Interim Report Q1
Fiscal Year 2010/11

DOUGLAS HOLDING

Excellence in Retailing

AN OVERVIEW OF THE DOUGLAS GROUP

Fig. 1 · Key figures

		Q1 (10/01–12/31) 2010/11	2009/10	Change (in %)
Sales	EUR m	1,178.3	1,128.1	4.5
National	EUR m	782.2	742.1	5.4
International	EUR m	396.1	386.0	2.6
EBITDA	EUR m	199.0	178.9	11.2
Margin	in %	16.9	15.9	–
EBT	EUR m	142.1	141.7	0.3
Margin	in %	12.1	12.6	–
Net income	EUR m	93.9	96.3	–2.5
Earnings per share	EUR	2.38	2.45	–2.9
Share price as of 12/31	EUR	42.00	34.03	23.4
Free Cash Flow	EUR m	278.3	227.7	22.2
Capital expenditure	EUR m	26.4	21.1	25.1

		12/31/2010	12/31/2009	09/30/2010
Equity	EUR m	864.9	814.5	764.8
Equity ratio	in %	44.4	43.1	44.6
Balance sheet total	EUR m	1,948.2	1,890.8	1,713.4
Working capital[1]	EUR m	380.5	395.8	418.1
Net bank credit[2]	EUR m	154.0	63.6	–124.0
Employees		25,150	24,809	24,655
Stores		1,983	2,016	1,973
Sales area	1,000 m^2	606.9	594.8	596.6

[1] Inventories and trade accounts receivable less trade accounts payable
[2] Liquid funds less liabilities to banks

MAIN DEVELOPMENTS IN THE FIRST QUARTER OF THE 2010/11 FISCAL YEAR:

Group sales up 4.5 percent

- Pleasing sales performance delivered in Germany, most notably by Christ and Douglas
- Like-for-like sales outside of Germany still slightly lower
- Dynamic growth in Internet sales

Earnings above prior year

- Earnings increase by some 7 million EUR (as adjusted for the previous year's revaluation of buch.de)
- Positive one-off effect from the divestiture of the perfumery companies in Russia (22.3 million EUR)
- Extraordinary write-downs for goodwill impairment in France (22.9 million EUR)
- Higher earnings contribution from Douglas and Christ; Thalia below the prior year's level
- AppelrathCüpper and Hussel at last year's level

Solid financing and capital structure

- Free Cash Flow improves by 50.6 to 278.3 million EUR
- Net bank credit rises from 63.6 to 154.0 million EUR

Annual forecast confirmed

- Sales growth between 2 and 4 percent
- Earnings before taxes (EBT) at about 140 million EUR

INTERIM GROUP MANAGEMENT REPORT

BUSINESS ACTIVITIES AND OPERATING ENVIRONMENT

A leading European specialty retailer

Fig. 2

The DOUGLAS Group embodies five decentralized retailing divisions with about 2,000 specialty stores and more than 25,000 employees spanning across 19 countries throughout Europe. The brands Douglas, Thalia, Christ, AppelrathCüpper and Hussel count among the market leaders in their sectors. They stand for excellent service, first-class products and a stimulating shopping ambiance in their respective specialty stores. All corporate divisions have established solid conditions to develop further in their market segments in becoming leading multi-channel providers.

Fig. 2 · The DOUGLAS Group Brands

Douglas	Douglas is a market leader in Europe with 1,212 perfumeries in 19 countries. The Douglas brand stands for high expertise in the areas of perfumes, cosmetics and skin care at both the perfumery stores and in the online shop. www.douglas.de
Thalia	The Thalia bookselling group is a market leader in German-speaking countries with their multi-channel offerings – comprising of 294 bookstores, online shops and an impressive eBook collection. www.thalia.de
CHRIST	The 205 Christ jewelry stores lead the market in Germany in the mid to upper price range for jewelry and watches. With the new online shop, Christ also took an important step in the direction as a multi-channel provider. www.christ.de
AppelrathCüpper	The 14 AppelrathCüpper women‘s fashion stores and the AC online shop are held in high esteem by their customers as an expert premium seller of high quality women‘s clothing. www.appelrath.de
HUSSEL Confiserie	The 258 Hussel confectionery shops enjoy an outstanding market position in Germany with innovative confectionery creations and attractive own brands and are expanding their expertise in online selling, too. www.hussel.de

Heterogeneous economic development in the Euro zone

The Euro zone developed positively on the whole, despite subdued private demand in some countries and the state consolidation measures undertaken in recent months, but was however weaker than in Germany. According to the predictions of the German Institute for Economic Research (DIW), the real gross domestic product (GDP) increased by a total of 1.7 percent in 2010 in the Euro zone. Consumer prices rose by 1.5 percent and the unemployment rate stood at 10.0 percent. However, the economic development in the individual countries varies considerably. Compared to the European average, the economic conditions in Spain and Portugal continue to be critically assessed; by contrast, the mood in the Netherlands is positive. Correspondingly, consumer confidence is rising in the Netherlands; while no growth in private consumption is expected on the Iberian Peninsula for the time being.

Economic recovery in Germany continues

According to the German Federal Bank, the economic recovery of the German economy proceeded into the last quarter of 2010. In particular, industrial production expanded vigorously. The German Federal Bank is initially predicting that private consumption has risen. Based on the preliminary results of the Federal Statistical Office (Destatis), the retailers in Germany in 2010 turned over a nominal 2.3 percent more than last year. The German Retail Association (HDE) calculated a nominal 1.8 percent growth rate for retailers in 2010. According to the HDE, sales from the holiday season were 1.5 percent more than in the previous year. Following an above-average November (plus 3.4 percent), the December retail sales were slightly below prior year's level (minus 0.1 percent). Difficult weather conditions in the last month of the year led to losses in customer frequency.

NET ASSETS, FINANCIAL POSITION AND RESULT OF OPERATIONS IN THE FIRST QUARTER OF 2010/11

Pleasing sales performance in Germany with slightly lower like-for-like foreign sales

The DOUGLAS Group's sales performance in the first quarter of the current fiscal year 2010/11 – which contains the all-important holiday season business – proved sound on the whole. Group sales for the period from October 1 to December 31, 2010 were up 4.5 percent to 1.18 billion EUR (prior year: 1.13 billion EUR). On a comparative basis this corresponds to a sales gain of 1.6%. Currency-adjusted Group sales rose by 3.7 percent. Fig. 3

By including the entire first-quarter sales of the online book retailer buch.de internetstores AG (buch.de) – which was fully consolidated since December 1, 2009 – in the prior year's first quarter, a sales gain of 2.9 percent would result (Germany: 3.6 percent; foreign: 1.6 percent).

Internet sales saw a dynamic development – which were about 33 percent higher than the last year. Its share in Group sales reached about 5 percent in the first quarter 2010/11.

The sales performance delivered in Germany was particularly pleasing. Sales reached 782.2 million EUR, thus improving by 5.4 percent against the prior year. Like-for-like sales were 3.0 percent above the preceding year. The performance in some foreign markets continued to be marked by difficult macroeconomic conditions. Overall, the DOUGLAS Group's foreign sales rose by 2.6 percent to 396.1 million EUR; like-for-like sales however remained 1.1 percent behind the prior year's figure. As a consequence, the share of foreign sales to Group sales marginally declined from 34.2 to 33.6 percent.

The **Douglas perfumeries** recorded first-quarter sales of 659.4 million EUR, or 2.8 percent above the prior year's figure. Like-for-like sales were up 1.9 percent during this reporting period. The perfumeries in Germany produced a pleasing performance. With a sales gain of 4.8 percent (like-for-like: 4.5 percent), the perfumeries further secured their leading position in their home market and more than compensated the weaker development registered in foreign markets. On the whole, the German perfumeries generated sales of 341.0 million EUR. The Douglas perfumeries outside of Germany posted sales of 318.4 million EUR, which translates into a slight increase of 0.7 percent. Nonetheless, like-for-like sales from foreign perfumeries fell 0.8 percent behind the previous year. The decent sales development in Austria and Turkey could not compensate the lower sales posted in France, Portugal and Croatia. The share of foreign sales to Group perfumery sales reduced to 48.3 percent after 49.3 percent a year earlier.

The **Thalia bookstores** increased sales by 7.0 percent from 297.2 to 318.0 million EUR. However, in last year's first quarter, only the December sales of the online bookseller buch.de were consolidated. If the October and November sales from last year would have been included, the sales gain would have been 1.3 percent (Germany: 0.0 percent; foreign: 5.6 percent). Like-for-like sales in the Books division were 0.9 percent behind the prior year's level. The German bookstores achieved lower sales of 0.5 percent based on the same store sales space due to the overall weak industry development in the stationary bookselling sector. By contrast, like-for-like foreign sales fell 2.1 percent short of the previous year. The online sales for the first quarter soared some 30 percent. Therefore, Thalia generated approximately 15 percent of total sales from the Internet.

The **Christ jewelry stores** succeeded in continuing with their very solid performance in the first quarter of the 2010/11 fiscal year. Sales were generated in the amount of 124.3 million EUR, thus surpassing the very high prior year's figure by 9.9 percent. Like-for-like sales of plus 9.0 percent were also substantially above the preceding year. Critical for the above-average solid sales performance when compared to the industry continues to be the successful implementation of the exclusive and trend labels strategy.

The **AppelrathCüpper women's fashion stores** registered sales of 35.5 million EUR for the first quarter period from October to December 2010. This translates to an increase of 1.6 percent over the same period last year. Like-for-like sales stood at plus 0.6 percent, which were also above the prior year's figure. Thus, the fashion stores again showed a positive sales performance after quite some time.

The **Hussel confectionery shops** posted a minimal sales drop of 0.1 percent to 40.5 million EUR as a consequence of the store network streamlining. By positive contrast, the like-for-like sales exceeded the prior year's figure by 0.7 percent.

Lower number of stores than the prior year

Fig. 3 The number of stores of the DOUGLAS Group comprised of 1,983 specialty stores as of the end of December (prior year: 2,016). This contained 32 perfumery stores of the subsidiaries in Russia, which were divested with effect from December 30, 2010. The opening of 25 new stores in the first quarter of the 2010/11 fiscal year (prior year: 29) was offset by 15 store closures (prior year: 18). Following the withdrawal from Denmark, the USA and Russia, the DOUGLAS Group is now focusing on expanding its market position in the core countries.

Fig. 3 · Net sales by division and store network development

	Net sales (in EUR m)		Change (in %)		Stores		Change
	Q1 2010/11	Q1 2009/10	Total	Like-for-like	12/31/2010	12/31/2009	absolute
Perfumeries	659.4	641.6	2.8	1.9	1,212	1,230	–18
National	341.0	325.5	4.8	4.5	448	452	–4
International	318.4	316.1	0.7	–0.8	764	778	–14
Books	318.0	297.2	7.0	–0.9	294	292	2
National	242.0	229.1	5.7	–0.5	235	236	–1
International	76.0	68.1	11.5	–2.1	59	56	3
Jewelry	124.3	113.1	9.9	9.0	205	205	0
Fashion	35.5	34.9	1.6	0.6	14	14	0
Confectionery	40.5	40.6	–0.1	0.7	258	275	–17
National	38.8	38.8	0.0	0.5	244	259	–15
International	1.7	1.8	–2.1	6.6	14	16	–2
Services	0.6	0.7	–	–	–	–	–
DOUGLAS Group	1,178.3	1,128.1	4.5	1.6	1,983	2,016	–33
National	782.2	742.1	5.4	3.0	1,146	1,166	–20
International	396.1	386.0	2.6	–1.1	837	850	–13

Higher earnings before taxes

Fig. 4

The DOUGLAS Group's earnings before taxes (EBT) totaled 142.1 million EUR in the first quarter following 141.7 million EUR the year before. Excluding the one-off effect from the revaluation of the buch.de shares in the preceding year, the earnings increased by some 7 million EUR. The first-quarter earnings contain one-off income in the amount of 22.3 million EUR from the divestiture of the perfumery activities in Russia. The 32 Russian Douglas stores were sold with effect from December 30, 2010 despite an overall positive earnings development, because given the aggressive expansion in Russian competitors, a leading market position could not have been attained. Moreover, the further profitable growth for Douglas on the Russian market appeared to be rather uncertain due to the demanding rent levels based on simultaneously short rental terms. In contrast, extraordinary write-downs on goodwill in the amount of 22.9 million EUR were recognized in France, because the sales performance in the first quarter was substantially behind the expectations. The DOUGLAS Group's return on sales – the ratio of EBT to sales – stood at 12.1 percent in the first quarter after 12.6 percent in the previous year.

The Douglas perfumeries succeeded in raising the earnings contribution over the same quarter last year, which was largely due to the respectable sales performance delivered in Germany. Given that the prior year's earnings were positively impacted by the one-off income from buch.de, the first-quarter earnings of the Books division could not match the prior year's figure. In this respect, the industry-wide unsatisfactory sales performance delivered by the stationary bookstores, especially in Germany, adversely impacted the

Fig. 4 · EBT and EBT margins

	Q1 (10/01–12/31)			
	EBT (in EUR m)		EBT margin (in %)	
	2010/11	2009/10	2010/11	2009/10
Perfumeries	74.1	70.6	11.2	11.0
Books[1)]	31.6	38.6	9.9	13.0
Jewelry	27.4	24.2	22.1	21.4
Fashion	3.2	3.3	9.0	9.4
Confectionery	9.0	8.9	21.7	21.7
Services	–3.2	–3.9	–	–
DOUGLAS Group[1)]	**142.1**	**141.7**	**12.1**	**12.6**

[1)] Previous year including the one-off effects in the amount of 6.1 million EUR from the revaluation of the buch.de shares already held, according to IFRS 3.

earnings. The decrease in earnings attributable to minority interests, recognized as a finance expense under IAS 32, had an alleviating effect. The Christ jewelry stores further increased their earnings as a consequence of the solid sales performance and the further expansion of the share in exclusive and private labels. The AppelrathCüpper women's fashion stores and the Hussel confectionery shops matched the prior year's earnings.

Earnings before interest, taxes, depreciation and amortization (EBITDA) of the DOUGLAS Group increased from 178.9 to 199.0 million EUR, predominantly from the one-off income arising from the divestiture of the companies in Russia. The EBITDA margin – the ratio of EBITDA to sales – reached 16.9 percent after 15.9 percent in the same period last year.

The tax expenses amounting to 48.2 million EUR were slightly above the prior year's amount of 45.4 million EUR. The tax ratio stood at 33.9 percent compared to 32.0 percent in the same quarter last year.

The DOUGLAS Group closed the first quarter of fiscal year 2010/11 with Group net income of 93.9 million EUR following 96.3 million EUR one year earlier. Earnings per share declined from 2.45 to 2.38 Euro due to the higher tax ratio year-on-year. Adjusted for the revaluation effect for buch.de, the earnings per share in the preceding year stood at 2.29 Euro.

Higher capital expenditure

In the first quarter, the DOUGLAS Group invested 26.4 million EUR for the opening of 25 new stores as well as expanding store sales space and upgrading the store network. The capital expenditure volume was therefore higher by 5.3 million EUR over the same period last year. The Douglas perfumeries were the focus of capital spending, with 17 new specialty stores (prior year: 20) – including 13 outside of Germany (prior year: 17), mostly in Poland. A capital expenditure volume of around 125 million EUR has been set aside for the 2010/11 fiscal year.

Free Cash Flow above the prior year

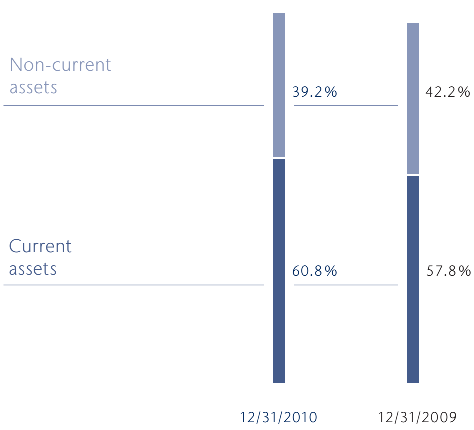
At the end of the first quarter of the 2010/11 fiscal year, the free cash flow stood at 278.3 million EUR, thus exceeding the prior year's amount of 227.7 million EUR. The cash inflow from operating activities declined to 252.9 million EUR after 293.1 million EUR the year before. By contrast, the cash outflow for investing activities decreased by approximately 90 million EUR. This improvement was largely impacted by the divestiture of the Russian subsidiaries during the reporting quarter and the purchase price payments for the buch.de shares and for two minority shareholdings in the preceding year. In total, the free cash flow improved by 50.6 million EUR as a consequence of the positive change in the cash flow for investing activities.

Ongoing solid net assets and capital structure

On a quarter-on-quarter comparison, the balance sheet total increased as a result of higher cash and cash equivalents. This increase was largely due to the purchase price payment for the Russian subsidiaries in the perfumeries division. The equity ratio as of the end of the first quarter improved to 44.4 percent compared to the prior year's first-quarter ratio of 43.1 percent. Compared to last year's first quarter, working capital declined, because higher accounts payable were incurred despite an unchanged inventory balance. As a consequence of higher free cash flow, the net bank credit rose to 154.0 million EUR following 63.6 million EUR one year earlier.

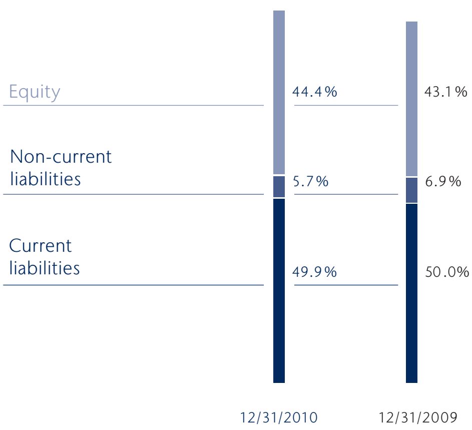
Fig. 5 / 6

Fig. 5 · Assets structure



1,948.2 EUR m 1,890.8 EUR m

Fig. 6 · Equity and liabilities structure



1,948.2 EUR m 1,890.8 EUR m

Number of employees slightly higher

As of December 31, 2010, the DOUGLAS Group employed a total of 25,150 staff. This translates to a slight increase of 1.4 percent over the prior year. As of the balance sheet date, the number of employees outside of Germany totaled 9,863 (prior year: 9,767) plus 15,287 employees in Germany (prior year: 15,042), of which 1,491 represented trainees or apprentices. Personnel expenses increased from 181.1 million EUR to 189.8 million EUR – based on a constant personnel expense ratio quarter-on-quarter of 16.1 percent.

The DOUGLAS Share

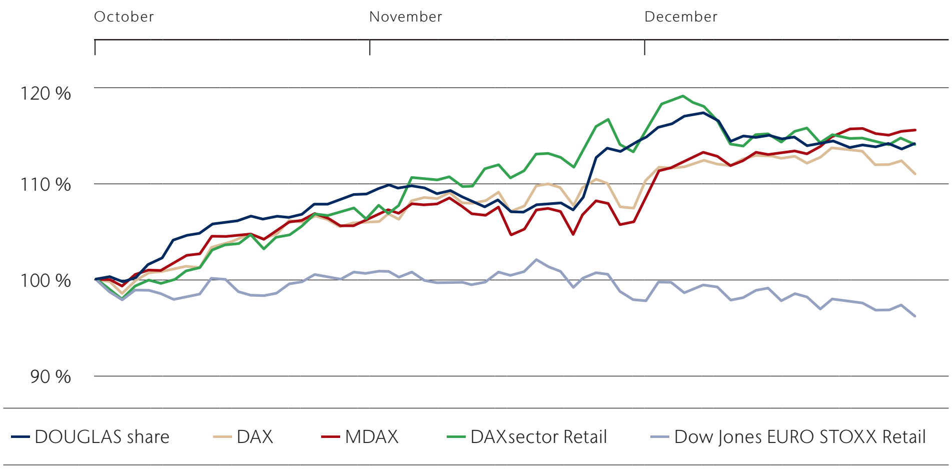
Fig. 7 / 8

The DOUGLAS share closed on XETRA at 42.00 Euro on December 30, 2010 after starting at 36.83 Euro at the beginning of the fiscal year. This represented a gain of 14.0 percent in the first quarter. In the same reporting period, the MDAX climbed by 15.5 percent and the DAX by 11.0 percent. The average daily turnover of DOUGLAS shares on XETRA stood at 118,788 shares. The volume-weighted average rate came in at 40.60 Euro. According to the Deutsche Börse AG's indexing system, which only takes free float into account when calculating market capitalization, the DOUGLAS share ranked 33rd in the MDAX as of the end of December 2010 (prior year: 24th).

Fig. 7 · The DOUGLAS share

		12/31/2010	12/31/2009
Shares issued	m	39.4	39.3
Capital stock	EUR m	118.1	118.0
Market capitalization	EUR m	1,653.8	1,338.1
Stock quotation	EUR	42.00	34.03
XETRA – highest stock quotation (10/01–12/30)	EUR	43.36	34.93
XETRA – lowest stock quotation (10/01–12/30)	EUR	36.70	29.95

Fig. 8 · Indexed price of the DOUGLAS share for the first three-month period 2010/11



No change in the opportunities and risk situation

Since the start of the 2010/11 fiscal year, there have been no significant changes in the opportunities and risks with respect to the Group's business development in the future. There are no risks for the going concern of the company. Nor are there any currently discernible risks that might endanger its existence in the future. For this reason, the conclusions reached in the opportunities and risks situation report – as presented on pages 57 to 63 in the Annual Report as of September 30, 2010 – remain unchanged.

SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

Important events incurred after the balance sheet date did not arise.

FORECAST

Private consumption growth in the Euro region

The Institute of World Economy is assuming that the economic recovery in the Euro region for the winter half-year 2010/11 will proceed. Growth in the real gross domestic product is predicted for 2011 and 2012 of 1.3 and 1.6 percent, respectively. According to the Institute, the high debt in some member countries is preventing a more pronounced recovery. Private consumption in the Euro region as a whole in the years 2011 and 2012 is therefore only expected to increase slightly by 1.1 and 1.0 percent, respectively.

Upward movement of the German economy continues

Following the dynamic recovery experienced in the year 2010, the Federal Bank of Germany is anticipating the pace of economic growth in 2011 to somewhat slowdown. Average economic growth rates of 2.0 and 1.5 percent are predicted for the years 2011 and 2012, respectively. The Federal Bank of Germany anticipates that Germany will produce a total economic output at the end of the 2011, which will match the level before the onset of the financial crisis (2008). In January 2011, the Federal Government announced that it is predicting a rise in the real gross domestic product of 2.3 percent as an annual average for 2011, thus increasing its original projection of 1.8 percent. According to the Federal Bank of Germany, the positive mood of private households, which is triggered by the improved employment situation and the prospect of rising wages, indicates that the upwards trend in private consumption will continue in the years 2011 and 2012 by 1.5 percent in each year. The German Retail Association (HDE) predicts that sales in the retail sector for the year 2011 will also grow by 1.5 percent.

Overall assessment by the Executive Board on the economic situation and future development of the DOUGLAS Group

The Executive Board continues to assess the DOUGLAS Group's situation as being positive. The DOUGLAS Group is well-positioned in all corporate divisions and has solid net assets, financial position and result of operations positions. It will continue to pursue its strategic direction. The aim is for all corporate divisions to gain additional market share to reach or secure a leading market position in their branch sector. The sales markets of the business group continue to remain in Europe. From today's standpoint, new markets are not expected to be entered in the current or coming fiscal years. At the present, the DOUGLAS Group will continue with its unchanged investment portfolio, without neglecting the ongoing pursuit and use of optimization potential. Furthermore, with the groupwide implementation of the multi-channel concept, a forward-looking strategy has been developed for all five corporate divisions.

In the 2010/11 fiscal year, an investment volume of approximately 125 million EUR has been earmarked. The focus of investments in the current and coming fiscal years will continue to lie on the **Douglas perfumeries**. Up to 65 million EUR is planned to be invested in the opening of 50 to 60 new stores, mostly outside of Germany, the modernization of the existing store network and the international expansion of online selling, with the goal of strengthening their leading market position for selective cosmetics on the Internet as well. The expansion activities in the stationary area will focus on countries in which the Douglas perfumeries already lead the market or can expect to within the foreseeable future. The share in exclusive and private labels in total sales will be further expanded within the product-mix portfolio.

The **Thalia group** will push ahead its successful multi-channel strategy with the aim of quickly expanding its leading market position in German-speaking countries. The planned investment budget of around 30 million EUR will therefore not only flow toward the opening of more than 10 multi-channel bookstores and upgrading the store network, but also in the additional expansion of Internet activities. Moreover, Thalia will extend its offerings of eBooks and boost the sale of the eReader OYO.

The **Christ jewelry stores** will invest 14 million EUR in opening five to ten new specialty stores and making numerous upgrades. For purposes of raising customer loyalty, additional trend labels will be included in the product-mix, the share of exclusive and private labels will be increased and the services offers further improved. Christ will also be testing new store concepts in both multi-labels and mono-labels with the aim of expanding its solid market position in the jewelry and watches segment. With the successful launch of the new online shop, Christ has also taken a key step in becoming multi-channel provider.

In the Fashion division, **AppelrathCüpper** is moving ahead with the new alignment of its fashion stores. The focus is on further optimizing the merchandise presentation, increasing the sales share in private labels and a targeted expansion in the product-mix (accessories). By means of intensive marketing activities, the new market launch will be presented under the "AC" logo. With the unveiling of the AC online shop www.appelrath.com in autumn 2010, the Internet business as a distribution channel has also now been tapped.

The **Hussel confectionery shops** will focus on the continued implementation of the new shop concept with its new design logo and merchandise presentation. To this end, an investment budget of around four million EUR has been set aside.

Annual forecast confirmed

The DOUGLAS Group's first quarter performance in the 2010/11 fiscal year proved sound on the whole. With sales of 1.18 billion EUR and earnings before taxes (EBT) of 142.1 million EUR, a solid platform has been established for the rest of the current fiscal year. On the basis of the sales and earnings performance in the first three months, the Executive Board is confirming the forecast given in the 2009/10 annual report for the 2010/11 fiscal year. The Executive Board still predicts a sales gain of 2 to 4 percent, with earnings before taxes of approximately 140 million EUR. The forecast takes into account all those events known at the time of preparing the interim financial statements which might impact the DOUGLAS Group's business development.

CONSOLIDATED INCOME STATEMENT

for the period from October 1, 2010 to December 31, 2010

Income statement

		10/01/2010 to 12/31/2010 (in EUR m)	10/01/2009 to 12/31/2009 (in EUR m)
1.	**Sales**	**1,178.3**	**1,128.1**
2.	Cost of raw materials, consumables and supplies and merchandise	–631.6	–608.3
3.	**Gross profit from retail business**	**546.7**	**519.8**
4.	Other operating income	77.0	56.2
5.	Personnel expenses	–189.8	–181.1
6.	Other operating expenses	–234.9	–216.0
7.	**EBITDA**	**199.0**	**178.9**
8.	Amortization/depreciation	–52.6	–28.3
9.	**EBIT**	**146.4**	**150.6**
10.	Financial income	0.6	0.7
11.	Financial expenses	–4.9	–9.6
12.	Financial result	–4.3	–8.9
13.	**Earnings before taxes (EBT)**	**142.1**	**141.7**
14.	Income taxes	–48.2	–45.4
15.	**Net income for the year**	**93.9**	**96.3**
16.	Profit attributable to minority interests	–0.1	–0.1
17.	**Profit attributable to the Group shareholders**	**93.8**	**96.2**
		(in EUR)	(in EUR)
	Earnings per share	**2.38**	**2.45**

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income

	10/01/2010 to 12/31/2010 (in EUR m)	10/01/2009 to 12/31/2009 (in EUR m)
Net income for the year	**93.9**	**96.3**
Foreign currency translation differences from translating the financial statements of a foreign operation	–0.1	0.5
Effective portion of net investment hedges	1.6	0.3
Effective portion of Cash Flow hedges	0.2	0.0
Total comprehensive income	**95.6**	**97.1**
Total comprehensive income attributable to Group shareholders	95.4	96.8
Total comprehensive income attributable to non-controlling interests	0.2	0.3

CONSOLIDATED BALANCE SHEET

as of December 31, 2010

Assets

		12/31/2010 (in EUR m)	12/31/2009 (in EUR m)	09/30/2010 (in EUR m)
A.	**Non-current assets**			
I.	Intangible assets	244.1	275.4	269.1
II.	Property, plant and equipment	469.0	474.1	470.6
III.	Tax receivables	8.0	7.7	8.0
IV.	Financial assets	5.0	5.4	5.1
V.	Deferred tax assets	36.6	34.3	39.3
		762.7	**796.9**	**792.1**
B.	**Current assets**			
I.	Inventories	677.2	674.6	647.2
II.	Trade accounts receivable	71.0	69.7	48.0
III.	Tax receivables	28.0	19.6	17.9
IV.	Financial assets	121.8	115.0	96.7
V.	Other assets	25.1	24.9	25.4
VI.	Cash and cash equivalents	262.4	190.1	51.6
		1,185.5	**1,093.9**	**886.8**
C.	**Assets held for sale**	**0.0**	**0.0**	**34.5**
		1,948.2	**1,890.8**	**1,713.4**

Equity and liabilities

		12/31/2010 (in EUR m)	12/31/2009 (in EUR m)	09/30/2010 (in EUR m)
A.	**Equity**			
I.	Capital stock	118.1	118.0	118.0
II.	Additional paid-in capital	222.3	220.2	220.2
III.	Retained earnings	509.4	470.4	411.7
IV.	Minority interests	15.1	5.9	14.9
		864.9	**814.5**	**764.8**
B.	**Non-current liabilities**			
I.	Provisions for pensions	31.7	29.7	31.5
II.	Other non-current provisions	23.5	23.2	23.1
III.	Financial liabilities	41.5	63.5	41.6
IV.	Other liabilities	4.8	6.2	5.0
V.	Deferred tax liabilities	12.5	7.2	12.6
		114.0	**129.8**	**113.8**
C.	**Current liabilities**			
I.	Current provisions	122.5	120.1	133.2
II.	Trade accounts payable	367.7	348.5	277.1
III.	Tax liabilities	139.4	137.4	55.4
IV.	Financial liabilities	180.7	189.9	239.8
V.	Other liabilities	159.0	150.6	122.1
		969.3	**946.5**	**827.6**
D.	**Liabilities held for sale**	**0.0**	**0.0**	**7.2**
		1,948.2	**1,890.8**	**1,713.4**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow statement

			10/01/2010 to 12/31/2010 (in EUR m)	10/01/2009 to 12/31/2009 (in EUR m)
1.		EBIT	146.4	150.6
2.	+	Amortization/depreciation of non-current assets	52.6	28.3
3.	+	Increase in provisions	–9.9	–15.4
4.	+/–	Other non-cash income/expense	0.8	–4.5
5.	–/+	Profit/loss on the disposal of non-current assets	–22.4	0.3
6.	+/–	Changes in inventories, trade receivables and other assets not classifiable to investing or financing activities	–83.8	–38.9
7.	+/–	Changes in trade payables and other liabilities not classifiable to investing or financing activities	183.0	181.6
8.	–	Interest paid	–1.4	–2.1
9.	+	Interest received	0.2	0.0
10.	–	Taxes paid	–12.6	–6.8
11.	**=**	**Net Cash Flow from operating activities**	**252.9**	**293.1**
12.	+	Proceeds from the disposal of non-current assets and disposal of stores	1.2	0.8
13.	–	Investments in non-current assets	–26.4	–21.2
14.	+/–	Payments for acquisition and disposal of consolidated companies and other business units	50.6	–45.0
15.	**=**	**Net Cash Flow for investing activities**	**25.4**	**–65.4**
16.		**Free Cash Flow (sum of 11 and 15)**	**278.3**	**227.7**
17.	+	Receipts from appropriations to equity	1.1	0.6
18.	–	Payments for the repayment of financial liabilities	–67.3	–74.7
19.	+/–	Other financial changes	0.0	0.2
20.	**=**	**Net Cash Flow for financing activities**	**–66.2**	**–73.9**
21.	**=**	**Net change in cash and cash equivalents (total of rows 11, 15 and 23)**	**212.1**	**153.8**
22.	+/–	Net change in cash and cash equivalents due to currency translation	0.6	0.2
23.	+	Cash and cash equivalents as of 10/01/2010	51.7	36.7
24.	**=**	**Cash and cash equivalents as of 12/31/2010**	**264.4**	**190.7**

SEGMENT REPORTING

for the period from October 1 to December 31 (Q1)

Segmentation by geographic region

	Perfumeries		Books		Jewelry		Other	
	Q1 2010/11 (in EUR m)	Q1 2009/10 (in EUR m)	Q1 2010/11 (in EUR m)	Q1 2009/10 (in EUR m)	Q1 2010/11 (in EUR m)	Q1 2009/10 (in EUR m)	Q1 2010/11 (in EUR m)	Q1 2009/10 (in EUR m)
Sales								
Germany	340.0	325.5	242.0	229.1	124.3	113.1	74.9	74.4
International	319.4	316.1	76.0	68.1	0.0	0.0	1.7	1.8
	659.4	**641.6**	**318.0**	**297.2**	**124.3**	**113.1**	**76.6**	**76.2**
Non-current assets								
Germany	112.6	109.4	210.1	187.1	30.8	27.4	118.2	121.7
International	209.0	276.4	31.3	25.9	0.0	0.0	1.2	1.6
	321.6	**385.8**	**241.4**	**213.0**	**30.8**	**27.4**	**119.4**	**123.3**
Capital expenditure								
Germany	7.6	5.3	5.2	3.0	3.0	1.9	1.7	2.7
International	7.6	7.2	1.3	1.0	0.0	0.0	0.0	0.0
	15.2	**12.5**	**6.5**	**4.0**	**3.0**	**1.9**	**1.7**	**2.7**

SEGMENT REPORTING

for the period from October 1 to December 31 (Q1)

Segmentation by divisions

		Perfumeries		Books		Jewelry	
		Q1 2010/11	Q1 2009/10	Q1 2010/11	Q1 2009/10	Q1 2010/11	Q1 2009/10
Sales (net)	in EUR m	659.4	641.6	318.0	297.2	124.3	113.1
Intersegment sales	in EUR m	0.0	0.0	0.0	0.0	0.0	0.0
Sales	in EUR m	659.4	641.6	318.0	297.2	124.3	113.1
EBITDA	in EUR m	114.8	89.5	43.3	53.4	30.1	26.6
EBITDA margin	in %	17.4	14.0	13.6	18.0	24.2	23.5
Scheduled amortization/depreciation	in EUR m	15.2	15.6	7.6	6.4	2.1	1.8
Impairments	in EUR m	22.9	0.0	0.0	0.0	0.0	0.0
EBIT	in EUR m	76.7	73.9	35.7	47.0	28.0	24.8
Interest expense	in EUR m	3.0	3.6	4.3	8.5	0.7	0.7
Interest income	in EUR m	0.4	0.3	0.2	0.1	0.1	0.1
EBT	in EUR m	74.1	70.6	31.6	38.6	27.4	24.2
Capital expenditure	in EUR m	15.2	12.5	6.5	4.0	3.0	1.9
Average annual number of employees (FTEs)		12,515	12,166	4,312	4,275	1,854	1,720
Sales area	1,000 m^2	283	281	251	242	22	21
Number of stores (Dec. 31)		1,212	1,230	294	292	205	205

STATEMENT OF CHANGES IN GROUP EQUITY

Statement of changes in Group equity

	Capital stock (in EUR m)	Additional paid-in capital (in EUR m)	Retained earnings: Other retained earnings (in EUR m)	Retained earnings: Results from Cash Flow Hedges (in EUR m)	Retained earnings: Differences from currency translation (in EUR m)	Minority interests (in EUR m)	Total (in EUR m)
10/01/2009	**117.8**	**218.9**	**386.3**	**–1.4**	**–10.9**	**0.2**	**710.9**
Currency translation					0.3	0.2	0.5
IAS 39					0.3		0.3
Net income for the period			96.2			0.1	96.3
Total comprehensive income	**0.0**	**0.0**	**96.2**	**0.0**	**0.6**	**0.3**	**97.1**
Capital increase (employee shares)	0.2	1.3					1.5
IAS 32			–0.4				–0.4
Transactions with shareholders	**0.2**	**1.3**	**–0.4**	**0.0**	**0.0**	**0.0**	**1.1**
Change in scope of consolidation						5.4	5.4
12/31/2009	**118.0**	**220.2**	**482.1**	**–1.4**	**–10.3**	**5.9**	**814.5**
10/01/2010	**118.0**	**220.2**	**418.9**	**–1.1**	**–6.1**	**14.9**	**764.8**
Currency translation					–0.2	0.1	–0.1
IAS 39				0.2	1.6		1.8
Net income for the period			93.8			0.1	93.9
Total comprehensive income	**0.0**	**0.0**	**93.8**	**0.2**	**1.4**	**0.2**	**95.6**
Capital increase (employee shares)	0.1	2.1					2.2
Transactions with shareholders	**0.1**	**2.1**	**0.0**	**0.0**	**0.0**	**0.0**	**2.2**
Change in scope of consolidation					2.3		2.3
12/31/2010	**118.1**	**222.3**	**512.7**	**–0.9**	**–2.4**	**15.1**	**864.9**

Fashion Q1 2010/11	Fashion Q1 2009/10	Confectionery Q1 2010/11	Confectionery Q1 2009/10	Services Q1 2010/11	Services Q1 2009/10	Reconciliation Q1 2010/11	Reconciliation Q1 2009/10	DOUGLAS Group Q1 2010/11	DOUGLAS Group Q1 2009/10
35.5	34.9	40.5	40.6	0.6	0.7	0.0	0.0	1,178.3	1,128.1
0.0	0.0	0.8	0.6	9.1	8.1	–9.9	–8.7	0.0	0.0
35.5	34.9	41.3	41.2	9.7	8.8	–9.9	–8.7	1,178.3	1,128.1
5.1	5.3	9.8	9.6	–4.1	–5.5	0.0	0.0	199.0	178.9
14.3	15.1	23.7	23.4	–	–	0.0	0.0	16.9	15.9
1.6	1.6	0.7	0.7	2.5	2.2	0.0	0.0	29.7	28.3
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.9	0.0
3.5	3.7	9.1	8.9	–6.6	–7.7	0.0	0.0	146.4	150.6
0.3	0.4	0.1	0.0	1.1	1.3	–4.5	–4.9	5.0	9.6
0.0	0.0	0.0	0.0	4.5	5.1	–4.5	–4.9	0.7	0.7
3.2	3.3	9.0	8.9	–3.2	–3.9	0.0	0.0	142.1	141.7
0.2	0.4	0.7	0.8	0.8	1.5	0.0	0.0	26.4	21.1
616	611	799	763	506	489	0	0	20,602	20,024
36	35	15	16	0	0	0	0	607	595
14	14	258	275	0	0	0	0	1,983	2,016

NOTES TO THE Q1 INTERIM FINANCIAL REPORT OF DOUGLAS HOLDING AG FOR THE FISCAL YEAR 2010/11

The consolidated financial statements for the first three months of the 2010/11 fiscal year have been prepared in conformity with IAS 34 (Interim Financial Reporting). A review of the consolidated financial statements by the independent Group auditors has not been performed. The accounting and valuation principles as well as the consolidation principles are consistent with those principles applied to the consolidated financial statements as of September 30, 2010. Any sales-related, seasonal or cyclical factors have been deferred during the fiscal year in accordance with sound business judgment.

The financial statements of the domestic and foreign subsidiaries included in the consolidated financial statements have been prepared in a uniform manner according to the IFRS classification, accounting and measurement principles. Accounting and valuation principles varying from the Group uniform standards have been accounted for in the separate preparation of the HGB balance sheet (HB II).

According to a resolution of the Executive Board and the approval of the Supervisory Board by application of authorization from the shareholders' meeting held on March 12, 2008, DOUGLAS HOLDING AG's capital stock was increased by 168,990 EUR from the issuance of 56,330 new shares to employees. Including the share premium, the DOUGLAS HOLDING AG received funds in the amount of 1,126,600 EUR from the issuance of the employee shares.

As a consequence of the underperformance reported by the Perfumery Douglas France S.A. in the first quarter of the current fiscal year, an impairment test was performed on the carrying value of the goodwill amount attributable to this cash-generating unit. The findings from the impairment test triggered an impairment loss in the amount of 22.9 million EUR. The write-downs to goodwill were allocated to the Perfumeries corporate division. The entire impairment loss for the cash-generating unit Douglas France S.A. was deducted from the carrying value of the goodwill amount. The remaining goodwill amount for Douglas France S.A. corresponds to its value in use. The basis of the impairment testing was a budget plan for a detailed period of ten years and a subsequent perpetual annuity. The calculation was based on a growth rate of 1.0 percent, with a discount rate of 8.8 percent before taxes.

The Russian subsidiaries, OOO Douglas Rivoli and OOO International Company, both based in Moscow/Russia, and Rivoli Holding B.V., based in Nijmegen/Netherlands, were sold on December 30, 2010. The Group received a cash sum in the amount of 52.8 million EUR from this sale, with a capital gain of 22.3 million EUR. Contractual assurance, which is customary in Russia, was given to the buyer especially for the brandname and the portfolio of leases.

There are no risks identified at the present time that might endanger the going concern of the DOUGLAS Group. A detailed presentation of the business risks and a description of the risk management system can be found on pages 57 to 63 of the Annual Report for the 2009/10 fiscal year. Statements made there still apply to a material extent.

Financial calendar

March 23, 2011	Annual Shareholders' Meeting, Hagen
March 24, 2011	Dividend Distribution
May 11, 2011	Mid-year Report H1 2010/11
August 10, 2011	Interim Report 9M 2010/11
October 10, 2011	Trading Statement for the fiscal year 2010/11 (10/01/2010 – 09/30/2011)

Contact

Communication
Phone (+49) 23 31/690-466
Fax (+49) 23 31/690-690
pr@douglas-holding.com

Investor Relations
Phone (+49) 23 31/690-5301
Fax (+49) 23 31/690-8760
ir-info@douglas-holding.com

Credits

Publisher
DOUGLAS HOLDING AG
Kabeler Straße 4
58099 Hagen
Phone (+49) 23 31/690-0
Fax (+49) 23 31/690-271
info@douglas-holding.com

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Further information and the latest corporate communications can be found on our website at www.douglas-holding.com.

Forward-looking statements: This Interim Report contains statements that refer to future developments. These statements are based on estimations made according to information available at the time this report was prepared. Should the assumptions applied in these statements not prove accurate or should risks occur, actual results could differ from the currently forecast results.

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