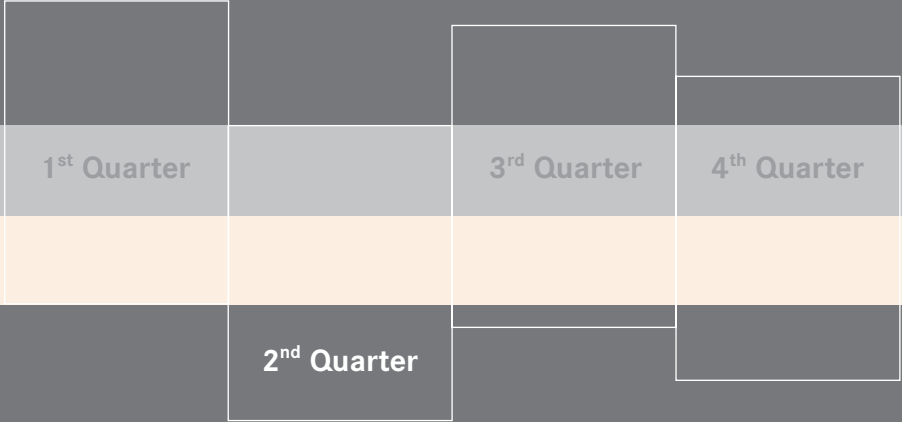


Interim Report
to June 30, 2003



1st Quarter

3rd Quarter

4th Quarter

2nd Quarter

**KARSTADT QUELLE GROUP ENJOYS
SATISFACTORY 2003 SECOND QUARTER**

- ➔ **Group sales in second quarter up 1.2% on previous year**
 - Over-the-counter retail boosted by Easter business and effective marketing
 - Mail-order sales sustained, despite high anniversary sales in previous year
 - E-commerce continues to grow strongly
- ➔ **Gross earnings in second quarter increased 1.6%-points (first half plus 0.7%-points)**
- ➔ **EBTA risen 150 mill. € in second quarter (after adjustment for non-recurring effects: plus 4 mill. €)**
- ➔ **EBTA in first half risen 219 mill. € (after adjustment for non-recurring effects: plus 20 mill. €)**
- ➔ **Earnings per share in first half increased from minus 1.73 € to minus 0.50 €**
- ➔ **Cash flow from current activity increased 63 mill. € on 2002 first half**
- ➔ **Thomas Cook on the up after end of war in Iraq**
- ➔ **Tax reform and extended opening times boost city-centre retail business in particular**
- ➔ **Sales and earnings forecasts confirmed**

			30.06.2003	30.06.2002	Change in %
Sales	Over-the-counter retail	mill. €	3,205.5	3,307.8 *	-3.1
	Mail order	mill. €	3,992.7	3,931.8	1.5
	Services	mill. €	661.8	561.8	17.8
	Real estate	mill. €	280.4	236.1	18.8
	Reconciliation account	mill. €	-828.2	-726.6	-
	Group sales	mill. €	7,312.2	7,310.9 *	0.02
Earnings	Earnings from ordinary activities	mill. €	432.7	200.4	116.0
	EBIT	mill. €	-11.6	-212.2	94.5
	EBTA	mill. €	-97.3	-316.1	69.2
	EBT	mill. €	-129.6	-347.5	62.7
Other information	Staff (30.06.)	number	100,098	104,438	-4.2
	Full-time staff on average (01.01.-30.06.)	number	80,229	84,584	-5.1
	Sales space in over-the counter retail	th. sq. m.	2,631.8	2,631.8	0.0
	Branches				
	Department stores	number	189	189	-
	Specialty stores	number	293	283	-
	Over-the-counter retail	number	482	472	-
	Investments	mill. €	177.5	273.8	-35.1
KARSTADT QUELLE AG share	Share price (30.06.)	€	18.64	25.60	-27.2
	Highest price (01.01.-30.06.)	€	19.47	45.45	-
	Lowest price (01.01.-30.06.)	€	10.17	25.60	-

*) Figures for previous year adjusted

CALENDAR:

Interim report

3rd quarter November 6, 2003

Balance sheet

press conference/

Analysts' meeting March 23, 2004

Annual General Meeting May 4, 2004

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Background conditions for the German retail trade brighter in the second quarter

The German retail trade was able to stabilise its sales in the second quarter. However, according to trade association figures sales in the “true” retail trade performed unsatisfactorily in the first six months of 2003, suffering a nominal decrease by 0.1%. There is still no clear trend apparent, although business prospects for the second half of the year have at last improved. The slight revival noted in the consumption climate, the planned tax reform and the extension of opening times on Saturdays are positive signals to the German retail trade. They should benefit retail companies like the KarstadtQuelle Group which achieve a large proportion of their sales in the domestic market.

Group sales rise by 1.2% in the second quarter

The KarstadtQuelle Group achieved a sales rise of 1.2% to 3.63 bill. € (previous year: 3.59 bill. €) in the second quarter of 2003. Over-the-counter retail and the Services and Real estate segments show sales increases. Mail order maintained its level of sales, despite a strong quarter the previous year because of an anniversary.

Group sales in the first half of 2003 came to 7.31 bill. €, equalling those of the previous year.

Group earnings improved

Group earnings before tax and amortisation of goodwill (EBTA) **in the second quarter** came to minus 62 mill. € (same quarter the previous year: minus 212 mill. €). This represents an earnings improvement of 150 mill. €.

Group earnings (EBTA) thus improved **in the first half of 2003** by 218.8 mill. € to minus 97.3 mill. € (previous year: minus 316.1 mill. €). The negative half-yearly earnings return is due to seasonality in over-the-counter retail and tourism. Comparison with the previous year is positively influenced by

non-recurring effects amounting to 199 mill. €. Thus, during the current year a net profit of 221 mill. € was achieved from the second and third tranche of the CTA programme. Further non-recurring effects of 22 mill. € on balance negatively affected an earnings comparison. These were, amongst others, expenditure for flexibilisation costs and portfolio adjustments and the earnings contribution from the disposal of shares in KARSTADT QUELLE Financial Services GmbH the previous year.

Earnings per share to 30.06.2003 amount to minus 0.50 € (previous year minus 1.73 €).

Sales and earnings forecast unchanged

The KarstadtQuelle Management Board remains confident that group sales will outperform the comparable market in the 2003 financial year. We anticipate EBTA (not including non-recurring effects) of at least 250 mill. €. The forecasts are based on the expectation that the world-political and economic background conditions will not appreciably worsen in the second half of the year.

It is, we believe, unlikely that the improved environment will already positively affect the mood of consumers and consumption in the third quarter to any appreciable extent. Despite the positive signs, the environment for the economy as a whole remains weak and uncertain. Before an appreciable change in consumption, greater clarity about the structure of the reforms is necessary. If the planned tax reform has the desired positive general economic and psychological effects, the retail trade in city centres could receive a substantial boost during the fourth quarter and over the Christmas period in particular.

Essen, August 2003

The Management Board

PERFORMANCE IN QUARTER I (01.01.-31.03.) AND QUARTER II (01.04.-30.06.)**Sales**

	Quarter I			Quarter II		
	2003 mill. €	2002 mill. €	Change in %	2003 mill. €	2002 mill. €	Change in %
Over-the-counter retail	1,602.9	1,724.6*	-7.1	1,602.6	1,583.2*	1.2
thereof department stores	1,403.8	1,469.9*	-4.5	1,358.1	1,341.7*	1.2
Mail order	2,021.3	1,960.1	3.1	1,971.4	1,971.7	0.0
Services	324.2	259.0	25.2	337.6	302.9	11.5
Real Estate	140.1	117.1	19.6	140.4	118.9	18.1
Reconciliation account	-405.4	-335.7	-	-422.9	-390.9	-
	3,683.1	3,725.1*	-1.1	3,629.1	3,585.8*	1.2

*) Figures for previous year adjusted

Earnings before tax and amortisation of goodwill (EBTA)

	Quarter I			Quarter II		
	2003 mill. €	2002 mill. €	Change in %	2003 mill. €	2002 mill. €	Change in %
Over-the-counter retail	-104.2	-46.6	-123.7	-76.7	-156.9	51.1
thereof department stores	-60.8	-10.0	-	-60.1	-119.3	49.6
Mail order	5.1	23.2	-77.8	-29.6	-35.2	16.1
Services	-107.3	-92.3	-16.3	-70.1	-61.6	-13.8
thereof Thomas Cook	-117.4	-108.0	-8.7	-78.9	-64.9	-21.7
Real Estate	54.5	53.7	1.5	54.7	68.4	-20.1
Holding	115.7	-42.9	-	58.8	-27.6	-
Reconciliation account	0.9	0.8	-	0.9	0.9	-
	-35.3	-104.1	66.1	-62.0	-212.0	70.8

Earnings before tax (EBT)

	Quarter I			Quarter II		
	2003 mill. €	2002 mill. €	Change in %	2003 mill. €	2002 mill. €	Change in %
Over-the-counter retail	-105.3	-47.4	-122.2	-77.8	-157.7	50.7
thereof department stores	-60.8	-10.1	-	-60.1	-119.4	49.7
Mail order	1.5	19.8	-92.2	-33.2	-38.6	14.1
Services	-118.9	-103.7	-14.7	-81.2	-73.1	-11.0
thereof Thomas Cook	-128.7	-119.4	-7.7	-89.6	-76.4	-17.3
Real Estate	54.5	53.7	1.5	54.5	68.4	-20.4
Holding	115.7	-42.9	-	58.8	-27.6	-
Reconciliation account	0.9	0.7	-	0.9	0.9	-
	-51.6	-119.8	56.9	-78.0	-227.7	65.8

OVER-THE-COUNTER RETAIL

		01.01.-30.06. 2003	01.01.-30.06. 2002	Change in %	Quarter II 2003	Quarter II 2002	Change in %
Sales	mill. €	3,205.5	3,307.8 ¹⁾	-3.1	1,602.6	1,583.2 ¹⁾	1.2
thereof department stores	mill. €	2,761.9	2,811.6 ¹⁾	-1.8	1,358.1	1,341.7 ¹⁾	1.2
EBTA	mill. €	-180.8	-203.4	11.1	-76.7	-156.9	51.1
thereof department stores	mill. €	-120.9	-129.3	6.5	-60.1	-119.3	49.6
EBT	mill. €	-183.0	-205.0	10.7	-77.8	-157.7	50.7
thereof department stores	mill. €	-120.9	-129.5	6.6	-60.1	-119.4	49.7
Staff (30.06.)	number	58,597	63,489	-7.7	58,597	63,489	-7.7
Segment assets	mill. €	2,345.3	2,435.8*	-3.7	2,345.3	2,435.8*	-3.7
Segment liabilities	mill. €	2,464.6	2,353.7*	4.7	2,464.6	2,353.7*	4.7

^{*)} Figures for previous year, as of 31.12.2002

¹⁾ Figures for previous year adjusted

Sales rise and improved earnings in the second quarter

Over-the-counter retail increased its sales in the second quarter by 1.2 % to 1.60 bill. € (previous year: 1.58 bill. €). As well as the late Easter business, the intensification of marketing measures in particular had a positive effect. Sales in Karstadt department stores rose by 1.2 %, while specialty stores pulled up 2.8 %.

Cumulatively to the end of June sales in over-the-counter retail came to 3.21 bill. € (previous year: 3.31 bill. €), representing a decrease by 3.1 %.

Earnings (EBTA) in Over-the-counter retail amount to minus 180.8 mill. € in the first half of 2003. Compared with the previous year's minus 203.4 mill. €, this represents an improvement by 22.6 mill. €, resulting almost entirely from operating business.

The trade margin rose, despite an aggressive competitive price environment, by one percentage point to 42.3 %. At the same time increases in purchasing efficiency and a reasonable discount policy in particular had a positive effect. As a consequence, gross earnings, at 1.36 bill. €, were virtually at the previous year's level, despite the decrease in sales. Staff costs were reduced by 78.8 mill. € and came to 804.7 mill. €. Their share in sales decreased by 1.6 percentage points and stands at 25.1 % (previous year: 26.7 %).

The 189 department stores, which account for the bulk of the sales in this business segment, turned over 2.76 bill. € in the first half of 2003, as against 2.81 bill. € the previous year, resulting in a decrease by 1.8 %.

Department store earnings (EBTA) improved by 8.4 mill. € to minus 120.9 mill. € in the first six months of the current year (previous year: minus 129.3 mill. €). Earnings in the current year are burdened by flexibilisation costs amounting to 8 mill. €. These came to 30 mill. € the previous year. The previous year's earnings also included the pro-rata share of the profit from the disposal of KARSTADT QUELLE Financial Services GmbH of 24 mill. €.

Marketing is the central issue in the department stores business. We appeal to our customers by selective marketing measures. For example, “Karstadt aktuell” presents highlighted promotional products in all areas of consumption. The weekly varying TV commercials are supported by TV star Anke Engelke as testimonial. The “Better Karstadt” brand campaign will make an important contribution to boosting sales and earnings and at the same time enhance the image of the department stores in the second half of the year.

The 293 specialty stores in the fashion (Sinn-Leffers, Wehmeyer), sports (Runners Point, Golf House), multimedia (Schaulandt and WOM World of Music) and system catering (Le Buffet) sectors between them achieved in the first half of 2003 turnover amounting to 495.4 mill. € (previous year: 515 mill. €). This represents a decrease by 3.8%. Earnings (EBTA) amounted to minus 59.9 mill. € (previous year: minus 73.9 mill. €), representing an improvement by 14 mill. €.

MAIL ORDER

		01.01.-30.06. 2003	01.01.-30.06. 2002	Change in %	Quarter II 2003	Quarter II 2002	Change in %
Sales	mill. €	3,992.7	3,931.8	1.5	1,971.4	1,971.7	0,0
EBTA	mill. €	-24.4	-12.0	-103.1	-29.6	-35.2	16.1
EBT	mill. €	-31.6	-18.8	-68.1	-33.2	-38.6	14.1
Staff (30.06.)	number	35,306	36,314	-2.8	35,306	36,314	-2.8
Segment assets	mill. €	3,813.4	3,965.4*	-3.8	3,813.4	3,965.4*	-3.8
Segment liabilities	mill. €	4,229.0	3,837.6*	10.2	4,229.0	3,837.6*	10.2

*1) Figures for previous year, as of 31.12.2002

Going continues good

Germany's leading mail-order group, with its Quelle and Neckermann core brands, achieved sales of 1.97 bill. € in the second quarter. This is the same level as the previous year. The stabilisation of sales is gratifying, because in the same quarter of the previous year anniversary sales reached their peak with a rise of 8.9%.

In the first half of 2003 sales at the Karstadt-Quelle mail-order companies pulled up 1.5% to 3.99 bill. € (previous year: 3.93 bill. €).

Earnings (EBTA) in the Mail-order segment in the first half of 2003 amount to minus 24.4 mill. €, as against minus 12 mill. € the previous year. This represents an earnings decrease by 12.4 mill. €. After adjustments for non-recurring effects, namely, flexibilisation costs of 10 mill. € in the current and 32 mill. € in the previous year and the pro-rata share of 36 mill. € of the profit from the disposal of KARSTADT QUELLE Financial Services GmbH, earnings are at the same level as the previous year.

Quelle and Neckermann consistently pursue the objective of more distinctive promotion of their respective brands – which is manifested particularly in the presentation of the two new big books. At the same time, business with the specialty catalogues is being consistently expanded. Likewise, growth in foreign business was further accelerated and in the first half of 2003 stood at 11.6%. We are thus already achieving 24.5% of mail-order sales outside Germany. The Central and Eastern European markets in particular have experienced high growth rates. Here Quelle and Neckermann enjoy market-leading positions. Under the internationalisation strategy the two mail-order suppliers are profiting from the mutual utilisation of systems. Thus, this year Neckermann's market entry and its development of a high-volume and profitable mail-order business in Switzerland (started in January 2003) and Quelle's in The Netherlands (started in July 2003), utilising the existing mail-order supplier infrastructure and with very little investment, were achieved, as it were, from a standing start.

SERVICES

		01.01.-30.06. 2003	01.01.-30.06. 2002	Change in %	Quarter II 2003	Quarter II 2002	Change in %
Sales ¹⁾	mill. €	661.8	561.8	17.8	337.6	302.9	11.5
EBTA	mill. €	-177.4	-153.8	-15.3	-70.1	-61.6	-13.8
thereof Thomas Cook	mill. €	-196.3	-172.9	-13.6	-78.9	-64.9	-21.7
EBT	mill. €	-200.0	-176.8	-13.2	-81.2	-73.1	-11.0
thereof Thomas Cook	mill. €	-218.3	-195.9	-11.8	-89.6	-76.4	-17.3
Staff (30.06.) ¹⁾	number	5,929	4,418	34.2	5,929	4,418	34.2
Segment assets	mill. €	861.5	1,042.2*	-17.3	861.5	1,042.2*	-17.3
Segment liabilities	mill. €	472.3	507.3*	-6.9	472.3	507.3*	-6.9

¹⁾ Figures for previous year, as of 31.12.2002

¹⁾ not including Thomas Cook Group

Services business expanded – Iraq war hampers Thomas Cook

The Services business segment comprises the sub-segments B2B services (information services, e- and TV-commerce, logistics, purchasing and IT) and B2C services (tourism, financial services and loyalty card programmes). Sales (not including Thomas Cook) in the first half of the year rose by 17.8 % to 661.8 mill. € (previous year: 561.8 mill. €).

Earnings (EBTA) in the first half year came to minus 177.4 mill. €, as against 153.8 mill. € for the same period the previous year. The decrease has thus grown by 23.6 mill. €.

Earnings, both at their absolute level and relative to the previous year, are determined mainly by Thomas Cook. The tourism group returns for the period November 2002 to April 2003 a proportional deficit (EBTA) increased by 23.4 mill. € to 196.3 mill. € (previous year: 172.9 mill. €). It should, however, be borne in mind that this includes non-recurring effects burdening earnings.

The tourism sector in the second quarter suffered from a temporary slump in demand as a consequence of the Iraq war and the SARS disease. Thomas Cook returned a decrease in sales by 19 % in the second tourism quarter (February to April 2003). Cumulatively sales in the first half of the year came to 2.4 bill. €. This represents a deficit of 8.3 %.

Stringent cost management enabled the cost of advance payments in tourism to be further reduced. Consequently, the gross earnings margin was held at 28.1 % in the first half of 2003 (previous year: 28.7 %). A markedly positive trend set in after the end of the Iraq war. Booking levels are the most important indicator for this assessment. Just after the end of the Iraq war these were down by 15.7 % on the previous year. By mid-June the decrease had diminished to 8.3 %. It is therefore to be expected that the temporary sharp decrease in sales in the first half will be appreciably reduced in the second half of the financial year. As Thomas Cook is at the same time consistently continuing to apply its initiated cost management, an improvement in operating earnings on the previous year is to be expected in the current financial year too.

The other service companies show EBTA at the previous year's level of 19 mill. € (previous year: 19.1 mill. €). The earnings decrease through the transfer of the participating interest in maul + co - Chr. Belser GmbH to the CTA programme and the start-up costs for KARSTADT QUELLE Financial Services and Starbucks Coffee Houses were set off by a positive earnings contribution from the reorganisation of the old-age pension provision.

REAL ESTATE

		01.01.-30.06. 2003	01.01.-30.06. 2002	Change in %	Quarter II 2003	Quarter II 2002	Change in %
Sales	mill. €	280.4	236.1	18.8	140.4	118.9	18.1
EBTA	mill. €	109.2	122.1	-10.6	54.7	68.4	-20.1
EBT	mill. €	109.0	122.1	-10.8	54.5	68.4	-20.4
Staff (30.06.)	number	89	70	27.1	89	70	27.1
Segment assets	mill. €	4,671.9	4,822.8*	-3.1	4,671.9	4,822.8*	-3.1
Segment liabilities	mill. €	2,202.2	1,916.6*	14.9	2,202.2	1,916.6*	14.9

*) Figures for previous year, as of 31.12.2002

Rental income rising through inclusion of further group real estate

The Real estate segment achieved gross rental income of 280.4 mill. € (previous year: 236.1 mill. €). This represents a rise by 18.8 % and is due to the inclusion of SinnLeffers real estate and from mail order.

Earnings (EBTA) came to 109.2 mill. €, compared with 122.1 mill. € the previous year. Income from the disposal of real estate decreased by 10 mill. € to 5 mill. €. Earnings are also burdened by expenditure under the CTA programme of 18 mill. €. After adjustments for these special factors EBTA increased by 15 mill. €. This improvement in earnings must be viewed in the context of the newly included real estate.

The programme decided on last year for the development of 20 shopping centres is completely on schedule. The Potsdam project is now in the construction phase; the acquisition of planning and building permits is in preparation for the projects in Leipzig, Karlsruhe and Munich Oberpollinger.

A structured valuation of the entire real estate assets by Cushman & Wakefield, Healey & Baker was completed on 11.07.2003. It resulted in a mean value of 5.1 bill. € with a valuation range of between 4.9 and 5.2 bill. € at the valuation key date of March 31, 2003, and thus confirmed the values calculated internally and externally so far. With a comparable book value of 2.9 bill. € the possible value difference is 2.2 bill. €. The real estate transferred as at 30.06.2003 under the CTA programme has a market value of 0.8 bill. €. The total value of all the real estate managed by the Real estate segment as a service comes to 5.9 bill. €.

HOLDING

		01.01.-30.06. 2003	01.01.-30.06. 2002	Change in %	Quarter II 2003	Quarter II 2002	Change in %
EBTA	mill. €	174.6	-70.4	-	58.8	-27.6	-
EBT	mill. €	174.6	-70.4	-	58.8	-27.6	-
Staff (30.06.)	number	177	147	20.4	177	147	20.4
Segment assets	mill. €	3,838.7	2,757.3*	39.2	3,838.7	2,757.3*	39.2
Segment liabilities	mill. €	4,343.4	4,395.5*	-1.2	4,343.4	4,395.5*	-1.2

*) Figures for previous year, as of 31.12.2002

**Reorganisation of old-age pensions
provision continued**

The Holding segment is mainly dominated by KARSTADT QUELLE AG, which operates as a strategic management and investment holding company. The main earnings factors are expenditure for pensions and financing and participating interests.

Earnings improved by 245 mill. € to 174.6 mill. € (previous year: minus 70.4 mill. €). Decisive here is the second and third tranche of the CTA programme.

Two acquisitions boost sports expansion

As part of the sports expansion strategy, we supported growth through sports stores, sports markets and specialty stores by making two acquisitions. Jointly with consortium partners KarstadtQuelle acquired the German Sports Television Channel (DSF). This acquisition represents an important strategic step for our Sports subsegment and is at the same time an attractive financial investment. On the basis of a new high-growth, high-yield DSF business model we anticipate in the medium term a two-digit return on the capital employed. DSF is an outstanding platform for trade, communication and marketing. At the same time, for KarstadtQuelle the distinctive promotion of the KarstadtSport brand, the sales partnership with the International Football Association for the exclusive operation of the official 2006 FIFA World Cup™ Shop & Retail Outlets and the many, diverse opportunities in the Services segment (insurance, loyalty and credit cards and travel) are at the forefront. Furthermore, the medium of television is a further strategic asset under our multi-channel strategy.

Via the takeover of nine fitness clubs of the American “24 Hour Fitness” chain we expanded our strong commercial position in the sports and wellness sector in Germany to include a new service for fitness-oriented customers. The acquired fitness clubs have a total membership of about 28,000. The market for fitness centres in Germany represents a sales volume of about 3.3 bill. € and is thus the second-largest fitness market in Europe. Aided by our department and sports stores at first-class city-centre locations with a high customer footfall and the brand strength of KarstadtSport we plan a rapid expansion through fitness clubs in the next few years.

Online demand already makes up 10.3% of group sales

In the first half of 2003 the group achieved a growth in demand by 38 %. The value of online orders came to 752 mill. € (previous year: 545 mill. €). The share contributed by online demand to total group sales already amounts to 10.3 %. The shopping and information portals, with an 82 % increase in the number of visits to 56 million (previous year: 31 million), emphasised their still growing importance under the KarstadtQuelle multi-channel strategy. The successful performance in the first half of the year confirms expectations for 2003. Online order value is planned to rise to at least 1.5 bill. € (previous year: 1.2 bill. €).

Group profit and loss account

for the period from January 1 to June 30, 2003

	01.01.-30.06. 2003 th. €	01.01.-30.06. 2002 th. €	Change in %	Quarter II 2003 th. €	Quarter II 2002 th. €	Change in %
Sales	7,312,153	7,310,855 ¹⁾	0.0	3,629,032	3,585,708 ¹⁾	1.2
Cost of sales	-3,902,488	-3,950,767 ¹⁾	1.2	-1,952,100	-1,985,833 ¹⁾	1.7
Gross income	3,409,665	3,360,088 ¹⁾	1.5	1,676,932	1,599,875 ¹⁾	4.8
Other capitalised own work	33,517	6,395	-	25,794	5,109	-
Operating income	512,530	315,254 ¹⁾	62.6	237,431	170,786 ¹⁾	39.0
Staff costs	-1,478,598	-1,564,925	5.5	-736,518	-804,507	8.5
Operating costs	-2,028,105	-1,901,461	-6.7	-1,013,073	-941,119	-7.6
Other taxes	-16,321	-14,994	-8.9	-7,778	-7,153	-8.7
Earnings from ordinary activities	432,688	200,357	116.0	182,788	22,991	-
Income from investments	-190,856	-166,039	-14.9	-77,448	-60,078	-28.9
thereof from associated companies	-199,744	-174,445	-14.5	-80,891	-64,775	-24.9
Earnings before interest, tax and depreciation and amortisation (EBITDA)	241,832	34,318	-	105,340	-37,087	-
Depreciation and amortisation (not including goodwill)	-221,185	-215,097	-2.8	-109,497	-109,530	0.0
Earnings before interest, tax and amortisation of goodwill (EBITA)	20,647	-180,779	111.4	-4,157	-146,617	97.2
Amortisation of goodwill	-32,261	-31,378	-2.8	-15,987	-15,728	-1.6
Earnings before interest and tax (EBIT)	-11,614	-212,157	94.5	-20,144	-162,345	87.6
Net interest income	-117,620	-136,310	13.7	-57,599	-67,405	14.5
Other financial income	-349	996	-135.0	-217	2,052	-110.6
Earnings before tax (EBT)	-129,583	-347,471	62.7	-77,960	-227,698	65.8
Taxes on income	77,064	143,466	-46.3	49,491	95,371	-48.1
Net income before minority shareholdings	-52,519	-204,005	74.3	-28,469	-132,327	78.5
Profit/loss due to minority shareholders	-590	509	-215.9	679	1,093	-37.9
Net income after minority shareholdings	-53,109	-203,496	73.9	-27,790	-131,234	78.8
Earnings per share in €	-0.50	-1.73	71.1	-0.27	-1.12	75.9

¹⁾ Figures for previous year adjusted

Group balance sheet

as at June 30, 2003

ASSETS	30.06.2003 th. €	30.06.2002 th. €	Change in %	31.12.2002 th. €
Fixed assets				
Intangible assets	518,714	445,852	16.3	500,709
Tangible assets	3,543,552	4,112,920	-13.8	3,876,983
Financial assets	629,896	831,517	-24.2	883,730
	4,692,162	5,390,289	-13.0	5,261,422
Current assets				
Inventories	2,480,556	2,492,754	-0.5	2,502,391
Receivables and other assets	2,278,852	1,893,489	20.4	2,236,258
Securities	33,279	31,467	5.8	25,441
Liquid funds	213,322	277,933	-23.2	144,352
	5,006,009	4,695,643	6.6	4,908,442
Deferred taxes	13,121	59,886	-78.1	10,030
Prepayments and accrued income	49,331	32,390	52.3	35,849
Balance sheet total	9,760,623	10,178,208	-4.1	10,215,743

EQUITY AND LIABILITIES

Equity	1,501,931	1,573,296	-4.5	1,676,407
Minority shareholdings	68,426	60,814	12.5	69,820
Long-term liabilities				
Long-term financial liabilities	2,014,436	1,382,948	45.7	1,594,870
Other long-term liabilities	53,734	41,739	28.7	56,842
Pension provisions	1,510,892	2,606,049	-42.0	2,128,364
Other long-term provisions for liabilities and charges	245,571	222,685	10.3	246,559
	3,824,633	4,253,421	-10.1	4,026,635
Short-term liabilities				
Short-term financial liabilities	2,067,055	2,021,130	2.3	1,952,724
Trade payables	748,769	691,385	8.3	899,145
Other long-term liabilities	1,092,689	945,294	15.6	1,066,819
Short-term provisions for liabilities and charges	275,909	381,916	-27.8	314,683
	4,184,422	4,039,725	3.6	4,233,371
Deferred taxes	176,945	245,041	-27.8	206,269
Accrued expenses and deferred income	4,266	5,911	-27.8	3,241
Balance sheet total	9,760,623	10,178,208	-4.1	10,215,743

Changes in group equity and minority shareholdings

	Subscribed capital	Capital reserve	Revenue reserves	Revaluation reserve	Adjustments foreign currency translation	Total group equity	Minority share- holdings	Total
01.01. - 30.06.2003	th. €	th. €	th. €	th. €	th. €	th. €	th. €	th. €
Opening balance at 01.01.2003	277,855	343,289	1,103,715	-49,253	801	1,676,407	69,820	1,746,227
From the purchase of shares	-5,643	-25,818	-	-	-	-31,461	-	-31,461
Dividends	-	-	-75,496	-	-	-75,496	-1,003	-76,499
Generated capital/ group earnings	-	-	-53,109	-	-	-53,109	590	-52,519
Differences from foreign currency translation	-	-	-	-	-1,611	-1,611	-654	-2,265
Change due to valuation of original and derivative financial instruments	-	-	-	-12,443	-	-12,443	105	-12,338
Due to changes in consolidated companies	-	-	-356	-	-	-356	-432	-788
Closing balance at 30.06.2003	272,212	317,471	974,754	-61,696	-810	1,501,931	68,426	1,570,357

	Subscribed capital	Capital reserve	Revenue reserves	Revaluation reserve	Adjustments foreign currency translation	Total group equity	Minority share- holdings	Total
01.01. - 30.06.2002	th. €	th. €	th. €	th. €	th. €	th. €	th. €	th. €
Opening balance at 01.01.2002	301,460	488,521	1,025,078	-12,384	711	1,803,386	59,523	1,862,909
From the purchase of shares	-	-	-	-	-	-	-930	-930
Generated capital/ group earnings	-	-	-203,496	-	-	-203,496	-509	-204,005
Differences from foreign currency translation	-	-	-	-	-661	-661	24	-637
Change due to valuation of original and derivative financial instruments	-	-	-	-25,933	-	-25,933	-	-25,933
Due to changes in consolidated companies	-	-	-	-	-	-	2,169	2,169
Other equity changes without effect for income	-	-	-	-	-	-	537	537
Closing balance at 30.06.2002	301,460	488,521	821,582	-38,317	50	1,573,296	60,814	1,634,110

Group cash flow statement

	30.06.2003 th. €	30.06.2002 th. €
Earnings for the period (including shares of earnings of minority shareholdings) before taxes on income and extraordinary items	-129,583	-347,471
Depreciation and amortisation/revaluations fixed assets	245,911	246,495
Earnings/loss from disposal of assets	-6,829	-74,891
Profit/loss from foreign currency	-361	601
Earnings/losses absorbed from participating interests	190,856	166,039
Interest income/expenses	64,410	62,301
Increase/decrease long-term provisions for liabilities and charges (not including tax provisions)	-6,894	47,831
Other costs/earnings not affecting cash flow	-141,544	63,252
Gross cash flow	215,966	164,157
Increase/decrease of stocks, trade receivables and other assets, not attributable to investment or financing activities	-105,245	-53,048
Increase/decrease of trade payables and other liabilities not attributable to investment or financing activities	-177,718	-239,942
Cash flow from current business activities	-66,997	-128,833
Dividends received	8,888	10,735
Interest received	30,403	33,440
Interest paid	-106,557	-91,076
Payments/refunds of taxes on income	-12,788	-34,403
Cash flow from current business activities	-147,051	-210,137
Cash flow from acquisitions/disinvestment of subsidiaries	-	70,869
Amounts paid out for acquisition of tangible fixed, intangible fixed and long-term assets	-157,624	-175,665
Amounts paid for investment in financial assets	-19,923	-98,114
Amounts paid in from sale of tangible fixed, intangible fixed and long-term assets	23,953	45,134
Amounts paid in from sale of financial assets	475	-
Cash flow from investment activities	-153,119	-157,776
Amounts paid out to/paid in for dividends, capital increase and share repurchase programme	-106,957	-
Amounts paid in/paid under mortgage, bond programme and for (finance) loans	571,314	318,049
Payments for liabilities under finance leases	-39,111	-4,204
Cash flow from financing activities	425,246	313,845
Changes in cash and cash equivalents affecting cash flow	125,076	-54,068
Changes in cash and cash equivalents due to changes in exchange rates and consolidated companies	-48,293	-15,797
Cash and cash equivalents at the beginning of the period	168,813	378,345
Cash and cash equivalents at the end of the period	245,596	308,480

Key figures – KARSTADT QUELLE Group

	KARSTADT QUELLE Group		Reconciliation account		Holding	
	Quarter II 2003 th. €	Quarter II 2002 th. €	Quarter II 2003 th. €	Quarter II 2002 th. €	Quarter II 2003 th. €	Quarter II 2002 th. €
Sales	4,242,752	4,134,230 ¹⁾	-	-	-	-
Interest from credit operations	50,046	55,557	-	-	-	-
Internal sales	-663,766	-604,079	-422,933	-390,893	-	-
Group sales	3,629,032	3,585,708¹⁾	-422,933	-390,893	-	-
Cost of sales	-1,952,100	-1,985,833 ¹⁾	177,781	183,435	-	-
Gross income	1,676,932	1,599,875¹⁾	-245,152	-207,458	-	-
Other capitalised own work	25,794	5,109	20,581	-	-	-
Operating income and expenditure	-775,642	-770,333 ¹⁾	225,658	206,611	85,514	-9,952
Staff costs	-736,518	-804,507	-1,053	305	-6,528	-4,091
Other taxes	-7,778	-7,153	-	1	-12	42
Earnings from ordinary activities	182,788	22,991	34	-541	78,974	-14,001
Income from investments	-77,448	-60,078	-	-	1,133	719
EBITDA	105,340	-37,087	34	-541	80,107	-13,282
Depreciation and amortisation (not including goodwill)	-109,497	-109,530	769	1,354	-156	-591
EBITA	-4,157	-146,617	803	813	79,951	-13,873
Amortisation of goodwill	-15,987	-15,728	-	-	-	-
EBIT	-20,144	-162,345	803	813	79,951	-13,873
Net interest income	-57,599	-67,405	99	332	-21,782	-15,922
Other financial income	-217	2,052	-78	-314	648	2,227
EBT	-77,960	-227,698	824	831	58,817	-27,568
EBIT margin in %	-0.6	-4.5	-	-	-	-
EBT margin in %	-2.1	-6.4	-	-	-	-
EBTA	-61,973	-211,970	824	831	58,817	-27,568
EBTA margin in %	-1.7	-5.9	-	-	-	-
Investments	94,998	167,159	-	-	636	6

¹⁾ Figures for previous year adapted

Key figures – KARSTADT QUELLE Group

	Over-the-counter retail		Mail order	
	Quarter II 2003 th. €	Quarter II 2002 th. €	Quarter II 2003 th. €	Quarter II 2002 th. €
Sales	1,630,533	1,607,252 ¹⁾	2,122,770	2,099,138
Interest from credit operations	-	-	50,046	55,557
Internal sales	-27,914	-24,094	-201,403	-183,014
Group sales	1,602,619	1,583,158 ¹⁾	1,971,413	1,971,681
Cost of sales	-924,488	-933,726 ¹⁾	-1,003,789	-1,020,595
Gross income	678,131	649,432 ¹⁾	967,624	951,086
Other capitalised own work	2,432	1,762	442	534
Operating income and expenditure	-303,193	-305,296 ¹⁾	-681,110	-640,091
Staff costs	-401,916	-448,478	-270,663	-293,168
Other taxes	-5	-274	-2,657	-2,238
Earnings from ordinary activities	-24,551	-102,854	13,636	16,123
Income from investments	284	-	-350	2,051
EBITDA	-24,267	-102,854	13,286	18,174
Depreciation and amortisation (not including goodwill)	-41,893	-37,566	-26,196	-33,289
EBITA	-66,160	-140,420	-12,910	-15,115
Amortisation of goodwill	-1,092	-817	-3,586	-3,359
EBIT	-67,252	-141,237	-16,496	-18,474
Net interest income	-10,339	-16,359	-16,953	-20,382
Other financial income	-170	-72	292	252
EBT	-77,761	-157,668	-33,157	-38,604
EBIT margin in %	-4.2	-8.9	-0.8	-0.9
EBT margin in %	-4.9	-10.0	-1.7	-2.0
EBTA	-76,669	-156,851	-29,571	-35,245
EBTA margin in %	-4.8	-9.9	-1.5	-1.8
Investments	33,064	36,948	32,604	58,011

¹⁾ Figures for previous year adapted

Key figures – KARSTADT QUELLE Group

	Services		Real estate	
	Quarter II 2003 th. €	Quarter II 2002 th. €	Quarter II 2003 th. €	Quarter II 2002 th. €
Sales	349,071	308,930	140,378	118,910
Interest from credit operations	-	-	-	-
Internal sales	-11,516	-6,078	-	-
Group sales	337,555	302,852	140,378	118,910
Cost of sales	-201,604	-214,947	-	-
Gross income	135,951	87,905	140,378	118,910
Other capitalised own work	2,339	2,813	-	-
Operating income and expenditure	-61,395	-16,948	-41,116	-4,657
Staff costs	-54,806	-57,776	-1,552	-1,299
Other taxes	-9	-1	-5,095	-4,683
Earnings from ordinary activities	22,080	15,993	92,615	108,271
Income from investments	-78,515	-62,848	-	-
EBITDA	-56,435	-46,855	92,615	108,271
Depreciation and amortisation (not including goodwill)	-11,614	-9,159	-30,407	-30,279
EBITA	-68,049	-56,014	62,208	77,992
Amortisation of goodwill	-11,100	-11,560	-209	8
EBIT	-79,149	-67,574	61,999	78,000
Net interest income	-2,020	-5,564	-6,604	-9,510
Other financial income	-	-	-909	-41
EBT	-81,169	-73,138	54,486	68,449
EBIT margin in %	-23.4	-22.3	44.2	65.6
EBT margin in %	-24.0	-24.1	38.8	57.6
EBTA	-70,069	-61,578	54,695	68,441
EBTA margin in %	-20.8	-20.3	39.0	57.6
Investments	28,185	70,609	509	1,585

Key figures – KARSTADT QUELLE Group

	KARSTADT QUELLE Group		Reconciliation account		Holding		
	01.01.-30.06. 2003 th. €	01.01.-30.06. 2002 th. €	01.01.-30.06. 2003 th. €	01.01.-30.06. 2002 th. €	01.01.-30.06. 2003 th. €	01.01.-30.06. 2002 th. €	
Sales	8,538,492	8,357,977 ¹⁾	-	-	-	-	
Interest from credit operations	102,908	104,872	-	-	-	-	
Internal sales	-1,329,247	-1,151,994	-828,309	-726,550	-	-	
Group sales	7,312,153	7,310,855¹⁾	-828,309	-726,550	-	-	
Cost of sales	-3,902,488	-3,950,767 ¹⁾	354,601	324,824	-	-	
Gross income	3,409,665	3,360,088¹⁾	-473,708	-401,726	-	-	
Other capitalised own work	33,517	6,395	23,794	-	-	-	
Operating income and expenditure	-1,515,575	-1,586,207 ¹⁾	448,558	400,697	225,754	-14,325	
Staff costs	-1,478,598	-1,564,925	1,348	306	-12,006	-8,572	
Other taxes	-16,321	-14,994	-	1	-17	19	
Earnings from ordinary activities	432,688	200,357	-8	-722	213,731	-22,878	
Income from investments	-190,856	-166,039	-	-	1,391	719	
EBITDA	241,832	34,318	-8	-722	215,122	-22,159	
Depreciation and amortisation (not including goodwill)	-221,185	-215,097	1,532	2,180	-302	-841	
EBITA	20,647	-180,779	1,524	1,458	214,820	-23,000	
Amortisation of goodwill	-32,261	-31,378	-	-	-	-	
EBIT	-11,614	-212,157	1,524	1,458	214,820	-23,000	
Net interest income	-117,620	-136,310	182	483	-41,301	-47,929	
Other financial income	-349	996	-153	-463	1,045	482	
EBT	-129,583	-347,471	1,553	1,478	174,564	-70,447	
EBIT margin in %	-0.2	-2.9	-	-	-	-	
EBT margin in %	-1.8	-4.8	-	-	-	-	
EBTA	-97,322	-316,093	1,553	1,478	174,564	-70,447	
EBTA margin in %	-1.3	-4.3	-	-	-	-	
Segment assets	9,747,502	10,205,713*	-5,783,472	-4,817,727*	3,838,742	2,757,282*	
Segment liabilities	8,081,747	8,333,067*	-5,629,718	-4,677,808*	4,343,385	4,395,549*	
Investments	177,547	273,779	-	-	4,301	144	
Full-time staff (average 01.01.-30.06.)	number	80,229	84,584	-	-	165	135

¹⁾ Figures for previous year, as of 31.12.2002

¹⁾ Figures for previous year adapted

Key figures – KARSTADT QUELLE Group

	Over-the-counter retail		Mail order		
	01.01.-30.06. 2003 th. €	01.01.-30.06. 2002 th. €	01.01.-30.06. 2003 th. €	01.01.-30.06. 2002 th. €	
Sales	3,276,880	3,347,062 ¹⁾	4,296,897	4,200,416	
Interest from credit operations	-	-	102,908	104,872	
Internal sales	-71,334	-39,306	-407,097	-373,515	
Group sales	3,205,546	3,307,756 ¹⁾	3,992,708	3,931,773	
Cost of sales	-1,850,272	-1,940,982 ¹⁾	-2,017,887	-1,983,249	
Gross income	1,355,274	1,366,774 ¹⁾	1,974,821	1,948,524	
Other capitalised own work	4,030	2,667	726	915	
Operating income and expenditure	-627,582	-586,181 ¹⁾	-1,370,598	-1,294,602	
Staff costs	-804,715	-883,519	-538,069	-563,671	
Other taxes	-328	-716	-5,164	-4,909	
Earnings from ordinary activities	-73,321	-100,975	61,716	86,257	
Income from investments	572	795	-866	3,042	
EBITDA	-72,749	-100,180	60,850	89,299	
Depreciation and amortisation (not including goodwill)	-83,819	-74,752	-51,578	-62,784	
EBITA	-156,568	-174,932	9,272	26,515	
Amortisation of goodwill	-2,179	-1,625	-7,184	-6,784	
EBIT	-158,747	-176,557	2,088	19,731	
Net interest income	-24,013	-28,332	-34,099	-39,909	
Other financial income	-252	-144	400	1,368	
EBT	-183,012	-205,033	-31,611	-18,810	
EBIT margin in %	-5.0	-5.3	0.1	0.5	
EBT margin in %	-5.7	-6.2	-0.8	-0.5	
EBTA	-180,833	-203,408	-24,427	-12,026	
EBTA margin in %	-5.6	-6.1	-0.6	-0.3	
Segment assets	2,345,333	2,435,846 *	3,813,429	3,965,386 *	
Segment liabilities	2,464,586	2,353,723 *	4,228,989	3,837,641 *	
Investments	64,244	58,226	58,557	110,502	
Full-time staff (average 01.01.-30.06.)	number	46,084	50,787	28,352	29,553

¹⁾ Figures for previous year, as of 31.12.2002

¹⁾ Figures for previous year adapted

Key figures – KARSTADT QUELLE Group

	Services		Real estate		
	01.01.-30.06. 2003 th. €	01.01.-30.06. 2002 th. €	01.01.-30.06. 2003 th. €	01.01.-30.06. 2002 th. €	
Sales	684,287	574,443	280,428	236,056	
Interest from credit operations	-	-	-	-	
Internal sales	-22,507	-12,623	-	-	
Group sales	661,780	561,820	280,428	236,056	
Cost of sales	-388,930	-351,360	-	-	
Gross income	272,850	210,460	280,428	236,056	
Other capitalised own work	4,967	2,813	-	-	
Operating income and expenditure	-114,469	-68,067	-77,238	-23,729	
Staff costs	-122,315	-106,893	-2,841	-2,576	
Other taxes	-11	-6	-10,801	-9,383	
Earnings from ordinary activities	41,022	38,307	189,548	200,368	
Income from investments	-191,953	-170,595	-	-	
EBITDA	-150,931	-132,288	189,548	200,368	
Depreciation and amortisation (not including goodwill)	-22,204	-18,507	-64,814	-60,393	
EBITA	-173,135	-150,795	124,734	139,975	
Amortisation of goodwill	-22,686	-22,961	-212	-8	
EBIT	-195,821	-173,756	124,522	139,967	
Net interest income	-4,224	-3,039	-14,165	-17,584	
Other financial income	-	-	-1,389	-247	
EBT	-200,045	-176,795	108,968	122,136	
EBIT margin in %	-29.6	-30.9	44.4	59.3	
EBT margin in %	-30.2	-31.5	38.9	51.7	
EBTA	-177,359	-153,834	109,180	122,144	
EBTA margin in %	-26.8	-27.4	38.9	51.7	
Segment assets	861,549	1,042,170 *	4,671,921	4,822,756 *	
Segment liabilities	472,277	507,323 *	2,202,228	1,916,639 *	
Investments	38,175	102,527	12,270	2,380	
Full-time staff (average 01.01.-30.06.)	number	5,552	4,044	76	65

*) Figures for previous year, as of 31.12.2002

Accounting and Measurement principles

The accounting and measurement principles are identical to those applied in the last annual account. Since earnings generated by so-called concession shops are no longer included in Earnings, the profit and loss account of the previous year has been adapted for better comparability. This resulted in a decrease in sales by 46 mill. € and in cost of material by 32.7 mill. €, whereas operating earnings rose by 13.3 mill. €

The structure of the balance sheet and the profit and loss account contains the most important items also shown in the annual account.

An examination of the half-yearly account has been carried out.

Consolidated companies

The number of consolidated companies decreased during the last quarter by 6 real-estate companies, which have been transferred to a company pension fund.

KARSTADT QUELLE AG during the second quarter acquired shares in an undertaking in the field of media, which is shown as an associated company.

Equity

In the period from April to June 2003 KARSTADT QUELLE AG has repurchased 942,851 own shares. The repurchase took place based on a resolution of the Annual General Meeting of 11.07.2002. At the end of the first half-year KarstadtQuelle had at its disposal 11,424,883 no-par value shares.

On the balance sheet the subscribed capital and the capital reserve are shown after deduction of the reductions resulting from these repurchases. The average number of no-par value shares during the first half year 2003 stood at 106,627,552.

Pension provisions

KARSTADT QUELLE AG during the second quarter created further planned assets with a market value of 163.7 mill. € to cover its pension commitments. Altogether, through the formation of planned assets income amounting to 221 mill. € was realised in the first half of the year.

In the second quarter the existing pension arrangements at various group companies were changed under newly concluded overall agreements. This has resulted in income from plan changes of 19 mill. €, which is shown under Staff costs.

Other financial commitments

Due to the transfer of real-estate companies to the pension fund and to newly agreed tenancy agreements Other financial liabilities were increased by 62 mill. € in nominal terms, discounted by 57.3 mill. €.