6-MONTH REPORT 2005

beate uhse

BEATE UHSE AT A GLANCE

€ million		6 months 30.06.2004	6 months 30.06.2005	Change %
Sales growth				
Retail		39.5	40.6	2.8
Mail Order		59.0	67.9	15.1
Wholesale		28.3	27.4	-3.2
Entertainment		8.8	8.2	-6.8
Holding Services		-	-	-
Total sales		135.6	144.1	6.3
Foreign share of sales	%	55.5	59.5	7.2
Earnings				
EBITDA		14.6	15.4	5.5
EBIT		9.8	10.2	4.1
EBT		8.6	8.9	3.5
Net income for the period		6.2	5.7	-8.1
Other earnings indicators				
Return on sales before tax	%	6.3	6.2	-1.6
Return on sales after tax	%	4.6	4.0	-13.0
Return on equity	%	8.9	7.4	-16.9
Gross margin	%	65.4	69.1	5.7
Financial position				
Gross cashflow		11.1	10.8	-2.7
Cashflow from operating activities		-0.3	7.7	-
Investments		6.3	5.0	-20.6
Depreciation		4.9	5.1	4.1
Dividend paid		4.7	-	-
Balance sheet data (2004: at 31. 12.)				
Total assets		187.9	179.7	-4.4
Equity		72.8	77.5	6.5
Equity ratio	%	38.7	43.1	11.4
Fixed assets		84.8	83.6	-1.4
Current assets		97.1	90.4	-6.9
Other disclosures				
Employees		1,463	1,521	4.0
Personnel expenses		24.5	24.7	0.8
Cost of materials		47.0	44.5	-5.3
Other operating expenses		58.6	68.0	16.0
Shares				
Number of shares		47,323,696	47,323,696	
Closing share price	EUR	11.09	7.44	-32.9
Highest share price	EUR	13.02	10.37	-20.4
Lowest share price	EUR	10.50	7.37	-29.8
Earnings per share	EUR	0.13	0.12	-7.7
Cashflow per share	EUR	0.24	0.23	-4.2

FOREWORD OF THE MANAGEMENT BOARD

Ladies and gentlemen,
Dear shareholders,

On 20 June 2005, we welcomed almost 600 shareholders and guests to our Annual General Meeting held in Neue Flora Hamburg. At the start of the meeting, Ulrich Rotermund, the Chairman of our Supervisory Board, introduced two new, potential members of the Supervisory Board to you. Both gentlemen will stand for election at the 2006 Annual General Meeting and have been appointed by court order until that time. It was unfortunately not possible to hold an election at this year's meeting in view of the fact that the talks with possible candidates were still underway upon the publication of the documents relating to the convening of the meeting. We look forward to working together with the new members of the Supervisory Board.

Our presentation of the course of business in 2004 was followed by a lively general debate, with critical questions from shareholders concerning the subject of erotic media ag and the shareholder structures of Beate Uhse AG. We share your frustration regarding the cancellation of the sale of our shareholding in erotic media ag. We too were surprised by the withdrawal of the potential buyer, Almira S.A., from sale negotiations. We also view the decline in the price of the Beate Uhse share reported since April 2005 in connection with this issue.

On the other hand, we are convinced of the merits of the “Beate Uhse” business model and of the future market potential. Pleasing developments have been reported by our profit centres. Allow us to mention just two examples in this respect. Firstly, let us turn to the new shop concepts in the retail division. Our high-frequency store concept is already represented in the form of Beate Uhse shops at six international airports.
With the launch of the Beate Uhse Fun Centre we are charting a new course by enlivening the shopping experience even further by means of video cabins, cinema landscapes and games machines. This concept focuses on erotic entertainment.
On the other hand, we are convinced of the merits of our new logistics centre in Almere. The technical problems which had a negative impact in 2004 have largely been eliminated. The “merchandise hub” in Almere is of elementary importance for the future of the Group. At this logistics centre, we will centralise the Group's procurement activities, supply our stores and external customers faster and more cheaply, and work even more closely with manufacturers in order to exploit erotica trends even more successfully.

If we succeed in redirecting the gaze of the capital market and investors towards our operating performance and prove ourselves in this respect, then we our confident that our share price can develop to an appropriate extent. This is our goal.

Yours

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

ECONOMY & MARKET

Consumer researchers have buried their hopes for any turnaround in the consumer climate in 2005. This is how the findings of the monthly survey undertaken by the Company for Consumer Research (GfK), which analyses consumer spending habits and behaviour, are to be interpreted. The experts also do not expect the forthcoming general election, or any resultant change in government, to bring about any improvement in the situation.

The half-year figures released by the Federal Statistics Office underline the fact that the situation remains challenging for the consumer goods and retail sectors. Although these figures show year-on-year retail sales growth of 0.9 percent in real terms, the first half of the previous year had been marked by subdued consumer behaviour. The rise in sales amounted to 1.3 percent in nominal terms. On the European level, the data so far published for the 2nd quarter shows a mixed picture; while retail sales across Europe saw a decline of 0.2 percent in April, sales volumes rose once again by 2.0 percent in May compared with the previous year.

Numerous economic researchers have been dampening expectations in the general economic outlook in Europe for 2005 and now only expect to see growth of 1.4 percent for the overall year. Growth would therefore be only slightly higher than the figure forecast for Germany. At the same time, however, various economic indicators already show a slight upward trend once again in July. Among all this upward and downward fluctuation, only one aspect seems to be clear – that the consumer goods and retail sectors will have to wait until further notice to see any positive trends.

SALES PERFORMANCE

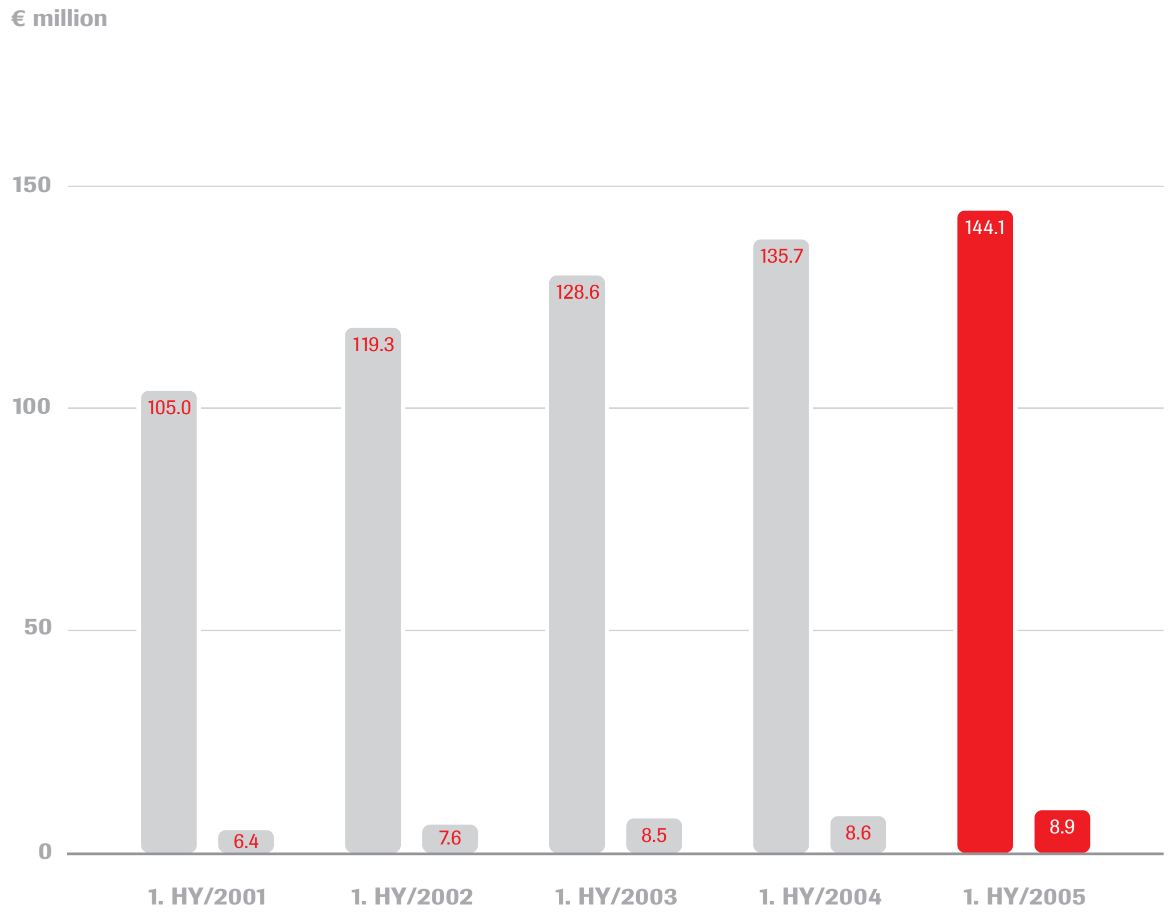
Beate Uhse once again succeeded in increasing its sales. With overall sales of Euro 144.1 million, the Group generated growth of Euro 8.4 million, or 6.3 percent, compared with the first half of 2004. Due to seasonal factors, the second and third quarters are generally weaker than the first and final quarters of the financial year.

SALES BY PROFIT CENTRE

The mail order division acted as the growth driver. With growth of around 15 percent in the first six months, this profit centre once again proved its strength. The comparison of the second quarter of 2005 with the equivalent period in the previous year also confirms the division's pleasing operating performance. Its sales of Euro 26.3 million were around 15.3 percent higher than in the second quarter of 2004. The subdued start to the year witnessed by the retail division (minus 1.8 percent in the first quarter of 2005) was more than compensated for

SALES BY PROFIT CENTRE

€ million	6 months 30.06.2004	6 months 30.06.2005	Change %
Retail	39.5	40.6	2.8
Mail Order	59.0	67.9	15.1
Wholesale	28.3	27.4	-3.2
Entertainment	8.8	8.2	-6.8
Holding Services	-	-	-
	135.6	144.1	6.3



DEVELOPMENT OF SALES AND EBT

by a pleasing second quarter. The profit centre's sales of Euro 20.6 million in the first six months were around 2.8 percent higher than in the previous year. This year's growth is particularly significant when it is considered that the growth in 2004 was largely due to the acquisition of the Christine le Duc (Netherlands) and Kondomeriet (Scandinavia) store chains. The performance of the wholesale division is also moving in the right direction. While we reported a decline of 8.5 percent in the first quarter as a result of the logistics difficulties at the new central warehouse, the turnaround witnessed in the first half of 2005 was confirmed by the decline of 3.2 percent during the period under report. Sales in the entertainment division fell by 6.8 percent (minus Euro 0.6 million) in the first half of 2005 compared with the equivalent period in 2004. It was nevertheless pleasing to note that the sales of Euro 4.2 million reported for the second quarter of 2005 were higher than those in the first quarter (2005: Euro 4.0 million), which generally sees stronger sales.

SALES BY REGION

While the pleasing sales developments as of 30 June 2004 continued to be generated by a number of countries across Europe, 2005 has seen an increasingly strong performance in individual countries. Particularly promising developments have been seen in the activities of Beate Uhse Mail Order in France and Austria, as well as in the Group's activities in Eastern Europe. The subdued developments reported by other European countries are attributable to low levels of consumer confidence.

SALES BY REGION

€ million	6 months 30.06.2004	6 months 30.06.2005	Change %
Germany	60.3	58.3	-3.3
Netherlands	25.0	23.6	-5.6
Belgium	9.1	9.0	-1.1
France	12.0	17.5	45.8
United Kingdom	8.7	6.6	-24.1
Austria	6.2	14.5	133.9
Switzerland	1.0	0.8	-20.0
Scandinavia	6.2	5.8	-6.5
Italy	-	0.7	-
Other European countries	4.4	5.0	13.6
Other regions	2.7	2.2	-18.5
	135.6	144.1	6.2

EARNINGS PERFORMANCE

Beate Uhse is satisfied with its earnings performance in the 1st half year and 2nd quarter. Particularly in the operating divisions, the various measures initiated to enhance profitability, such as those in the field of procurement, are taking effect. On the other hand, sales growth in the largest profit centres has directly resulted in earnings improvements. Earnings have been reduced by a write-down of treasury stock in view of the fact that the price of the Beate Uhse share has deteriorated by 27 percent since the beginning of the year. In spite of this one-off item, earnings before interest and taxes rose to Euro 10.2 million (plus 4.1 percent) in the first half of 2005. Pre-tax earnings showed a corresponding increase of 3.5 percent to Euro 8.9 million. With considerable earnings growth, the retail and mail order divisions contributed to this positive earnings development. The wholesale division generated pre-tax earnings of Euro 2.1 million, equivalent to a decline of 16 percent. At Euro 0.9 million, the pre-tax earnings reported by the entertainment division were at the same level as those in the first half of 2004.

DEVELOPMENT OF OPERATING EARNINGS

Beate Uhse witnessed a considerable jump in its gross margin in the first six months. This rose from 65.4 percent to 69.1 percent. At Euro 8.8 million, other operating income, including dunning charges in the mail order division and exchange rate gains, were at the same level as in the previous year. The lower materials quota was decisive for the improvement in margins. The expansion of sales to higher-margin segments and the optimised product mix are having a positive impact, especially in the mail order division. However, the development of the gross margin in other profit centres also underlines the appropriateness and impact of the measures taken in the fields of logistics, procurement and product range policies.

The sales growth reported by Beate Uhse was achieved with existing capacities and staffing levels. Personnel expenses accordingly showed a very moderate increase from Euro 24.5 million to Euro 24.7 million. The personnel expenses quota thus declined to 17 percent. Other operating expenses, by contrast, saw a significant increase of around 16 percent to Euro 68 million. This was attributable to the scheduled major expansion of advertising and marketing expenses, particularly in the mail order division.

The Group's EBITDA rose to Euro 15.4 million in the first half of 2005 (plus 5.5 percent). The deduction of scheduled depreciation results in operating earnings (EBIT) of Euro 10.2 million.

EBT

€ million	6 months 30.06.2004	6 months 30.06.2005	Change %
Retail	2.1	3.2	52.4
Mail Order	5.3	6.3	18.9
Wholesale	2.5	2.1	-16.0
Entertainment	0.9	0.9	-
Holding Services	-2.2	-3.6	-63.6
	8.6	8.9	3.5

EBIT

€ million	6 months 30.06.2004	6 months 30.06.2005	Change %
Retail	2.6	3.7	42.3
Mail Order	5.5	6.5	18.2
Wholesale	2.8	2.5	-10.7
Entertainment	0.9	0.9	-
Holding Services	-2.0	-3.4	70.0
	9.8	10.2	4.1

EBITDA

€ million	6 months 30.06.2004	6 months 30.06.2005	Change %
Retail	4.6	6.3	37.0
Mail Order	6.0	7.0	16.7
Wholesale	4.3	3.7	-14.0
Entertainment	1.3	1.1	-15.4
Holding Services	-1.6	-2.7	-68.8
	14.6	15.4	5.5

NET INCOME

In contrast to the key earnings figures, the net income for the period was slightly lower than in the previous year. The net income of Euro 5.7 million, compared with Euro 6.2 million in the previous year, was affected by a slightly higher tax rate. The tax rate, which remains at a highly satisfactory level, rose from 22.3 to 26 percent. This was due to the write-down of treasury stock, which did not result in any reduction in taxes, and to the one-off effects of the sale of our shareholding in Sharon Austen in the first half of 2004, which had also had no impact on the tax burden. Earnings per share amounted to Euro 0.12 for the first six months of 2005.
At Euro 5.7 million, the net income was slightly lower than in the previous year (Euro 6.2 million).

DEVELOPMENT OF NET ASSET AND FINANCIAL POSITION

Beate Uhse has achieved improvements in all key balance sheet ratios and figures as of 30 June. In parallel to these developments, it was also possible to reduce total assets from Euro 187.9 million as of 31 December 2004 to Euro 179.7 million.

ASSETS

At Euro 83.6 million, fixed assets were at virtually the same level as at 31 December 2004 (Euro 84.8 million) and remained stable compared with the first quarter of 2005 (Euro 84.5 million). The changes in the first half of the year relate almost exclusively to the scheduled amortisation of goodwill amounting to Euro 1.2 million. In terms of current assets, reductions were seen both in inventories and in accounts receivable. The write-down of treasury stock resulted in a reduction in securities. These amounted to Euro 2.4 million as of 30 June 2005 (minus 20.9 percent). Cash at banks was optimised to Euro 5.7 million as a result of the Group's cash pooling activities. The funds released on the asset side were principally used to repay liabilities.

LIABILITIES

The company's equity capital increased by Euro 4.8 million to Euro 77.5 million. The equity ratio rose by 4.4 percentage points to 43.1 percent. This positive development was mainly attributable to the rise in the net income shown in the balance sheet to Euro 26.2 million, in combination with the decision to retain the earnings for the previous year in full.
As a result of the write-down of treasury stock, the corresponding reserves were reduced to Euro 2.1 million (minus 26.7 percent).
The liabilities of the Group fell by Euro 12.8 million in the first half of the year. The Management Board of Beate Uhse AG has thus made a major step towards reaching its declared aim of significantly reducing the indebtedness of the Group. The repayment of liabilities was made possible in particular by the retaining of earnings, the reduction in inventories, the consistent optimisation of cash and cash equivalents and the use of excess funds for the payment of liabilities.

CASHFLOW AND INVESTMENTS

The gross cashflow amounted to Euro 10.8 million in the first half of 2005 and thus continued to remain stable.

The cashflow from operating activities showed a significant turnaround, rising from Euro –300k in the first half of 2004 to Euro 7.7 million. The company's working capital was optimised by the decrease in inventories, the decline in accounts receivable and the reduction of accounts payable resulting in part from the improved cash pooling structure. The significant changes in accounts receivable between the first and second quarters are due to the cyclical nature of the wholesale business. The publication of a main catalogue means that receivables rise in the first quarter and are subsequently settled by corresponding payments received in the second quarter.

Beate Uhse invested Euro 5 million in tangible assets in the first half of 2005. The netting of this figure with the cashflow from lending activities produces a cashflow from investing activities amounting to Euro –3.3 million.

The cashflow from financing activities was characterised in the first six months of 2005 by the high level of repayment of liabilities. On a net basis, Beate Uhse paid off debt of Euro 7 million within the framework of its financing activities. When the payment of accounts payable is added, the company's debt capital as of 30 June was Euro 11 million lower than the equivalent figure for 31 December 2004. Cash and cash equivalents amounted to Euro 5.7 million at the end of the period under report.

EMPLOYEES

Beate Uhse had a total of 1,521 employees in Europe and the USA at the end of June 2005. The opening of further stores in Europe resulted in an increase in the number of employees in the retail division, while the number of employees in the mail order division showed a slight decline compared with the previous quarter.

EMPLOYEES BY PROFIT CENTRE

	6 months 30.06.2004	6 months 30.06.2005
Retail	842	884
Mail Order	274	288
Wholesale	223	229
Entertainment	83	80
Holding Services	41	40
	1,463	1,521

SHARE

The share of Beate Uhse AG is listed in the Prime Standard of the Frankfurt Stock Exchange. The company 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 & LIQUIDITY

The Beate Uhse share concluded the first half of the year at a price of Euro 7.44 (Xetra). This marks a decline of 27 percent since the beginning of the year. The company believes that the share price has been negatively affected by the cancellation of the sale of its shareholding in erotic media ag.

During the period from January to June, the share reached a period high of Euro 10.37 in April and its lowest price of Euro 7.37 in June (Xetra). The average price amounted to Euro 8.90, with the trading volume amounting to 17,082 shares per day.

INDEX WEIGHTING

The company's market capitalisation amounted to Euro 352.09 million as of 30 June 2005. With a free float capitalisation of Euro 88.30 million and a weighting of 1.08 percent in line with the development of the share price in the first half of the year, Beate Uhse was in the lower third of the SDAX index.

DEVELOPMENT OF SHARE PRICE

		6 months 30.06.2004	6 months 30.06.2005
Opening	EUR	13.00	10.19
Closing	EUR	11.09	7.44
High	EUR	13.02	10.37
Low	EUR	10.50	7.37
Average	EUR	11.67	8.90
Development	%	-15.10	-27.00

Source: Xetra

KEY FIGURES FOR THE BEATE UHSE SHARE

		6 months 30.06.2004	6 months 30.06.2005
Capital stock		47,323,696	47,323,696
SDAX weighting	%	2.75	1.08
Market capitalisation: total	EUR	521.00	352.1
Market capitalisation: free float	EUR	181.1	88.3
Ø Sales/ Day		8.454	17.082
Ø Sales/ Day	EUR	100,223	152,081

Source: Dt. Börse

PROFIT CENTRES

RETAIL

The retail division continued to expand its international store network in the first half of 2005. In spite of the store closures largely undertaken in the course of the profitability review, the number of Beate Uhse stores rose to 313 (1st half of 2004: 304). In France, the first specialist store operated by a franchisee (Thionville) was opened. Beate Uhse is relying on franchising partners for its expansion in smaller cities in France. In Poland, the eighth Beate Uhse shop was opened since the beginning of operations two years ago. Expansion activities have also been underway in Hungary since the second quarter of 2005. Similar to the approach taken in Poland, Beate Uhse is working together with a fixed partner in the country in order to establish the Beate Uhse retail business. The first shop will be opened in Budapest in August/ September. The business plan provides for the opening of 10 stores in Hungary by 2009.

The German retail division consistently implemented its goals in the first half of the year: the conclusion of the optimisation and streamlining of the store network and the promotion of the new store concepts, especially at highly-frequented locations. Following the closure of five

BEATE UHSE SHOPS BY COUNTRIES

OWN SHOPS

	6 months 30.06.2004	%	6 months 30.06.2005	%
Germany	61	38.9	68	41.5
Italy	-	-	5	3.0
Netherlands	67	42.7	66	40.2
Belgium	10	6.4	10	6.1
France	9	5.7	9	5.5
Norway	8	5.1	6	3.7
United Kingdom	2	1.3	-	-
	157	100.0	164	100.0

LICENCE & FRANCHISE

	6 months 30.06.2004	%	6 months 30.06.2005	%
Germany	53	38.1	53	37.6
Austria	39	28.1	39	27.7
Switzerland	42	30.2	45	31.9
Norway	4	2.9	4	2.8
Italy	1	0.7	-	-
	139	100.0	141	100.0

INVESTMENTS

	6 months 30.06.2004	%	6 months 30.06.2005	%
Poland	3	37.5	8	100.0
Italy	5	62.5	-	-
	8	100.0	8	100.0

stores which in most cases did not fulfil our profitability criteria, no further stores were closed in the second quarter. The decline in sales compared with the equivalent period in the previous year is attributable to the store closures in the first quarter.

In addition to the opening of a further specialist store (Ulm) at the end of May 2005, the German retail division also opened two Beate Uhse Fun Centres. With ultra-modern video cabins, cinema landscapes and games machines, this store concept is primarily aimed at male customers. The merchandise area is considerably smaller than in traditional Beate Uhse stores, with the opening hours being correspondingly longer in line with the locations involved. The new stores are mainly located at road traffic intersections, such as motorway junctions. Two Beate Uhse Fun Centres were opened on the A2 near Barsinghausen and Hohenwarsleben at the end of June 2005.

Since July 2005, guests in the new Terminal 1 of Hamburg Airport have been able to shop at Beate Uhse. Following the opening of the store in Hamburg, this store concept, which is tailored to highly frequented locations, is now represented at six international airports.

MAIL ORDER

The mail order division showed pleasing developments in the first half of the year. The growth of 15.1 percent reported by the overall profit centre compared with the equivalent period in 2004 was particularly attributable to the French and Austrian markets. Sales in further large sales markets, such as Belgium, the Netherlands and Germany, were at the same level as in the previous year. Further growth is more difficult in these countries in view of the ongoing weakness of their respective economies. Beate Uhse already occupies a dominant position with a correspondingly high market share in these countries.

The British market continues to be highly contested. The clarification of the legislation concerning the sale of R18 material (products which may only be sold to adults aged 18 and above) by mail order, which had been pursued by Beate Uhse, was resolved in the form of a decision against opening the market. This means that the sale of R18 material will continue to be limited to licensed sex shops. Accordingly, R18 products are no longer offered in the British Pabo catalogue. The very high level of demand for such products, however, means that Pabo will continue to follow up possibilities of selling the products via mail order.

The mail order business launched in the USA in 2002 will be terminated as of September 2005. In spite of a complete realignment of the marketing strategy, sales have failed to develop in line with the respective budgets. The Group has invested a total of Euro 6.4 million in the USA project. Of this sum, Euro 0.8 million is accounted for in the 2005 earnings.

Overall, the mail order division dispatched a total of 16.1 million catalogues in the first half of 2005, representing an increase of 2.2 million in comparison with the equivalent period in the previous year. The success of the marketing activities is underlined by the 19 percent increase in order volumes to 1.5 customer requests.

In order to do justice to the rapid growth of the mail order business in the long term, work was begun in April 2005 on extending the Pabo warehouse and office premises in the Netherlands. The complex will be expanded by a total of 13,000 m^2 of warehouse space and 2,000 m^2 of office space. The construction work is scheduled for completion in July 2006.

WHOLESALE

Processes at the central warehouse in Almere have been further optimised. It has been possible to eliminate many of the supply difficulties, enabling Scala BV to focus more closely on the relocation of the supply infrastructure for the German Beate Uhse retail division and the expansion of procurement activities for the overall Group. Since July 2005, the supplying of the German store network with erotic products has been in preparation for 20 trial stores and selected product groups. The aim is for all stores to be supplied from Almere by the end of 2005.

The extension of the company's cooperation with manufacturers has started well. The cooperations already implemented by Scala BV include those with Falcon (DVDs), California Exotic Novelties (toys), Doc Johnson (toys), Topco (toys) and Wet (lubricants). Scala BV intends the close cooperation with manufacturers to raise the share of private labels and thus to achieve a considerable increase in exclusivity levels.

The German wholesale company ZBF GmbH reported a quiet second quarter. The economic climate remained difficult, with subdued consumer behaviour on the part of wholesale erotica shoppers.

ENTERTAINMENT

In the second quarter, the entertainment division maintained the developments witnessed in the first three months. The audiotex division was able to increase sales and thus market share compared with the first half of 2004. Earnings nevertheless fell as a result of the sharp increase in TV advertising costs. In general, the market has seen negative developments. This also applies to the online market, where the operating business has been impeded by the tightening up of the legislation governing diallers and the protection of minors.

The closer level of cooperation between the profit centres was maintained in the second quarter in order to exploit additional synergy potential and expertise across the profit centres. Beate Uhse New Medi@ thus developed free customer leaflets marketing audiotex, mobile and internet services for the retail business, catalogue supplements with similar contents for the mail order business and a special download shop in which mail order customers can download films.

The BEATE-UHSE.TV broadcaster was able to achieve a further increase in viewer figures in the first half of 2005 by means of a new broadcasting and repeat schedule. In order to accelerate this positive development and to introduce all Premiere customers to the erotica programme, BEATE-UHSE.TV will broadcast completely free of charge in September as part of a one-off promotion campaign. The www.beate-uhse.tv website is proving to be an increasingly important marketing instrument for the broadcaster.

HOLDING SERVICE

The Group's holding services division was not able to match the earnings reported for the equivalent period in the previous year. At Euro –3.6 million, earnings were 63.6 percent lower than the figure for the first half of 2004. The holding division has been negatively affected in 2005 by the write-down of treasury stock. Moreover, the half-yearly earnings figures for 2004 had been characterised by positive one-off items (including exchange rate gains on Swiss francs, sale of shareholding in Sharon Austen). Following adjustment to account for these one-off items, the holding services division is well-positioned in term of the previous year's figures and its budget targets.

RISKS

The first six months of 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 expects 2005 to see further slow growth. Sales are budgeted to rise by 5 percent and pre-tax earnings by 15 percent. In view of the satisfactory course of business in 2005 to date, the company considers the forecasts made in the outlook of its 2004 Annual Report to be achievable.

BALANCE SHEET (HGB)

Assets € 000s	31.12.2004	30.06.2005
Intangible assets	22,912	21,973
Property, plant & equipment	26,029	25,665
Financial assets	35,895	35,943
Total fixed assets	**84,836**	**83,581**
Inventories	47,109	45,522
Receivables	37,929	36,793
Marketable securities	3,047	2,409
Liquid assets	9,035	5,724
Total current assets	**97,120**	**90,448**
Prepaid expenses	**4,303**	**4,021**
Deferred taxes	**1,675**	**1,671**
	187,934	**179,721**

Liabilities € 000s	31.12.2004	30.06.2005
Subscribed capital	47,324	47,324
Reserve for treasury stock	2,830	2,074
Revenue reserves	3,052	3,052
Balancing item for currency conversion	938	196
Balancing item for minority interests	-1,115	-1,360
Retained earnings	19,734	26,234
Total equity	**72,763**	**77,520**
Accruals	**16,463**	**16,322**
Liabilities to banks	50,605	44,344
Borrowers' note loan	19,071	18,357
Trade payables	22,351	18,264
Other liabilities	6,656	4,914
Total liabilities	**98,683**	**85,879**
Deferred income	**25**	**-**
	187,934	**179,721**

INCOME STATEMENT (HGB)

€ 000s	Q2/2004 1.4.-30.6.04	Q2/2005 1.4.-30.6.05	6 months 30.06.2004	6 months 30.06.2005	Change € 000s	Change %
Sales	**56,681**	**62,346**	**135,674**	**144,071**	**8,397**	**6.2**
Other income	4,625	4,488	9,023	8,803	-220	-2.4
Total operating performance	61,306	66,834	144,697	152,874	8,177	5.7
Cost of materials	19,999	18,650	46,959	44,258	-2,431	-5.2
Personnel expenses	12,468	12,714	24,542	24,705	163	0.7
Depreciation	2,259	2,641	4,845	5,075	230	4.7
Other operating expenses	24,443	28,716	58,584	67,966	9,382	16.0
Income from shareholdings	198	-1,369	28	-350	-378	-
Net interest expenses	-317	-674	-1,184	-1,350	-166	14,0
Earnings before tax (EBT)	**2,018**	**2,070**	**8,611**	**8,900**	**289**	**3.4**
Income taxes	166	844	1,920	2,318	398	20.7
Other taxes	275	673	505	878	373	73.9
Net income	**1,577**	**553**	**6,186**	**5,704**	**-482**	**-7.8**
Minority interests	22	9	13	40	27	-
Profit/loss carried forward	-4,657	-	2,138	19,734	17,596	823.0
Change to reserve for treasury stock	6,059	568	6,813	756	-6,057	-
Distribution to minorities	-	-	-98	-	98	-
Retained earnings	**3,001**	**1,130**	**15,052**	**26,234**	**11,182**	**74.3**

CASHFLOW (HGB)

€ 000s	Q2/2004 1.4.-30.6.04	Q2/2005 1.4.-30.6.05	6 months 30.06.2004	6 months 30.06.2005
Net income	1,577	553	6,186	5,704
Depreciation	2,260	2,641	4,845	5,075
(+/-) Increase/decrease in assets	8,489	6,288	915	2,446
(-/+) Increase/decrease in liabilities	-10,639	-4,166	-9,966	-5,731
Other adjustments	-4,479	-201	-2,282	213
Cashflow from operating activities	**-2,792**	**5,115**	**-302**	**7,707**
Cashflow from investment activities	**-1,944**	**-2,542**	**-3,653**	**-3,319**
Cashflow from financing activities	**3,430**	**-5,609**	**2,817**	**-6,957**
Change in cash and cash equivalents	-1,306	-3,036	-1,138	-2,569
(+/-) Change in cash and cash equivalents	-1,063	-530	-1,137	-742
Cash and cash equivalents: beginning of period	8,437	9,290	8,343	9,035
Cash and cash equivalents: end of period	**6,068**	**5,724**	**6,068**	**5,724**

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				6,186
Distribution to minorities				-98
Currency changes				
Earnings/losses minorities				13
Offsetting of goodwill				
Withdrawal from/increase in revenue reserves				
Dividend				4,657
Purchase of treasury stock	47,324	-6,813		6,813
Balance at 30.06.2004	**47,324**	**3,465**	**3,295**	**15,052**
Balance at 01.01.2005	**47,324**	**2,830**	**3,052**	**19,734**
Net income for the period				5,704
Currency changes				
Earnings/losses minorities				40
Offsetting of goodwill				
Withdrawal from/increase in revenue reserves				
Dividend				
Purchase of treasury stock		-756		756
Balance at 30.06.2005	**47,324**	**2,074**	**3,052**	**26,234**

SEGMENT REPORT (HGB)

30 June 2005

€ 000s	Retail	Mail Order	Wholesale	Entertainment	Holding	Total
Sales	**40,560**	**67,907**	**27,406**	**8,198**	**-**	**144,071**
Operating result (EBIT)	3,683	6,528	2,519	926	-3,406	**10,250**
Depreciation	2,639	460	1,123	192	661	**5,075**
Assets	35,863	24,861	37,699	5,854	75,444	**179,721**
Investment in long-term assets	2,890	752	1,071	103	148	**4,964**
Trade payables	2,766	7,955	5,771	848	924	**18,264**
Accruals	4,180	3,768	3,789	847	3,738	**16,322**
Liabilities to banks	366	3	70	6	62,256	**62,701**
Other liabilities	2,137	2,760	1,006	116	-1,105	**4,914**

The other liabilities in the holding segment include VAT receivables. On the level of the overall Group, this item constitutes a liability.

Earned shareholders´ equity for the group	Adjustment for currency conversion	Minority capital: Adjustment for minorities	Minority capital: Adjustment for currency conversion	Total equity
20,369	**710**	**-370**	**-249**	**67,784**
				6,186
				-98
	69			**69**
		-25		**-12**
				-
				-
				4,657
				-
21,813	**779**	**-395**	**-249**	**69,271**
25,616	**938**	**-893**	**-222**	**72,763**
				5,704
	-742			**-742**
		-245		**-205**
				-
				-
				-
				-
25,616	**196**	**-1,138**	**-222**	**77,520**

30 June 2004

Retail	Mail Order	Wholesale	Entertainment	Holding	Total
39,489	**59,007**	**28,344**	**8,834**	**-**	**135,674**
2,601	5,489	2,795	899	-1,993	**9,790**
2,467	608	929	211	630	**4,845**
37,408	22,668	33,555	6,222	76,980	**176,833**
2,850	838	1,047	195	246	**5,176**
2,016	4,656	4,261	982	1,633	**13,548**
4,425	4,336	2,551	732	3,398	**15,442**
582	9	21	12	71,956	**72,580**
2,500	2,275	1,173	-161	199	**5,986**

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

As of 30 June 2005, no changes had been made to the reporting entity since the consolidated financial statements for the 2004 financial year.

SEGMENTAL REPORTING

A detailed depiction 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 segment results since 31 December 2004.

EVENTS SUBSEQUENT TO THE REPORTING DATE

There have been no events requiring report under this heading subsequent to 30 June 2005.

EARNINGS PER SHARE

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

		6 months 30.06.2004	6 months 30.06.2005
Net income for the period	**€ million**	**6.2**	**5.7**
Number of shares (diluted)		**46,880,291**	**46,549,385**
Number of shares (undiluted)		**46,549,385**	**46,549,385**
Earnings per share (diluted)	**EUR**	**0.13**	**0.12**
Earnings per share (undiluted)	**EUR**	**0.13**	**0.12**

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 the provision of accounting, controlling, financing, human resources, legal and communications services.
The earnings performance of 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 function as the holding company.

Flensburg, 10 August 2005
The Management Board

FINANCIAL CALENDAR 2005

Shareholders letter III/2005 (only available in German)	20 October 2005
Nine-month statement 2005	15 November 2005
End of financial year	31 December 2005

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69

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