NOTES

FINANCIAL CALENDAR 2005

End of financial year	**31 December 2005**

CONTACT: INVESTOR RELATIONS

Birte Hennig Phone +49 (0) 4 61 - 99 66 - 307
Fax +49 (0) 4 61 - 99 66 - 440
E-Mail ir@beate-uhse.de

CONTACT: PUBLIC RELATIONS

Assia Tschernookoff Phone +49 (0) 4 61 - 99 66 - 125
Fax +49 (0) 4 61 - 99 66 - 440
E-Mail pr@beate-uhse.de

CONTACT: ANNUAL AND INTERIM REPORTS

E-Mail bbrodersen@beate-uhse.de
Fax +49 (0) 4 61 - 99 66 - 440

Internet www.beate-uhse.ag

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