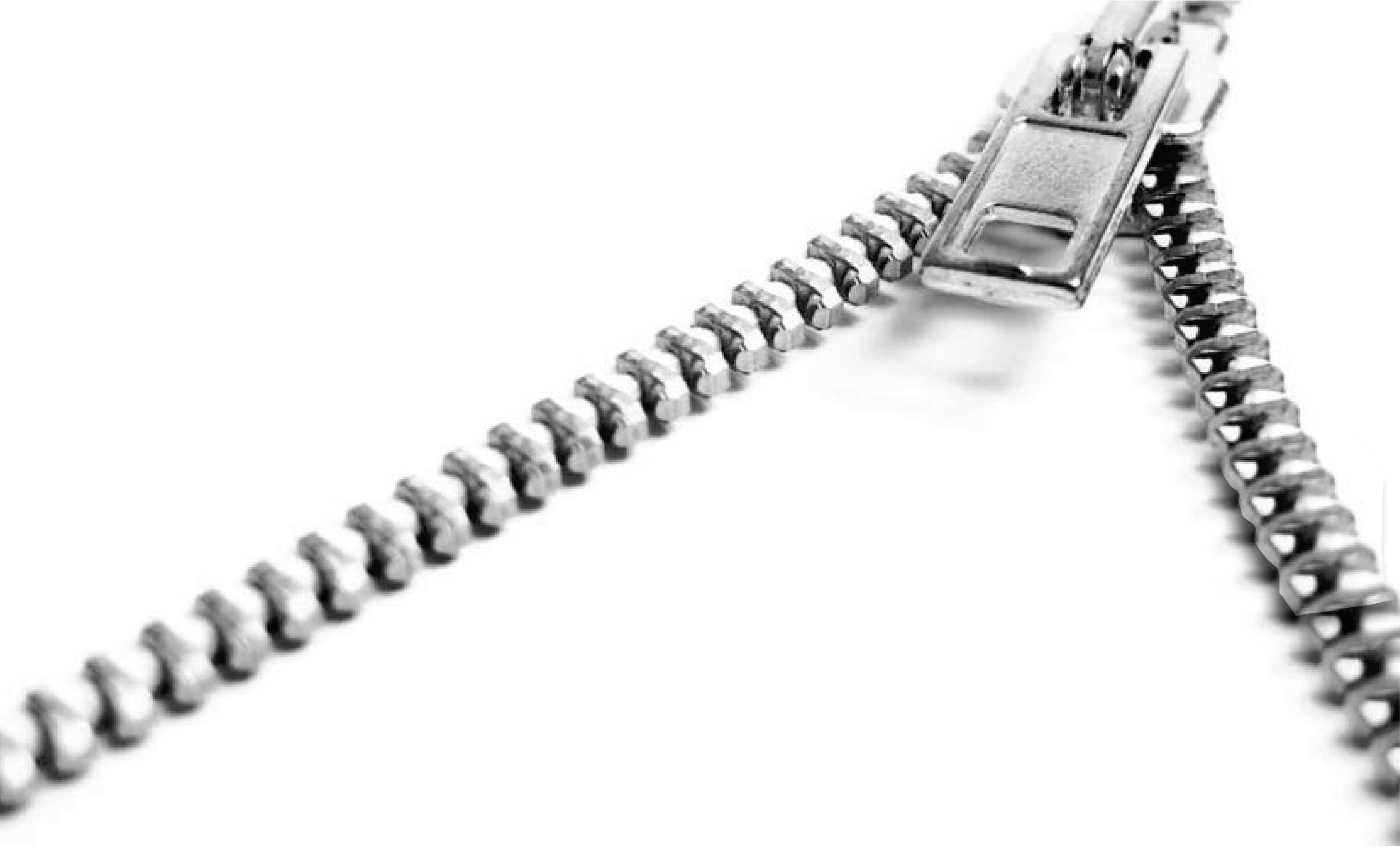

3Month Report 2010

beate uhse · adam & eve · pabo · SCALA Playhouse · Christine le Duc · kondomeriet · ZBF

Beate Uhse at a glance

EUR 000s		3 months 31.3.2009	3 months 31.3.2010	Change %
SALES PERFORMANCE				
Retail		15,861	**14,530**	-8.4
Mail Order		26,923	**25,190**	-6.4
Wholesale		13,054	**12,857**	-1.5
Entertainment		3,021	**2,691**	-10.9
Total sales		58,859	**55,268**	-6.1
International share of sales	%	64.2	**65.6**	2.2
RESULTS				
EBITDA		5,170	**3,202**	-38.1
EBIT		2,695	**856**	-68.2
EBT		1,498	**259**	-82.7
Net income of*		356	**-220**	-161.8
OTHER EARNINGS INDICATORS				
Return on sales before tax	%	2.5	**0.5**	-81.6
Return on sales after tax	%	0.6	**-0.4**	-165.8
Return on equity	%	0.4	**-0.2**	-161.8
Gross profit margin	%	56.4	**53.4**	-5.4
FINANCIAL SITUATION				
Cash flow from operating activities		1,424	**1,079**	-24.2
Investments		5,788	**1,569**	-72.9
Depreciation		2,475	**2,346**	-5.2
BALANCE SHEET DATA**				
Total assets		183,568	**179,882**	-2.0
Shareholders' equity		100,845	**100,850**	0.0
Equity ratio	%	54.9	**56.1**	2.1
Long-term assets		94,761	**93,205**	-1.6
Short-term assets		88,807	**86,677**	-2.4
OTHER DATA				
Employees	total	1,215	**1,169**	-3.7
Cost of sales		25,658	**25,772**	0.4
Cost of distribution		26,845	**26,094**	-2.8
SHARES				
Number of shares		70,984,696	**78,074,696**	10.4
Closing price	EUR	0.60	**0.65**	8.3
Annual high	EUR	0.62	**0.75**	21.0
Annual low	EUR	0.42	**0.64**	52.4
Earnings per share	EUR	0.00	**0.00**	-
Cash flow per share	EUR	0.04	**0.00**	-

*: ongoing business divisions

**: 2009 per 31.12.

beate uhse

3 Month Report 2010

Letter to shareholders

Dear Shareholders,

During the first quarter of 2010 we continued to implement operational efficiencies. Specifically, we completed work on introducing international standard ERP systems in the retail business. We also completed the conversion of the mail order business to a new ERP system (Microsoft Dynamics Axapta Version 4.0) and have introduced further software solutions to optimise all of our working processes. From 2010 onwards, this overall package of new programmes will provide the mail order business with an optimal basis to manage its future growth. At the central marketing department, preparations are underway to launch the new international sales brands in the fourth quarter.

At Euro 0.9 million, operating earnings ("EBIT") were as expected. Sales, however, remained weak, falling 6.1 percent to Euro 55.2 million.

The Beate Uhse Group successfully achieved further cost savings in the first three months of 2010. Sales-related expenses, general administration expenses and other operating expenses fell by Euro 1.8 million when compared with 2009. Despite these substantial cost cuts, however, consolidated earnings declined due to the lower volume of overall sales and increased costs of goods sold.

We reiterate our 2010 forecast of EBIT of between Euro 3.0 and Euro 3.5 million. We were aware that 2010 would be a challenging year and the 2010 budget figures are thus moderate and realistic. We are optimistic and continue to aggressively respond to the wishes and needs of new customer groups by offering new product ranges, targeting our advertising spend and integrating our distribution channels.

Yours faithfully,

Serge van der Hooft
Chief Operating Officer,
Management Board Spokesman

Johan A. Boddaert
Chief Marketing Officer

Business and economic framework

Macroeconomic developments

Following a temporary halt to its recovery in the 2009/2010 winter half-year, the German economy is now only regaining momentum slowly. Based on preliminary figures issued by the Federal Statistics Office, gross domestic product (GDP) adjusted for price, seasonal and calendar factors grew by 0.2 percent in the first quarter of 2010 compared with the previous quarter. The rate of growth in the previous quarter was also corrected upwards, and is now also reported at 0.2 percent. These figures reveal a marked slowdown compared with the growth rates seen in the second and third quarters of 2009 (+0.4 percent and +0.7 percent respectively). Given the long, severe winter, however, they can nevertheless be viewed positively. Upward momentum came from investments in plant and machinery, and by exports. Together with the inventory growth and the increase in government consumption expenditure, these sectors therefore made up for the negative impact of construction investments, private consumer spending and imports.

According to the "Euro-zone economic outlook" community project, exports were the only notable growth driver in the euro area in the first quarter of 2010. Private consumer spending, on the other hand, stagnated due to the further deterioration on the labour market and the expiry of numerous government economic stimulus measures. Based on preliminary assessments, gross domestic product for the first quarter of 2010 grew by 0.2 percent compared with the previous quarter and by 0.5 percent compared with the same period in the previous year.

The adult lifestyle market

The process of change has continued in the adult lifestyle sector. On the demand side, sales have continued to shift from DVDs and magazines to love toys, lingerie, personal care and gift items. This has been accomplished by a further increase in our market share of of women and couples. These customers are focused even more closely on product quality, innovation, shopping ambience and service. Lastly, but significantly, the internet has clearly become our customers' preferred medium of quickly obtaining up-to-date information, ordering goods and viewing adult media. E-Commerce offers both opportunities and challenges, nevertheless, we remain confident that the lower costs of acquisition of online consumers will result in higher margins from this medium.

The changes on the demand side have created new challenges on the supply side. Traditional providers chiefly reliant on the DVD and cabin business will continue to find it difficult to survive in the market. The opportunity here for the adult lifestyle market as a whole is to make its activities more professional. Topics such as sustainability, product quality and innovation, quality of service and speed of delivery are key factors in the sector. To succeed in the future, traditional adult lifestyle providers will have to satisfy these comparatively high customer standards.

Earnings position

Sales performance

Sales at the Beate Uhse Group decreased by Euro 3.6 million to Euro 55.3 million in the first quarter of 2010, with the retail and mail order businesses in particular reporting lower sales.

The retail store network was scaled down by a further ten stores, as we continued to close underperforming older format locations, compared with the first quarter of the previous year. As a result, sales dropped 8.4 percent to Euro 14.5 million although EBIT declined only marginally.

The mail order business reported a Euro 1.7 million downturn in sales in the first quarter.

Sales by distribution channel

EURO 000s	3 months 31.03.2009	**3 months 31.03.2010**	% change
Retail	15,861	**14,530**	-8.4
Mail order	26,923	**25,190**	-6.4
Wholesale	13,054	**12,857**	-1.5
Entertainment	3,021	**2,691**	-10.9
	58,859	**55,268**	-6.1

The Group further increased its international focus, with 65.6 percent of first-quarter sales being generated outside Germany (Q1/2009: 64.2 percent).

With sales of Euro 19.0 million, Germany nevertheless remained the Group's largest market. The Dutch market, however, performed well and posted sales of Euro 11.9 million thus overtaking France (Euro 9.1 million) as the Group's second-largest market.

Sales by region

EURO 000s	3 months 31.03.2009	**3 months 31.03.2010**	% change
Germany	21,087	**19,007**	-9.9
Netherlands	10,466	**11,935**	14.0
Belgium	4,497	**3,788**	-15.8
France	11,081	**9,056**	-18.3
UK	2,179	**1,552**	-28.8
Austria	2,463	**2,588**	5.1
Scandinavia	2,871	**2,854**	-0.6
Italy	870	**913**	5.0
Other regions	3,344	**3,576**	6.9
	58,859	**55,268**	-6.1

Sales per employee amounted to Euro 47.3k (Q1/2009: Euro 48.6k).

Earnings performance

At Euro 25.8 million, costs of sales showed virtually no change on the previous year in the first quarter of 2010 (Q1/2009: Euro 25.7 million). Their share of sales rose to 46.6 percent. This was due to higher materials input costs, which increased in the mail order business in particular due to the new composition of the product range and the well-promoted sell-off of old stock via e-commerce channels.

The Beate Uhse Group cut its sales-related expenses by Euro 0.8 million to Euro 26.1 million in the period under report. This reduction was attributable to lower advertising expenses. As a proportion of total sales, sales-related expenses grew to 47.2 percent (Q1/2009: 45.6 percent).

The Group also achieved further reductions in its general administration expenses, which fell by Euro 0.2 million to Euro 5.9 million. This was driven by lower personnel expenses and advisory fees. At 10.6 percent, the share of sales due to general administration expenses was roughly at the previous year's level.

Mainly on account of a lower volume of exchange rate differences in the first quarter of 2010, other operating expenses reduced by Euro 0.9 million.

Net interest expenses amounted to Euro 0.6 million in the first quarter of 2010, and thus improved by Euro 0.6 million on the previous year. The negative swap items incurred in 2010 were substantially lower than the previous year's figure, which had been affected by the financial crisis.

The lower volume of sales impacted negatively on the Group's earnings performance. EBITDA amounted to Euro 3.2 million (Q1/2009: Euro 5.2 million), while EBIT fell by Euro 1.8 million to Euro 0.9 million. Due to the year-on-year reduction in the Group's pre-tax earnings, the taxes on income, amounting to Euro 0.6 million, were Euro 0.7 million down on the previous year. Earnings before taxes (EBT) are reported at Euro 0.3 million (Q1/2009: Euro 1.5 million). Earnings per share thus amounted to Euro 0.00 (Q1/2009: Euro 0.00).

Segment performance

Retail

Retail sales dropped Euro 1.3 million to Euro 14.5 million in the first quarter of 2010. At minus Euro 0.1 million, however, EBIT only deteriorated slightly.

EURO 000s	3 months 31.03.2009	**3 months 31.03.2010**	% change
Sales	15,861	**14,530**	-8.4
EBITDA	916	**687**	25.0
EBIT	-81	**-133**	-64.2
EBT	-431	**-431**	0.0
Investments	176	**334**	90.1

The Group was satisfied with the performance of its city-centre stores in Belgium (Pabo), the Netherlands (Christine le Duc), France (Adam & Eve) and Germany (Beate Uhse). In virtually all countries, traditional stores not yet renovated underperformed their new, modernised counterparts. For the retail business, this indicates that our strategy of redesigning and repositioning our shops is the right course.

The retail business is channelling great energy into optimizing and internationalising its processes. The introduction of standard group-wide payment software will facilitate comprehensive, rapid analysis.

Beate uhse shops by region
Own shops

	3 months 31.03.2009	%	3 months 31.03.2010	% change
Germany	53	38.7	**55**	40.1
Italy	6	4.4	**6**	4.4
Switzerland	1	0.7	**1**	0.7
Netherlands	57	41.6	**55**	40.1
Belgium	9	6.6	**9**	6.6
France	7	5.1	**7**	5.1
Norway	4	2.9	**4**	2.9
	137	100.0	**137**	100.0

Licence & franchise

	3 months 31.03.2009	%	3 months 31.03.2010	% change
Germany	63	47.4	**55**	44.7
Austria	44	33.1	**45**	36.6
Netherlands	0	0.0	**2**	1.6
Norway	4	3.0	**5**	4.1
Italy	1	0.8	**1**	0.8
Poland	12	9.0	**6**	4.9
Slovenia	6	4.5	**6**	4.9
Hungary	3	2.3	**3**	2.4
	133	100.0	**123**	100.0

*** 7 Shops in Poland have been renamed after a markettest.**

Catalogue and e-commerce

The mail order business began 2010 on at a slow pace. First-quarter sales dropped 6.4 percent to Euro 25.2 million, while EBIT fell 55.8 percent to Euro 2.0 million. The volume of orders placed shortly after publication of the first main catalogue in 2010 failed to live up to expectations. The mail order business lost no time in reacting to this development and sent out an online newsletter to activate customers in its most important markets. This boosted sales in the Netherlands by 14 percent. In Germany and France, the two largest sales markets for the mail order business, the advertising measures produced satisfactory results.

EURO 000s	3 months 31.03.2009	**3 months 31.03.2010**	% change
Sales	26,923	**25,190**	-6.4
EBITDA	5,037	**2,537**	-49.6
EBIT	4,629	**2,044**	-55.8
EBT	4,556	**1,934**	-57.6
Investments	807	**476**	-41.0

Many customers enjoy the catalogue as a source of information and then submit their orders by internet. This interaction between catalogue and the online store will continue to play a major role in the mail order business in future as well. 43 percent of all customers ordered their products via the internet (online store).

The internet is becoming an ever more important channel for customers to inform themselves and then order products.

Wholesale

Wholesale sales were stable in the first quarter at Euro 12.9 million versus Euro 13 million in the same period in 2009. EBIT however declined sharply as the reduction in mail order sales impacted inter-company sales from the wholesale to the mail-order divisions.

EURO 000s	3 months 31.03.2009	**3 months 31.03.2010**	% change
Sales	13,054	**12,857**	-1.5
EBITDA	645	**22**	-96.6
EBIT	-202	**-770**	-281.2
EBT	-519	**-1,113**	-114.5
Investments	568	**705**	24.0

Ladies Night Homeparties, which are reported as part of the wholesale business, have shown pleasing developments. This sales network was expanded to twelve employees in the past three months. Its female customers have proven very enthusiastic about the product range specially compiled for the home parties. Ladies Night generates numerous party enquiries by working with targeted search engine marketing on the internet.

Entertainment

Sales in the Group's entertainment business amounted to Euro 2.7 million in the first quarter of 2010, thus falling slightly short (Euro 0.3 million) of the previous year's figure. This 10.9 percent drop in sales was due to the reduced presence of added value telephony services in the media. By contrast, EBIT were increased by 38.8 percent to Euro 0.4 million. Beate Uhse new media generates more than 50 percent of its sales in its online B2B business.

EURO 000s	3 months 31.03.2009	**3 months 31.03.2010**	% change
Sales	3,021	**2,691**	-10.9
EBITDA	350	**472**	34.9
EBIT	289	**401**	38.8
EBT	311	**413**	32.8
Investments	34	**19**	-44.2

Added value telephony service sales decreased slightly (minus 5.9 percent). The audiotex market remains hotly contested, and the market climate is one of cutthroat competition. All in all, the market is slightly in decline. By making targeted use of advertising measures, audiotex advertising expenses could be reduced by around 19.7 percent. This led to a 49.0 percent improvement in earnings. The German market is still the main focus of activity for the Group's audiotex specialists.

Online entertainment (web content, B2B online services) witnessed similar developments. Sales fell by around 14.0 percent, while pre-tax earnings rose by 28.0 percent. This earnings growth was driven by efficiency enhancements, especially in terms of personnel. Beate Uhse new media has been successful with its video portals such as HomepornOn and MovieOn, which have contributed significantly to online entertainment sales.

Net asset and financial position

The total assets of the Beate Uhse Group fell 2.0 percent to Euro 179.9 million at the balance sheet date on 31 March 2010 (2009: Euro 183.6 million).

Assets

On the asset side, the Beate Uhse Group posted minor reductions in both non-current and current assets. Within non-current assets, the Group drew on deferred tax receivables, as a result of which this item declined by Euro 0.5 million to Euro 6.8 million. Overall, non-current assets decreased by Euro 1.6 million to Euro 93.2 million.

Current assets fell to Euro 86.7 million (minus Euro 2.1 million). This was chiefly due to a decline in trade receivables, which dropped Euro 4.9 million to Euro 28.7 million. This in turn was due to the receipt of payments in connection with the high-volume fourth quarter of 2009.

Shareholders’ equity and liabilities

At Euro 100.9 million, shareholders’ equity remained virtually unchanged on 31 December 2009 (Euro 101.1 million). The equity ratio amounted to 56.1 percent as of the balance sheet date, up 1.2 percentage points (2009: 54.9 percent).

Non-current liabilities also remained more or less stable, declining by Euro 0.5 million to Euro 11.8 million. Non-current liabilities account for 6.6 percent of the balance sheet total (2009: 6.7 percent).

Current liabilities were reduced by Euro 3.2 million to Euro 67.2 million. The most notable changes here related to trade payables and other financial liabilities. Consistent with the weaker performance in the first quarter, especially in the mail order business, trade payables fell by Euro 2.1 million to Euro 14.9 million. Other financial liabilities, which reduced due to payments made by the mail order business to service providers and suppliers, amounted to Euro 14.8 million at the end of the period (minus Euro 1.4 million). Current liabilities thus account for 37.4 percent of the balance sheet total (2009: 38.3 percent).

Current working capital decreased by Euro 2.7 million to Euro 53.4 million. This was chiefly due to the aforementioned reductions in trade receivables and payables.

At Euro 29.8 million, the net debt of the Beate Uhse Group remained stable in the first quarter of 2010 (2009: Euro 29.5 million).

Cash flow and investments

The cash flow from operating activities amounted to Euro 1.1 million in the first quarter of 2010 (Q1/2009: Euro 1.4 million). Based on earnings before taxes of Euro 0.3 million, the cash flow was boosted to the tune of Euro 4.9 million by customer payments. Conversely, the increase in other assets due to the increase in inventories reduced the cash flow by Euro 2.2 million. The reduction in trade receivables by Euro 2.1 million and in other liabilities by Euro 2.7 million also contributed to reducing the cash flow from operating activities.

Outgoing cash flow from investment activities, or amounts spent on investments in capital assets, for the first quarter 2010 was Euros 1.2 million. This amount was less that in the corresponding period in 2009 (Q1/2009: Euro 5.1 million), which included the acquisition of the Playhouse Group.

The cash flow from financing activities decreased by Euro 3.5 million to Euro 0.6 million in the first quarter of 2010. This sharp decline was due to the reduction in the Beate Uhse Group’s liabilities to banks by Euro 5.2 million to Euro 1.5 million in the period under report. The acquisition of the Playhouse Group in 2009 had significantly increased the company’s liabilities to banks in the previous year. Not only that, the repayment of bank liabilities item reduced by Euro 1.5 million to Euro 0.5 million.

Investments fell 72.9 percent to Euro 1.6 million in the period under report. Higher outlays had been incurred in the previous year’s period due to the acquisition of the wholesaler Playhouse. The first quarter of 2010 rather saw a slight increase in investments in the retail business in connection with the modernisation of further stores. The wholesale business invested in further rights and licences.

Employees

The total number of employees at Beate Uhse was reduced by 46 to 1,169 in the first quarter of 2010 (Q1/2009: 1,215 employees). Further jobs were cut in the retail business in particular due to store closures in Germany. The entertainment business scaled back its team by twelve employees.

Employees at the beate uhse group

BY REGION	3 months 31.03.2009	3 months **31.03.2010**	% change
Germany	541	**510**	-5.7
Netherlands	476	**496**	4.3
Belgium	28	**23**	-16.6
France	60	**54**	-10.1
UK	9	**6**	-32.8
Austria	6	**5**	-19.1
Scandinavia	45	**34**	-24.4
Other European countries	50	**41**	-18.0
	1,215	**1,169**	-3.7

BY DISTRIBUTION CHANNEL	3 months 31.03.2009	3 months **31.03.2010**	% change
Retail	672	**626**	-6.8
Mail order	236	**233**	-1.1
Wholesale	203	**201**	-1.0
Entertainment	72	**60**	-16.7
Holding services	32	**49**	53.1
	1,215	**1,169**	-3.7

Beate Uhse shares

Beate Uhse's share developed unevenly in the first three months of the year. It finished the first quarter at a closing price of Euro 0.65, and thus at the same price at which it opened on 4 January 2010. During the three-month period, however, the share price fluctuated between Euro 0.64 and Euro 0.75 (daily closing prices).

Share price performance		3 months 31.03.2009	3 months **31.03.2010**	% change
Opening	EUR	0.61	**0.65**	6.6
Closing	EUR	0.60	**0.65**	8.3
High	EUR	0.62	**0.75**	21.0
Low	EUR	0.42	**0.64**	52.4
Performance	%	-1.6	**0.0**	-100.0

Basis: Xetra

In all, a total of 1.7 million Beate Uhse shares were traded in the period under report. Trading volumes thus averaged 27,080 shares per trading day.

Key share data		3 months 31.03.2009	3 months **31.03.2010**	% change
EPS		0.00	**0.00**	0.0
P/E ratio		121	**0**	0.0
Cash flow per share		0.04	**0.04**	0.0
Book value per share		1.1	**1.0**	-8.8
Market capitalisation	Mio. EUR	42.6	**50.8**	19.1
Free float market capitalisation	Mio. EUR	26.4	**24.2**	-8.3
Average trading volumes per day	Stück	38,763	**25,926**	-33.1

Basis: Xetra

Risk report

No material changes arose in the first three months of 2010 compared with the risks presented in the management report and group management report accompanying the 2009 annual financial statements.

Events after the balance sheet date

The company concluded bilateral credit agreements dated 12 May 2010 with Nord-Ostsee Sparkasse, Flensburg, Investitionsbank Schleswig-Holstein, Kiel, and Deutsche Postbank AG, Bonn, for the German subgroup. A further credit agreement for the Dutch subgroup was concluded via the Dutch subsidiary Beate Uhse B.V. with ING Bank N.V. on 19 April 2010. These agreements replace the expiring syndicated loan agreement managed by HSH Nordbank AG. The credit agreements are structured as amortisable and overdraft loans with terms of up to five years and have a total volume of Euro 40.8 million. The agreements foresee the provision of customary security and compliance with financial covenants. Repayments totalling Euro 25.8 million have been agreed for the years 2010 to 2015. Credit lines of Euro 15.0 million will remain upon the expiry of these financing facilities.

Outlook

Macroeconomic developments

The German Institute of Economic Research (DIW) in Berlin expects the economic recovery to gain momentum and has forecast growth of 0.7 percent in real-term GDP. Following the severe winter, this upward trend will initially be driven above all by the construction industry, which has reported double-digit growth in new orders in some cases. In parallel, significant improvements have been seen in various confidence indicators. Accordingly, private consumer spending can also be expected to show more positive developments in the current quarter. The DIW nevertheless warns against any euphoria on account of the positive outlook for the second quarter of 2010. Growth will be higher in the short term, as the effects of the Federal Government's economic stimulus programmes still make themselves felt. According to the DIW, however, the possibility of stable growth will only arise once core industrial segments have begun to show any notable expansion.

Having said this, the euro area economy will also not remain unaffected by the Greek debt crisis and the financial situation in Ireland, Spain, Portugal and Italy. The macroeconomic backdrop currently appears unstable. Initial implications have already been seen in the form of unsettled developments on the international capital markets and great pressure on the euro. Beate Uhse's core markets of Germany, France and the Netherlands are among those industrialized economies for which economic research institutes have forecast more difficult overall developments in the next two years.

Sector-specific developments

The transformation in the adult lifestyle sector will be further promoted by large players in the market in 2010. The industry is making itself fit for the target groups of women and couples who, taken together, are larger than previous target groups. Moreover, expectations as to the product quality, product design, advertising measures, shopping ambience and service offered by providers have risen across all target groups. The great availability of many products and the possibility of quickly comparing prices on the internet have also made customers more price-aware.

Beate Uhse expects to see an ongoing process of consolidation and increasing professionalism among providers in the B2C and B2B segments of the adult lifestyle market.

Group alignment

Beate Uhse will be pressing ahead further in 2010 with its process of modernising and repositioning itself as an international multichannel company. Its restructuring measures are intended to enable customers in all countries and across all distribution channels to be served quickly and efficiently in line with their interests and the products they desire.

Mail order is the Beate Uhse Group's most important growth driver. In its activities in 2010, it will be focusing on topics such as optimising its approach to acquiring new customers, relaunching its online shop and targeting its advertising measures to the interests of various customer groups. Beate Uhse expects online retail to show the strongest growth in future. Not only that, online advertising measures enable the mail order business to react quickly to the latest developments and to enhance the efficiency of its advertising.

In 2010, the retail business will be pressing ahead with the international expansion of its two store concepts, namely its city-centre stores (Beate Uhse, Christine le Duc, Pabo and Kondomeriet) and its Fun Centers. In this, it will be relying more heavily on franchise partners to implement its expansion in Germany, France and the Netherlands.

The great pressure on prices will remain the dominant theme in the wholesale business in 2010 as well. The process of market consolidation will continue. Beate Uhse's wholesale business aims to raise its gross profit margins once again as the year progresses, and will be further expanding its private label product lines. The Dutch wholesale business will further expand its customer base in 2010, with electronics and online stores being two examples of the type of new customer it aims to acquire.

We have budgeted moderate growth for the entertainment business in 2010. In the coming months, Beate Uhse new media will be focusing on optimising the Group's most important proprietary adult lifestyle portals, developing an international entertainment portal and further expanding the range of service it offers to third parties.

In recent years, the modernisation of the Group has required substantial investments in converting the store network, introducing new ERP systems and acquiring the Playhouse Group. Investments of Euro 5.5 million are budgeted for 2010. Above all, investments will be channelled into further modernising the store network and expanding the database of film rights.

Sales and earnings performance

The Group's new store, product range and advertising concepts will not yet be able in 2010 to fully compensate for the collapse in the DVD market. However, they nevertheless form the basis for the moderate sales growth of around 1 percent budgeted at the Group in 2010. Pre-tax earnings (EBIT) of between Euro 3 million and Euro 3.5 million are forecast for 2010. Enhancing the Group's profitability remains its most important objective for 2011 and 2012 as well.

Balance sheet

ASSETS EUR 000s	31.12.2009	31.3.2010
LONG-TERM ASSETS		
Intangible assets	12,663	**12,340**
Goodwill	20,203	**20,244**
Property, plant & equipment	26,669	**25,853**
Other financial assets	3,183	**3,192**
Investments	24,739	**24,788**
Income taxes	7,304	**6,788**
	94,761	**93,205**
CURRENT ASSETS		
Inventories	39,185	**39,673**
Accounts receivable	33,580	**28,667**
Other short-term financial assets and other assets	6,903	**8,522**
Income tax refund claims (short-term)	1,877	**1,875**
Liquid funds	7,262	**7,940**
	88,807	**86,677**
Total assets	183,568	**179,882**

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR 000s	31.12.2009	**31.3.2010**
SHAREHOLDERS' EQUITY		
Subscribed capital	78,075	**78,075**
Treasury stock at cost of acquisition	-3,463	**-3,463**
Capital reserves	-89	**-89**
Revenue reserves	3,295	**3,295**
Retained earnings	22,209	**21,946**
Balancing item for currency conversion	362	**578**
Minority interests	456	**508**
	100,845	**100,850**
LONG-TERM DEBT		
Interest-bearing loans	5,144	**4,923**
Pensions and similar obligations	3,903	**3,673**
Other accruals	1,787	**1,745**
Other financial liabilities	1,077	**1,079**
Deferred tax liabilities	442	**401**
	12,353	**11,821**
SHORT-TERM DEBT		
Accounts payable	17,002	**14,892**
Other financial liabilities	16,201	**14,775**
Pensions and similar obligations	266	**103**
Other accruals	1,830	**1,618**
Income tax liabilities	3,468	**2,932**
Loans	2,025	**2,086**
Short-term portion of long-term loans	29,578	**30,805**
	70,370	**67,211**
Total shareholders' equity and liabilities	183,568	**179,882**

Consolidated income statement

EUR 000s	31.3.2009	31.3.2010
Sales	58,859	**55,268**
Cost of sales	-25,658	**-25,772**
Gross profit on sales	33,201	**29,496**
Other operating income	3,558	**3,600**
Sales-related expenses	-26,845	**-26,094**
General administration expenses	-6,053	**-5,855**
Other operating expenses	-1,166	**-291**
Earnings before interest and taxes	2,695	**856**
Financial income	23	**125**
Financial expenses	-1,220	**-722**
Earnings before taxes	1,498	**259**
Taxes on income	-1,142	**-479**
Earnings of ongoing business divisions	356	**-220**
ALLOCABLE TO:		
Shareholders in the holding company	353	**-263**
Minority shareholders	-3	**-43**
EARNINGS PER SHARE (EPS)		
Undiluted (EUR)	70,703,337	**78,074,696**
Diluted (EUR)	70,703,337	**78,074,696**
Undiluted earnings per share based on ongoing business divisions	0.00	**0.00**
Diluted earnings per share based on ongoing business divisions	0.00	**0.00**

Consolidated statement of comprehensive income

EUR 000s	31.3.2009	31.3.2010
Net income for period	356	**-220**
Currency translation on foreign operations	789	**225**
Net loss on financial assets held for sale	0	**0**
Other net income after tax	789	**225**
Comprehensive income after taxes	**1,145**	**5**
of which allocable to:		
Shareholders in the holding company	890	**-47**
Minority shareholders	255	**52**

Cash Flow

EURO 000s	31.3.2009	31.3.2010
Earnings before taxes (EBT)	1,498	**259**
CORRECTIONS FOR:		
Non- cash expenses (IFRS 2)	0	**0**
Depreciation of property, plant and equipment, amortisation of intangible assets	2,474	**2,345**
Losses incurred on the disposal of property, plant and equipment and intangible assets	-37	**17**
Other non-cash expenses	0	**0**
CHANGES IN:		
Trade receivables	1,399	**4,914**
Other assets	-870	**-2,237**
Trade payables	-2,939	**-2,064**
Other liabilities	-575	**-2,708**
Financial income	-23	**-125**
Financial expenses	1,219	**722**
Income taxes paid/received	-722	**-44**
Cash flow from operating activities	1,424	**1,079**
Cash received from the sale of property, plant and equipment, intangible assets and other non-current assets	410	**730**
Cash paid for investments in property, plant and equipment, intangible assets and other non-current assets	-1,788	**-1,880**
Cash paid in connection with short-term financial management	-1,001	**-180**
Cash received in connection with short-term financial management	0	**34**
Cash paid for acquisition of subsidiaries, less cash and cash equivalents acquired	-4,000	**0**
Interest received	23	**66**
Cash flow from investing activities	-6,356	**-1,230**
Contribution to capital (capital increase)	-197	**0**
Taking up of bank liabilities	6,710	**1,504**
Interest paid for loans and hedging instruments	-426	**-413**
Redemption of bank liabilities	-2,007	**-485**
Redemption of loans from third parties	0	**-3**
Cash flow from financing activities	4,080	**603**
Net change in cash, cash equivalents and securities	-852	**452**
Changes due to movements in exchange rates	499	**226**
Cash, cash equivalents and securities at beginning of period	5,612	**7,262**
Cash, cash equivalents and securities at end of period	5,259	**7,940**

Group Equity Schedule

EUR 000s	Equity allocable to the shareholders in the parent company								Minority interests	Total equity
	Share capital	Treasury stock	Capital reserve	Revenue reserves	Other reserves	Net profits	Balancing item for currency conversion	Total		
Balance as of 01.01.2009	**70,985**	**-3,463**	**2,653**	**3,295**	**0**	**20,445**	**548**	**94,463**	**131**	**94,594**
Period Earnings						353		353	3	356
Other Earnings			-197				734	537	252	789
Balance as of 31.03.2009	**70,985**	**-3,463**	**2,456**	**3,295**	**0**	**20,798**	**1,282**	**95,353**	**386**	**95,739**
Balance as of 01.01.2010	78,075	-3,463	-89	3,295	0	**22,209**	**362**	**100,389**	**456**	**100,845**
Period Earnings						-263		-263	43	-220
Other Earnings							216	216	9	225
Balance as of 31.03.2010	**78,075**	**-3,463**	**-89**	**3,295**	**0**	**21,946**	**578**	**100,342**	**508**	**100,850**

Segment data by business unit

EUR 000s	Retail	Mailorder	Wholesale	Entertain-ment	Holding	Consolida-tion	Group value
	31.3.2009						
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
Income from shareholdings in associated companies	0	0	-27	0	0	0	-27
Income from other shareholdings	-350	-73	-317	22	-479	0	-1,197
EBT	-431	4,556	-519	311	-2,419	0	1,498
Taxes on income	-24	-942	127	-135	-168	0	-1,142
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
Investments in long-term assets	176	641	696	34	75	0	1,622
Liabilities	32,585	36,539	32,446	6,382	48,543	-77,676	78,819

EUR 000s	Retail	Mailorder	Wholesale	Entertain-ment	Holding	Consolida-tion	Group value
	31.3.2010						
Sales	14,763	25,190	16,648	3,135	0	-4,468	55,268
-of which with third parties	14,530	25,190	12,857	2,691	0	0	55,268
-of which with other segments	233	0	3,791	444	0	-4,468	0
Amortisation of intangible assets	-57	-332	-476	-43	-125	0	-1,033
Depreciation of property, plant and equipment	-763	-161	-316	-28	-45	0	-1,313
Income from shareholdings in associated companies	0	0	0	0	0	0	0
Income from other shareholdings	-298	-110	-343	12	142	0	-597
EBT	-431	1,934	-1,113	413	-544	0	259
Taxes on income	-3	-382	29	-123	0	0	-479
Net income	-434	1,552	-1,084	290	-544	0	-220
Assets (incl. shareholdings)	40,741	40,136	63,700	11,709	201,681	-186,748	171,219
Investments in long-term assets	334	427	705	19	35	0	1,520
Liabilities	33,565	29,892	40,684	1,722	41,668	-71,832	75,699

Notes

Accounting and valuation methods

Beate Uhse AG is the parent company pursuant to § 290 of the German Commercial Code (HGB). As it has issued 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 have accordingly also 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 2009 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 to enhance their legibility.

The 3-month report for 2010 has not been subject to any audit review by the auditor.

Scope of consolidation

There have been no changes in the scope of consolidation since the 2009 annual financial statements.

Segment report

The reporting structure applied in the most recent set of 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.

D&O changes

There were no changes in the composition of the Management or Supervisory Boards in the first quarter of 2010.

Related party transactions

Transactions were performed with the following related parties in the reporting period from 1 January 2010 to 30 April 2010:

Reuben Rotermund
Immo Almere B.V.
Summa Finance B.V.
Crop Registeracccountants
MVW Medien-Vertriebs GmbH
Gerard Cok
Consipio Holding B.V.
Mohist B.V.

Disclosures relating to Beate Uhse AG

Beate Uhse AG has no proprietary operating business. 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 mainly depends 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 provided that these expectations will also prove to be accurate.

This report for the first quarter of 2010 is available online in German and English.

Date	Event
2 August 2010	Annual General Meeting
13 August 2010	Half-Year Financial Report 2010
12 November 2010	Nine-Month Interim Report 2010
22-24 November 2010	German Equity Forum 2010 (Eigenkapitalforum 2010)

Contact

Beate Uhse AG
Investor Relations
Jürgen Schulz / Birte Hennig

Tel:	0049 (0)461 / 99 66 – 307
Fax:	0049 (0)471 / 99 66 – 99307
E-mail:	ir@beate-uhse.de
Website:	www.beate-uhse.ag