

**beate uhse**

6 months report 2012

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## Financial summary

EUR 000s	6 months 30.06.12	6 months 30.06.11	Change %
<b>Sales performance</b>			
Retail	20,885	22,568	-7.5
Mail order	28,244	31,907	-11.5
Wholesale	14,782	14,425	2.5
Entertainment	4,346	4,755	-8.6
<b>Total sales</b>	<b>68,257</b>	<b>73,655</b>	<b>-7.3</b>
Share of international sales (%)	66.8	67.0	
<b>Earnings position</b>			
EBITDA	5,234	1,252	-
EBIT	1,131	-3,004	-
EBT	204	-3,632	-
Net result for the year from continuing operations	753	-3,337	-
<b>Other earnings indicators (%)</b>			
Return on sales before tax	0.3	-4.9	-
Return on sales after tax	1.1	-4.5	-
Return on equity	3.1	-12.9	-
Gross profit margin	50.2	49.5	1.4
<b>Financial position</b>			
Cash flow from operating activities	1,537	7,502	-79.5
Capital expenditure	2,098	1,771	18.5
Depreciation, amortisation and impairment	-4,103	-4,256	3.6
<b>Assets and equity*</b>			
Total assets	87,134	94,113	-7.4
Shareholders' equity	24,349	25,797	-5.6
Equity ratio (%)	27.9	27.4	1.9
Non-current assets	44,078	48,509	-9.1
Current assets	43,056	45,604	-5.6
<b>Additional information</b>			
Fulltime equivalent (FTE)	725	895	-19.0
Cost of sales	33,978	37,189	-8.6
Selling expenses	28,124	33,958	-17.2
<b>The share (EUR)</b>			
Number of shares (pieces)	78,074,696	78,074,696	0.0
Share price at end of period	0.40	0.32	25.0
Share price high	0.43	0.45	-4.4
Share price low	0.26	0.30	-13.3
Earnings per share	0.01	-0.05	-
Cash flow per share**	0.06	0.01	-

\* Previous year as of 31.12.

\*\* of gross cash flow

## Letter to shareholders


**Dear readers,  
shareholders,  
and employees,**

The first half of 2012 went very well for our Group. We are on track to fulfil the forecasts made to you for the financial year 2012.


We promised you a positive result of between EUR 0 million and EUR 2 million for 2012. At the end of the first six months of 2012, our Group has already generated an EBIT of EUR 1.1 million.

Given that the seasonally strong fourth quarter lies ahead of us, we are confident of being able to achieve the defined targets. We have also made good progress in a number of areas to stabilise our distribution channels. We will use the time in 2012 and 2013 to consolidate and further strengthen our distribution channels before continuing with expansion plans and the development of new markets in 2014 and 2015.

Yours,



Serge van der Hoof  
(Chairman of the  
Management Board, CEO)



Sören Müller  
(COO)

# Interim management report

## Business performance and economic environment

“Weak prospects for the Euro-zone” was the title of the Euro-zone Economic Outlook in its edition published at the beginning of the July 2012. While real GDP in the Euro-zone stagnated in the first quarter of 2012, the joint project expects output to decline in the course of the second and third quarters of 2012. Business surveys hinted at weakening industrial production in the second quarter, stemming from political developments in Greece and concerns about the soundness of the Spanish banking sector. Growing demand from the US and emerging markets has served to counter this trend slightly, meaning that the Euro-zone Economic Outlook anticipates a slowdown in industrial production of 1.0% in the second quarter of 2012.

According to the Ifo Institute, INSEE and Istat, the real Euro-zone GDP is forecast to contract by 0.1% in the second quarter of 2012. This is the result of fiscal consolidation measures, a deteriorating labour market and tight credit conditions. With these assumptions, the institutes are imputing that the sovereign debt crisis in the euro area will not escalate further.

The fiscal consolidation measures being implemented are having a negative impact on disposable household income in a number of Euro-zone countries. In combination with the worsening conditions on the labour market and low consumer confidence, this points to a fall in private consumption of 0.2% in the second quarter of 2012.

The rate of inflation in the Euro-zone slowed to 2.4% in June 2012. Pressure on prices has been easing as a result of falling energy and commodity prices, coupled with weak domestic demand.

The German economy is expected to experience a slowdown during the summer months of 2012. This is reflected in the noticeable deterioration of the Ifo Business Climate Index during May and June. As in Europe as a whole, real economic development in Germany continues to be curbed by uncertainty surrounding the development of the debt crisis, the high level of volatility on the financial markets and concerns over an economic slowdown on the part of key trade partners. The Ifo Institute anticipates negligible GDP growth of 0.1% in the second quarter of 2012.

## Performance of distribution channels

In the first six months of 2012, the **Retail** division generated sales of EUR 20.9 million (6M 2011: EUR 22.6 million). The decline in sales was due to further cuts in the store network. Sales in existing stores were satisfactorily stable. The operating result of the Retail division improved considerably as a result of the focus on profitable stores. Margins in the Retail division were shored up during the reporting period through the sale of strong company-owned brands such as Besired and others. Furthermore, the Retail division optimised its cost structure by renegotiating rental agreements, among other measures.

### Gross domestic product

Country (Change in %)	Q 1/2011	Q 2/2011	Q 3/2011	Q 4/2011	Q 1/2012	Q 2/2012 Forecast
Eurozone (17 countries)	0.8	0.2	0.1	-0.3	0.0	-0.2
Germany	1.3	0.3	0.6	-0.2	0.5	0.1
Netherlands	0.7	0.1	-0.4	-0.7	0.3	-0.6
Belgium	0.9	0.3	-0.1	-0.2	0.2	-0.6
France	0.9	-0.1	0.3	0.2	0.0	-0.1

Source: Euro-zone economic outlook, ifo Institute, Rabobank, National Bank of Belgium and National Bank of France

Shops by countries	6 months 30.06.2012	%	6 months 30.06.2011	%
Germany	38	39.6	43	41.3
Italy	7	7.3	7	6.7
Switzerland	0	0.0	1	1.0
Netherlands	36	37.5	38	36.5
Belgium	7	7.3	7	6.7
France	4	4.2	4	3.8
Norway	4	4.2	4	3.8
	<b>96</b>	<b>100.0</b>	<b>104</b>	<b>100.0</b>

Retail EUR million	6 months 30.06.2012	6 months 30.06.2011
Sales	20.9	22.6
EBITDA	1.0	0.3
EBIT	0.0	-0.9
EBT	-0.3	-1.3

In the course of realigning online operations, sales in the **Mail Order** division dropped by EUR 3.7 million to EUR 28.2 million. At EUR 2.1 million, the operating result was positive but below the amount in the previous year (EUR 2.6 million). The reason for this was a one-off effect of EUR 1.6 million in particular from the sale of receivables of the German Mail Order division in the first quarter of the previous year.

Mail Order EUR million	6 months 30.06.2012	6 months 30.06.2011
Sales	28.2	31.9
EBITDA	3.2	3.8
EBIT	2.1	2.6
EBT	1.9	2.3

During the first six months of 2012, the **Entertainment** division recorded sales of EUR 4.3 million (6M 2011: EUR 4.8 million). As was the case in the first quarter, sales in online B2C developed well during the reporting period. The Entertainment division began the financial year 2012 with a number of improvements. The NjoyOn product was developed for use on mobile devices as the first B2C product from Beate Uhse Entertainment, and can be accessed with the same login data by users of smartphones, tablet and stand-alone PCs. The Entertainment division increased its operating result by EUR 0.3 million to EUR 0.8 million thanks to an improved gross profit margin.

Entertainment EUR million	6 months 30.06.2012	6 months 30.06.2011
Sales	4.3	4.8
EBITDA	0.9	0.6
EBIT	0.8	0.5
EBT	0.9	0.6

The **Wholesale** division developed very well in the first half of 2012. Optimisation of the flows of goods and the exclusive sale of high-quality brands such as Leg Avenue continued to have positive effects as in the two previous quarters. The Wholesale division was the only distribution channel to achieve a gentle increase in sales to EUR 14.8 million. Its operating result (EBIT) improved considerably by EUR 3.4 million to EUR 0.8 million. The reasons for this encouraging trend were an improvement in the material usage ratio, cost reductions achieved through the realignment of the German wholesaler ZBF as sales agent and a reduction in general administrative expenses in the B2B sales area.

Wholesale EUR million	6 months 30.06.2012	6 months 30.06.2011
Sales	14.8	14.4
EBITDA	1.8	-1.1
EBIT	0.8	-2.7
EBT	0.4	-3.2

## Our staff

As of 30 June 2012, Beate Uhse Group had 725 FTEs in twelve countries (6M 2011: 895 FTEs). In the course of restructuring the Group, cuts to administrative jobs were made in the Retail, Mail Order and Holding services divisions.

FTEs by region	6 months 30.06.2012	6 months 30.06.2011	Change %
Germany	284	363	-21.8
Netherlands	341	403	-15.4
Belgium	12	13	-6.3
France	35	41	-15.5
United Kingdom	7	6	16.7
Austria	0	3	-100.0
Scandinavia	30	27	11.1
Italy	16	16	0.0
Other European countries	0	23	-100.0
	<b>725</b>	<b>895</b>	<b>-19.0</b>

## Strategic orientation of Beate Uhse Group

Beate Uhse Group created a sound basis in 2011 for further restructuring and growth measures. Core strategic objectives achieved by Beate Uhse Group in 2011 were gaining independence from banks, reducing debt, securing liquidity and restructuring the organisational make-up of the Group. With these measures, the Group was able to create the space needed to implement other strategic plans, which include expanding e-Commerce further as a key driver of growth in the Group, concentrating traditional in-store retail activities on profitable locations and expanding B2B activities for the Wholesale and Entertainment units.

## Share price performance

The Beate Uhse share trended positively in the second quarter of 2012. It closed the first six months of the year at EUR 0.40. This corresponds to a rise of 25% year on year and to an improvement of 37.9% over the first quarter of 2012. Total market capitalisation as of 30 June 2012 amounted to EUR 31.2 million (6M 2011: EUR 25.0 million) and EUR 11.3 million (6M 2011: EUR 11.9 million) on a free float basis. Since the beginning of 2012, the share price has increased by 48.1%. The Beate Uhse share's highest closing price of EUR 0.43 was recorded in June 2012, and the share price low of EUR 0.26 was reported in April 2012. The number of shares remained unchanged at 78,074,696. On average, 48,360 shares were traded per day in the first six months of 2012. The ratio of share price to cash flow with respect to a gross cash flow of EUR 4.8 million was 6.5. The book value per share was EUR 0.19.

Share performance		6 months 30.06.2012	6 months 30.06.2011
Opening share price	EUR	0.27	0.46
Closing share price (Xetra)	EUR	0.40	0.32
Share price high	EUR	0.43	0.45
Share price low	EUR	0.26	0.30
Performance	%	49.3%	-30.4%
Number of shares (basic)	pieces	78,074,696	78,074,696
Earnings per share (basic)	EUR	0.01	-0.05
Market capitalisation	EUR million	31.2	25.0
Market cap. free float	EUR million	11.3	11.9
Ø sales / day	pieces	48,360	37,107

As of 27 June 2012, the Beate Uhse share is listed in the General Standard segment of the Regulated Market on the Frankfurt Stock Exchange. This move to the General Standard segment does not affect the admission of the shares to the Regulated Market. The purpose of this segment transfer is to reduce the additional requirements associated with inclusion in the Prime Standard segment and, in view of the current market environment, to strike a balance between the shareholders' justified interest in transparency and the expenses incurred through a stock market listing. The move to the General Standard is justified by the size of the company and the volume of its shares traded.

## Risk report

In the first six months of 2012, there were no significant changes in terms of the risks as laid out in the management report and Group management report of the 2011 Annual Report.

## Events after the balance sheet date

No noteworthy changes of circumstances have occurred after the balance sheet date.

## Forecast

### Overall economic environment

According to the Ifo Institute, the current slowdown experienced by the German economy is set to be replaced by an economic upswing at the end of 2012. The reasons for this, in the view of the Ifo Institute, are the continued, favourable underlying economic conditions in the German economy. The European Central Bank's monetary policy continues to have a positive effect domestically, and the Germany economy benefits from low interest rates available to both private and public borrowers, given that international investors are still very much interested in capital investments in Germany. Furthermore, the Euro's decline in value boosted exports to non-EU countries. For these reasons, the Ifo Institute expects the situation to improve in the fourth quarter and forecasts real GDP growth of 0.7% for 2012 overall.

### Adult lifestyle sector

It is our view that the ongoing consolidation of the adult lifestyle market will proceed in 2012. Alongside the classic shops, which mainly cater for male customers, vendors catering for women and couples will increasingly appear on the market. Adult lifestyle products for women and couples will continue to become more widely available in shops. Specialist shops such as Beate Uhse city-centre shops, drugstores, shop-in-shops in department stores, and webshops will be the main vendors of these high-quality adult lifestyle products.

### Strategic development of Beate Uhse Group

The restructuring process of Beate Uhse Group will continue in 2012. In addition to the further stabilisation of distribution channels, measures to optimise costs, strengthen sales brands and improve the range of goods are the focus of the current financial year.

### Sales and earnings performance of Beate Uhse Group

The Management Board of Beate Uhse Group was satisfied with the seasonally weaker second quarter. The restructuring measures continued to prove a success. Despite a fall in sales of 7.3%, the Group improved profitability and achieved an operating result of EUR 1.1 million (6M 2011: EUR -3.0 million). Earnings before taxes improved by EUR 3.8 million to EUR 0.2 million. The success of the restructuring concept has given the Management Board of Beate Uhse Group the necessary boost to remain focused on the target of achieving the forecasts set for the financial year 2012.



# Beate Uhse Group interim financial statements

## Consolidated income statement & notes

EUR 000s	Q 2/2012 01.04.- 30.06.2012	Q 2/2011 01.04.- 30.06.2011	6 months 30.06.2012	6 months 30.06.2011	Change
<b>Sales</b>	32,276	33,796	68,257	73,655	<b>-5,398</b>
Cost of sales	-16,290	-17,744	-33,978	-37,189	3,211
<b>Gross profit on sales</b>	<b>15,986</b>	<b>16,052</b>	<b>34,279</b>	<b>36,466</b>	<b>-2,187</b>
Other operating income	4,412	2,506	6,621	7,027	-406
Sales expenses	-13,569	-15,450	-28,124	-33,958	5,834
General administration expenses	-5,446	-5,837	-10,403	-11,873	1,470
Other operating expenses	-570	9	-678	-265	-413
Share in earnings of associated companies	-354	-200	-564	-401	-163
<b>Operating result (EBIT)</b>	<b>459</b>	<b>-2,920</b>	<b>1,131</b>	<b>-3,004</b>	<b>4,135</b>
Finance income	119	140	211	508	-297
Finance expense	-583	-570	-1,138	-1,136	-2
<b>Earnings before taxes (EBT)</b>	<b>-5</b>	<b>-3,350</b>	<b>204</b>	<b>-3,632</b>	<b>3,836</b>
Taxes on income	-13	-476	549	295	254
<b>Consolidated earnings</b>	<b>-18</b>	<b>-3,826</b>	<b>753</b>	<b>-3,337</b>	<b>4,090</b>
<b>Allocable to:</b>					
Shareholders of the parent company	-59	-3,868	659	-3,421	4,080
Non-controlling interests	41	42	94	84	10
<b>Earnings per share (EPS)</b>					
Basic (EUR)			0.01	-0.05	0.06
Diluted (EUR)			0.01	-0.05	0.06

### Sales performance

In the first half of 2012, Beate Uhse Group generated sales of EUR 68.3 million (6M 2011: EUR 73.7 million). This corresponds to a decline of 7.3%. During the restructuring process, the Group made the clear decision to increase profitability at the expense

of sales, and has since been concentrating successfully on profitable business activities throughout all distribution channels. 66.8% of Beate Uhse Group's sales were generated outside Germany.

Sales by distribution channels EUR 000s	6 months 30.06.2012	6 months 30.06.2011	Change %
Retail	20,885	22,568	-7.5
Mail Order	28,244	31,907	-11.5
Wholesale	14,782	14,425	2.5
Entertainment	4,346	4,755	-8.6
	<b>68,257</b>	<b>73,655</b>	<b>-7.3</b>

Sales by region EUR 000s	6 months 30.06.2012	6 months* 30.06.2011	Change %
Germany	22,659	24,335	-6.9
Netherlands	14,983	16,550	-9.5
Belgium	4,725	5,397	-12.5
France	10,710	12,206	-12.3
United Kingdom	2,113	2,322	-9.0
Austria	1,680	1,709	-1.7
Scandinavia	5,186	5,162	0.5
Italy	857	1,071	-20.0
Other european countries	4,151	4,635	-10.4
Other regions	1,193	267	346.8
	<b>68,257</b>	<b>73,655</b>	<b>-7.3</b>

\* Due to a forty country allocation of sales in 2011 actual values may differ from previously reported figures.

### Earnings performance

The Management Board's strict restructuring programme also had an effect on the earnings performance during the first half of 2012. Following the restructuring and sale of the Hungarian subsidiary BU Production Kft., the company was deconsolidated in the second quarter of 2012. This had an impact on various items in the income statement. Overall, the Group generated earnings of EUR 0.3 million from the restructuring and deconsolidation of the production facilities. Measures to streamline and optimise work processes in the Group led to one-off effects due to severance payments in the first six months of 2012. This reduced consolidated earnings by EUR 0.3 million.

As was the case in the previous quarters, Beate Uhse Group cut its cost of sales further. They decreased by EUR 3.2 million to EUR 34.0 million in the first half of 2012 (6M 2011: EUR 37.2 million). The ratio of cost of sales to sales was 50.5%, 0.7 percentage points higher than in the same period last year. Without the restructuring and deconsolidation of BU Production Kft, the ratio of cost of sales would have been 49.7%, the same as in the previous year. The Wholesale and Entertainment divisions cut their cost of materials in the reporting period. The Retail division recorded a slight rise in the cost of goods sold as private cabin and cinema sales declined and product ranges were reduced.

Other operating income decreased marginally by EUR 0.4 million, amounting to EUR 6.6 million at the end of the first six months (6M 2011: EUR 7.0 million). By focusing on the e-Commerce business, both customer and payment structures in the Mail Order division changed. As a result, income from mail order and reminder fees declined by EUR 0.6 million. Furthermore, in the previous year, the Mail Order division generated earnings of EUR 1.2 million from the sale of receivables and EUR 0.7 million more income from the reversal of write-downs on receivables. In contrast, the Group turned a profit from the deconsolidation of the Hungarian subsidiary, BU Production Kft.

The measures implemented as part of the restructuring concept continue to bring success. Specifically, selling expenses fell by EUR 5.8 million to EUR 28.1 million (6M 2011: EUR 34.0 million). Its ratio to sales was cut from 46.1% to 41.2%. The strategy of focusing on e-Commerce activities introduced at the end of 2010 has brought significant cost savings. In addition, Beate Uhse was able to cut costs further by streamlining the store network and combining all wholesale activities at the Almere site.

General administration expenses decreased by EUR 1.5 million to EUR 10.4 million (6M 2011: EUR 11.9 million). These include costs of EUR 0.9 million stemming from the restructuring of BU Production Kft.

Other operating expenses increased by EUR 0.4 million to EUR 0.7 million (6M 2011: EUR 0.3 million) as a result of the effects from the restructuring of the Hungarian company, BU Production Kft.

The share in earnings of associated companies resulted from the interest held by Beate Uhse AG in tmc Content Group, which is accounted for using the equity method. As of June 2012, the share in losses rose slightly to EUR 0.6 million (6M 2011: EUR 0.4 million). Net interest was EUR 0.3 million lower than in the first half of 2011, due to the positive valuation effects from interest hedging transactions made in the same period last year. Moreover, Beate Uhse Group recorded interest on the purchase price of Kondomeriet A/S in the first half of 2012.

Beate Uhse Group was able to improve profitability further in the first half of 2012. All key earnings figures rose considerably despite sales contracting by 7.3%. At EUR 5.2 million, EBITDA was well above the previous year's amount of EUR 1.3 million. Earnings before and after tax were positive once again – as was the case in the first quarter of 2012. EBIT came to EUR 1.1 million (6M 2011: EUR -0.3 million), and EBT amounted to EUR 0.2 million (6M 2011: EUR -3.6 million).

<b>EBIT by quarter EUR 000s</b>	<b>Q 1/2011</b>	<b>Q 2/2011</b>	<b>Q 3/2011</b>	<b>Q 4/2011</b>	<b>Q 1/2012</b>	<b>Q 2/2012</b>
Retail	-442	-434	-608	-397	282	-283
Mail Order	2,369	189	-467	1,520	1,018	1,095
Wholesale	-1,368	-1,294	-346	-533	-183	945
Entertainment	229	248	469	339	508	265
Holding Service	-872	-1,629	-794	-1,338	-953	-1,563
	<b>-84</b>	<b>-2,920</b>	<b>-1,746</b>	<b>-409</b>	<b>672</b>	<b>459</b>

### Consolidated statement of comprehensive income

<b>Consolidated statement of comprehensive income EUR 000s</b>	<b>6 months 30.06.2012</b>	<b>6 months 30.06.2011</b>
<b>Result for the period</b>	<b>753</b>	<b>-3,337</b>
Differences from currency translation	79	801
<b>Other net income after tax</b>	<b>79</b>	<b>801</b>
<b>Comprehensive income after taxes</b>	<b>832</b>	<b>-2,536</b>
<b>Attributable to:</b>		
Shareholders of the parent company	720	-2,707
Non-controlling interests	112	171

## Consolidated balance sheet & notes

### Notes on the net asset and financial position

The Beate Uhse AG balance sheet total fell by EUR 7.0 million to EUR 87.1 million (2011: EUR 94.1 million) as of the balance sheet date of 30 June 2012.

Assets EUR 000s	6 months 30.06.2012	12 months 31.12.2011	Change
<b>Non-current assets</b>			
Intangible assets	8,345	9,912	-1,567
Goodwill	9,064	9,064	0
Property, plant & equipment	14,215	16,742	-2,527
Other financial assets	4,953	4,702	251
Equity investments	127	127	0
Shares in associated companies	6,724	7,288	-564
Deferred tax assets	650	674	-24
	44,078	48,509	-4,431
<b>Current assets</b>			
Inventories	18,645	19,959	-1,314
Trade receivables	17,155	18,020	-865
Other current financial assets and other assets	3,254	2,801	453
Income tax refund claims	61	17	44
Cash and cash equivalents	3,941	4,807	-866
	43,056	45,604	-2,548
<b>Total assets</b>	<b>87,134</b>	<b>94,113</b>	<b>-6,979</b>

### Assets

Non-current assets decreased by EUR 4.4 million to EUR 44.1 million (2011: EUR 48.5 million) due to restructuring and deconsolidation measures implemented in Hungary, as well as to ongoing write-downs on intangible assets and property, plant and equipment. Investments in associates fell by EUR 0.6 million to EUR 6.7 million in the first six months of 2012 (2011: EUR 7.3 million) as a result of Beate Uhse AG's share of losses in TMC Content Group AG.

At EUR 43.1 million, current assets were also below the amount in the previous year (2011: EUR 45.6 million). The amount of

capital tied up in inventories was reduced by EUR 1.3 million due to stock optimisation measures in warehouses and stores, as well as the deconsolidation of production facilities in Hungary. In contrast, other current financial assets and other assets increased by EUR 0.5 million over the previous year at the close of the second quarter of 2012 (6M 2012: EUR 3.3 million; 2011: EUR 2.8 million). This increase was the result of seasonal advance payments of rent, insurance, VAT credits and other receivables. This amount was reduced by the loan repayment of EUR 1.2 million by TMC Content Group AG.

Shareholders' equity and liabilities EUR 000s	6 months 30.06.2012	12 months 31.12.2011	Change
<b>Shareholders' equity</b>			
Subscribed capital	78,075	78,075	0
Treasury stock at cost of acquisition	-3,463	-3,463	0
Capital reserves	-89	-89	0
Retained earnings	3,295	3,295	0
Unappropriated net profit	-55,210	-53,589	-1,621
Balancing item for currency translation	1,393	1,332	61
Non-controlling interests	348	236	112
	24,349	25,797	-1,448
<b>Non-current liabilities</b>			
Interest-bearing loans	6,485	7,569	-1,084
Pensions and similar obligations	3,590	3,590	0
Other provisions	1,228	1,297	-69
Other financial liabilities	1,306	1,304	2
Deferred tax liabilities	90	119	-29
	12,699	13,879	-1,180
<b>Current liabilities</b>			
Trade payables	9,892	13,108	-3,216
Other financial liabilities	16,658	15,659	999
Pensions and similar obligations	226	283	-57
Other provisions	2,781	3,076	-295
Income tax liabilities	3,296	4,164	-868
Overdraft liabilities	15,094	15,033	61
Current loans	2,139	3,114	-975
	50,086	54,437	-4,351
<b>Total equity and liabilities</b>	<b>87,134</b>	<b>94,113</b>	<b>-6,979</b>

### Equity and liabilities

At EUR 24.3 million, shareholders' equity was EUR 1.4 million below the total amount for 2011 due to the deconsolidation of the BU Production Kft. Net income for the year of EUR 0.7 million helped to stabilise shareholders' equity. As was the case in the first quarter of 2012, non-current liabilities were reduced further thanks to repayments made for non-current, interest-bearing loans. Non-current liabilities fell to EUR 12.7 million at the end of the second quarter of 2012 (2011: EUR 13.9 million). By the same token, current liabilities decreased by EUR 4.4 million to EUR 50.1 million as of 30 June 2012 (2011: EUR 54.4 million). Due to the seasonality of the adult lifestyle industry and to improved stock management, it was possible to cut trade payables by EUR 3.2 million to EUR 9.9 million (2011: EUR 13.1 million).

In contrast, other financial liabilities increased by EUR 1.0 million due to invoices still outstanding (6M 2012: EUR 16.7 million; 2011: EUR 15.7 million). Income tax liabilities were EUR 0.9 million below the previous year's amount due to reductions made (6M 2012: EUR 3.3 million; 2011: EUR 4.2 million).

The reduction in trade payables once again led to a rise in current working capital in the reporting period to EUR 25.9 million (2011: EUR 24.9 million).

Net debt of Beate Uhse Group was cut to EUR 19.8 million (2011: EUR 20.9 million).

## Consolidated cash flow statement & notes

EUR 000s	6 months 30.06.2012	6 months 30.06.2011	Change
<b>Cash flow from operating activities</b>			
<b>Earnings before taxes (EBT)</b>	<b>204</b>	<b>-3,632</b>	<b>3,836</b>
<b>Adjustments:</b>			
Depreciation and amortisation of property, plant and equipment and intangible assets	4,103	4,256	-153
Proceeds from disposal of property, plant and equipment and intangible assets	271	-103	374
Other non-cash expenses	564	401	163
<b>Change in:</b>			
Trade receivables	864	252	612
Other assets	-154	8,326	-8,480
Trade payables	-3,255	-2,986	-269
Other liabilities	-2,553	-758	-1,795
Finance income	-211	-508	297
Finance expenses	1,138	1,136	2
Income taxes paid/received	566	1,118	-552
<b>Cash flow from operating activities</b>	<b>1,537</b>	<b>7,502</b>	<b>-5,965</b>
<b>Cash flow from investing activities</b>			
Cash received from the sale of property, plant and equipment, intangible assets and other non-current assets	915	2,026	-1,111
Cash paid for investments in property, plant and equipment, intangible assets and other non-current assets	-1,080	-1,771	691
Cash paid in connection with short-term financial management	-291	-1,007	716
Cash received in connection with short-term financial management	1,178	3,317	-2,139
Cash paid for acquisition of subsidiaries, less cash and cash equivalents acquired	0	837	-837
Interest received	71	195	-124
<b>Cash flow from investing activities</b>	<b>793</b>	<b>3,597</b>	<b>-2,804</b>
<b>Cash flow from financing activities</b>			
Taking up of liabilities to banks	1,344	259	1,085
Interest paid for credits/loans and hedging instruments	-1,156	-1,137	-19
Repayment of liabilities to banks	-3,124	-13,253	10,129
Taking up of loans from third parties	0	2,600	-2,600
Repayment of loans from third parties	-201	-73	-128
<b>Cash flow from financing activities</b>	<b>-3,137</b>	<b>-11,604</b>	<b>8,467</b>
<b>Net change in cash and cash equivalents and securities</b>	<b>-807</b>	<b>-505</b>	<b>-302</b>
Changes due to movements in exchange rates	-59	-1	-58
Cash and cash equivalents and securities at beginning of period	4,807	4,597	210
Cash and cash equivalents and securities at end of period	3,941	4,091	-150
<b>Composition of cash and cash equivalents at end of period</b>			
Cash on hand, cash at banks, cheques and securities	3,941	4,091	-150
	3,941	4,091	-150

**Notes to the cash flow statement**

Cash flow from operating activities amounted to EUR 1.5 million at the end of the second quarter of 2012, around EUR 6.0 million below the previous year's amount (6M 2011: EUR 7.5 million). This was primarily due to improved stock management in the Group following measures implemented in the first half of 2011.

Cash flow from investing activities came to EUR 0.8 million at the end of June 2012. This includes a scheduled loan repayment by TMC Content Group AG in the amount of EUR 1.2 million (6M 2011: EUR 3.6 million).

Cash flow from financing activities at the end of June of the previous year was characterised by Group debt reduction efforts through refinancing activities.

## Consolidated statement of changes in equity

EUR 000s	Equity attributable to shareholders of the parent company						Total	Minority interests	Total equity
	Subscribed capital	Treasury stock	Capital reserve	Retained earnings	Unappropriated net profit	Balancing item for currency translation			
<b>Balance as at 1 January 2011</b>	<b>78,075</b>	<b>-3,463</b>	<b>-89</b>	<b>3,295</b>	<b>-45,560</b>	<b>1,385</b>	<b>33,643</b>	<b>-80</b>	<b>33,563</b>
Result for the period					-3,421		-3,421	84	-3,337
Change in the scope of consolidation					-2,108		-2,108	66	-2,042
Dividend payout to shareholders without dominant influence								-40	-40
Capital increase to shareholders without dominant influence								180	180
Other earnings						714	714	87	801
<b>Balance as at 30 June 2011</b>	<b>78,075</b>	<b>-3,463</b>	<b>-89</b>	<b>3,295</b>	<b>-51,089</b>	<b>2,099</b>	<b>28,828</b>	<b>297</b>	<b>29,125</b>
<b>Balance as at 1 January 2012</b>	<b>78,075</b>	<b>-3,463</b>	<b>-89</b>	<b>3,295</b>	<b>-53,589</b>	<b>1,332</b>	<b>25,561</b>	<b>236</b>	<b>25,797</b>
Result for the period					659		659	94	753
Changes in scope of consolidation					-2,280		-2,280	0	-2,280
Other earnings						61	61	18	79
<b>Balance as at 30 June 2012</b>	<b>78,075</b>	<b>-3,463</b>	<b>-89</b>	<b>3,295</b>	<b>-55,210</b>	<b>1,393</b>	<b>24,001</b>	<b>348</b>	<b>24,349</b>



## Segment report

Segment data by distribution channel EUR 000s	Retail		Mail order		Wholesale		Entertainment		Holding Service		Consolidation		Group Value	
	30.06.12	30.06.11	30.06.12	30.06.11	30.06.12	30.06.11	30.06.12	30.06.11	30.06.12	30.06.11	30.06.12	30.06.11	30.06.12	30.06.11
Sales	21,381	22,968	28,244	31,927	23,501	21,229	4,887	5,573	1	1	-9,757	-8,043	68,257	73,655
- of which with third parties	20,885	22,568	28,244	31,907	14,782	14,425	4,346	4,755	0	0	0	0	68,257	73,655
- of which with group companies	496	400	0	20	8,719	6,804	541	818	1	1	-9,757	-8,043	0	0
Amortisation of intangible assets	-122	-121	-861	-690	-555	-918	-70	-74	-33	-34	0	0	-1,641	-1,837
Depreciation of property, plant and equipment	-865	-1,023	-272	-568	-498	-692	-38	-47	-89	-89	0	0	-1,762	-2,419
Net interest	-273	-423	-213	-230	-375	-490	165	163	-231	352	0	0	-927	-628
Result from investments in associated companies	0	0	0	0	0	0	0	0	-564	-401	0	0	-564	-401
<b>EBT*</b>	<b>-274</b>	<b>-1,299</b>	<b>1,900</b>	<b>2,328</b>	<b>387</b>	<b>-3,152</b>	<b>938</b>	<b>640</b>	<b>-2,747</b>	<b>-2,149</b>	<b>0</b>	<b>0</b>	<b>204</b>	<b>-3,632</b>
Taxes on income	-23	-7	567	124	-2	49	7	7	0	122	0	0	549	295
<b>Net income for the year*</b>	<b>-297</b>	<b>-1,306</b>	<b>2,467</b>	<b>2,452</b>	<b>385</b>	<b>-3,103</b>	<b>945</b>	<b>647</b>	<b>-2,747</b>	<b>-2,027</b>	<b>0</b>	<b>0</b>	<b>753</b>	<b>-3,337</b>
Assets (including equity investments)	24,443	23,709	34,896	36,689	32,966	42,121	9,601	10,702	123,845	165,826	-146,052	-184,625	79,699	94,422
Shares in associated companies	0	0	0	0	0	0	0	0	6,724	8,399	0	0	6,724	8,399
Investments in non-current assets	365	1,133	187	148	429	422	78	34	1,039	34	0	0	2,098	1,771
Investments in financial assets	0	23	0	2,412	286	0	629	948	854	1,758	-1,469	-5,104	300	37
Liabilities (excluding tax liabilities)	21,713	24,393	32,580	39,308	29,370	37,402	1,582	1,484	39,792	40,949	-65,638	-73,303	59,399	70,233

\* excluding profit and loss transfer agreements

## Notes to the interim financial statements

### Information about Beate Uhse AG

Beate Uhse AG does not have its own operating business. It functions as a holding company for the subsidiaries and shareholdings within the Group. Central Group management functions including accounting, controlling, financing, HR, legal matters and communications are carried out by the holding company (AG). The development of earnings at Beate Uhse AG primarily stems from profit and loss transfer agreements concluded with subsidiaries as well as revenue from other shareholdings and expenses relating to the holding function.

### Accounting and valuation methods

Beate Uhse AG is a parent company as defined in Section 290 of the German Commercial Code (HGB). As the company issues shares listed on the capital market, it is required under Article 4 of Regulation No. 1606/2002 of the European Parliament and European Council dated 19 July 2002 to prepare its consolidated financial statements in accordance with IFRS. These interim consolidated statements dated 30 June 2012 have therefore also been prepared in line with currently applicable IFRS accounting standards. It was not necessary to make any adjustments to the accounting and valuation methods. This interim report has been prepared in compliance with the international accounting requirements of IFRS and in accordance with the German accounting standard DRS 16. The accounting and valuation policies used are consistent with those applied in the most recent consolidated financial statements for the 2011 financial year. In the interest of clarity and to enhance readability, individual items in the income statement, balance sheet and cash flow statement of Beate Uhse Group have been grouped together.

This six-month report for 2012 has not been reviewed by the auditors.

### Basis of consolidation

BU Production Kft, Hungary, was sold on 29 June 2012. This is a wholly owned subsidiary of Beate Uhse AG.

### Segment reporting

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 Group's net income (not including minority interests) by the number of shares.

### Changes to directors and officers

There were no changes to directors or officers in the first six months of 2012.

### Related-party transactions

In the reporting period from 1 January 2012 to 30 June 2012, transactions were performed with the following related parties as well as affiliated and associated companies:

Immo Almere B.V.  
Summa Finance B.V.  
Consipio Holding B.V.  
Mohist B.V.  
Bocca B.V.  
tmc Content Group AG  
Devitrade Managementdiensten  
More4Media GmbH  
Th.B.H.Ruezette Holding B.V.

### Responsibility statement in accordance with Section 37y of the German Securities Trading Act (WpHG) in conjunction with Section 37w (2)(3) of the WpHG

We hereby affirm that to the best of our knowledge the interim consolidated financial statements provide a true and fair picture of the net asset, financial and earnings position of the Group in accordance with the applicable accounting standards and that the business performance, including the business results and the situation of the Group, is depicted in the interim Group management report in a way providing a true and fair picture of actual circumstances, together with a description of the principal opportunities and risks associated with the expected development of the Group.

## Additional information

### Financial calendar

Date	Happening
15.11.2012	9 months interim statement 2012

### Stock exchange data

Trading locations	All German stock exchanges
Segment	Prime Standard until 26.6.2012, General Standard as of 27.6.2012
ISIN	DE0007551400
Stock market code	USE

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### Disclaimer

This interim report contains 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 prove to be accurate.

The 2012 six-month interim report can be found online on the Group website under <http://www.beate-uhse.ag> in both German and English.