Interim Report H1
Fiscal Year 2010/11

DOUGLAS HOLDING

Excellence in Retailing

AN OVERVIEW OF THE DOUGLAS GROUP

Fig. 1 · Key figures

		H1 (10/01–03/31)			Q2 (01/01–03/31)		
		2010/11	2009/10	Change (in %)	2010/11	2009/10	Change (in %)
Sales	EUR m	1,873.9	1,834.6	2.1	695.6	706.5	–1.6
National	EUR m	1,245.3	1,199.1	3.9	463.1	457.0	1.3
International	EUR m	628.6	635.5	–1.1	232.5	249.5	–6.8
EBITDA	EUR m	206.9	202.2	2.3	7.9	23.3	–65.9
Margin	in %	11.0	11.0	–	1.1	3.3	–
EBT	EUR m	121.4	130.2[1]	–6.8	–20.7	–5.4	–
Margin	in %	6.5	7.1	–	–3.0	–0.8	–
Net income	EUR m	78.6	91.4	–14.0	–15.3	–4.9	–
Earnings per share	EUR	1.99	2.32	–14.2	–0.39	–0.13	–
Share price as of 03/31	EUR	38.51	34.21	12.6			
Free Cash Flow	EUR m	109.3	102.0	7.2			
Capital expenditure	EUR m	55.3	45.5	21.5			

		03/31/2011	03/31/2010	09/30/2010
Equity	EUR m	798.2	771.8	764.8
Equity ratio	in %	46.2	44.8	44.6
Balance sheet total	EUR m	1,726.0	1,723.3	1,713.4
Working capital[2]	EUR m	478.8	463.5	418.1
Net bank credit[3]	EUR m	66.8	107.9	124.0
Employees		23,745	24,076	24,655
Stores		1,927	1.972	1.973
Sales area	1,000 m²	591.8	592.4	596.6

[1] Not 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
[2] Inventories and trade accounts receivable less trade accounts payable
[3] Liabilities to banks less liquid funds

SALES PERFORMANCE DURING THE FIRST SEVEN MONTHS OF THE 2010/11 FISCAL YEAR

- Sales at the end of April were 2.8 percent above the prior year (domestic: +4.6 percent; foreign: -0.7 percent)
- Like-for-like sales were 1.7 percent above the prior year (domestic: +3.2 percent; foreign: -1.2 percent)

HALF-YEAR DEVELOPMENT ADVERSELY IMPACTED BY SHIFT IN EASTER BUSINESS

Group sales up 2.1 percent

- Respectable sales performance delivered in Germany by Douglas and Christ
- Like-for-like sales at Thalia declined due to industry conditions
- Sales at Hussel behind the previous year due to shift in Easter business
- Foreign sales continued to decrease

Earnings before taxes affected by shift in Easter business

- Prior year's EBT benefited from positive one-off effect and from Easter business
- Earnings up at Christ and AppelrathCüpper
- Thalia earnings affected by sales shift towards the Internet

Solid financing and capital structure

- Free Cash Flow at 109.3 million EUR after 102.0 million EUR in the previous year
- Net bank debt reduced from 107.9 million EUR to 66.8 million EUR

Annual forecast confirmed

- Sales growth between 2 and 4 percent
- Earnings before taxes of approximately 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 24,000 employees spanning across 18 countries throughout Europe. 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 represented in Europe through 1,171 perfumeries in 18 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 multi-channel offerings – comprising of 293 bookstores, online shops and an impressive eBook collection. www.thalia.de
CHRIST	The 203 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 13 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 247 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

Overall stable development in the Euro region

The economic recovery in Europe continued into the first months of 2011. However, economic growth slowed down following the expiration of the economic programs. In the last quarter of 2010, the real gross domestic product (GDP) in the Euro region rose by 0.3 percent quarter-on-quarter according to the calculations of the European Commission. Whereas the Netherlands performed above average (0.6 percent), France, Spain and Italy showed slightly lower growth rates. According to initial estimates of the European Commission, the real GDP in the Euro region posted total quarter-on-quarter growth of 0.5 percent in the first three months of the year 2011. The European economic research institutes ifo, INSEE and ISTAT are assuming that seasonally-adjusted private consumption in the Euro zone will have lost momentum in the first quarter 2011, too. The institutes are predicting growth of 0.2 percent versus 0.4 percent in the fourth quarter 2010.

On-going economic recovery in Germany

Although the performance in the fourth quarter 2010 was behind the expectations of the leading economic research institutes mainly due to the early onset of winter, the German economy experienced a sustained upswing in the spring 2011. Based on the joint economic forecast of the institutes, the GDP was up 0.8 percent in the first three months 2011 on a quarter-on-quarter basis. The sustained recovery is supported by both domestic and external demand. According to the German Retail Federation (Handelsverband Deutschland, HDE), the first quarter of 2011 proved to be encouraging for most of the retailers in Germany. The Retail Federation is currently predicting a stable development for 2011, but is also warning against demand risks that could arise for German retail business from rising oil and food prices. According to the preliminary calculations of the Federal Statistical Office, the German retailers could top sales in January and February 2011 compared to the previous year (nominal plus 4.2 and 3.4 percent, respectively), while the sales in March were down by a nominal 2.0 percent against the prior year's figure.

NET ASSETS, FINANCIAL POSITION AND RESULT OF OPERATIONS

Respectable sales performance in Germany compensates challenging sales performance in some foreign markets

On a year-on-year comparison, it is noted that this year's Easter sales fell completely in the month of April and therewith into the third reporting quarter. In the previous year, the Easter sales fell largely in the second reporting quarter. Against this background, the DOUGLAS Group's sales performance in the first half of the current fiscal year 2010/11 was respectable on the whole.

Fig. 3

Group sales for the period from October 1, 2010 to March 31, 2011 were up 2.1 percent to 1.87 billion EUR (prior year: 1.83 billion EUR). On a comparative basis (like-for-like), this corresponds to a sales gain of 0.9 percent. Currency-adjusted Group sales rose by 1.5 percent.

By including the entire half-year sales of the online book retailer buch.de internetstores AG (buch.de) – which was only fully consolidated since December 1, 2009 – in the prior year's reporting period, a sales gain of 1.2 percent would result in the first half-year period of the current fiscal year (Germany: 2.8 percent; foreign: -1.7 percent).

Internet sales continued to deliver a dynamic performance, increasing by roughly 34 percent against the preceding year. Its share in Group sales reached about 6 percent in the first-half of fiscal year 2010/11.

In Germany, sales developed respectably during the reporting period, rising by 3.9 percent to 1.25 billion EUR (prior year: 1.20 billion EUR). Like-for-like sales were 2.4 percent above the previous year. Foreign sales were down 1.1 percent to 628.6 million EUR due to weaker consumption demand in several markets (prior year: 635.5 million EUR). At a minus of 2.1 percent, like-for-like foreign sales in the reporting period were also behind the prior year. Correspondingly, the share of foreign sales to Group sales declined from 34.6 percent to 33.5 percent.

The **Douglas perfumeries** reached half-year sales of 1.04 billion EUR, thus improving slightly by 0.6 percent year-on-year. Like-for-like sales outperformed the prior year's figure by 1.4 percent. In Germany, the perfumeries succeeded in raising sales by 4.4 percent (like-for-like: 4.3 percent) to 541.5 million EUR. Outside of Germany, sales reached 500.1 million EUR. This translates into a decline of 3.2 percent, which was the consequence of the divestiture of the Russian store network as of December 30, 2010 and the withdrawal from the markets in the USA and Denmark. Adjusted for these items, sales were up 0.9 percent year-on-year. Like-for-like sales were down 1.7 percent on the prior year. This was largely due to the unsatisfactory development in France, Italy, Spain and Portugal. By contrast, the perfumeries in Austria, the Netherlands and Turkey delivered a pleasing performance. The share of foreign sales to Group perfumery sales reduced to 48.0 percent after 50.0 percent a year earlier.

The **Thalia group** increased its six-month sales by 3.8 percent to 517.0 million EUR. However, in last year's comparative period, sales of the online bookseller buch.de were only consolidated from December 2009. If the October and November sales from last year would have been included, the sales gain would have been 0.5 percent (Germany: -0.9 percent; foreign: 5.0 percent). Like-for-like sales of the Thalia group were 1.7 percent behind the prior year's figure. In Germany, like-for-like sales fell by 1.1 percent year-one-year due to the persistently weak industry development. The Thalia group's like-for-like sales outside of Germany missed the prior year's figure by 3.3 percent. In contrast, the online sales continued to develop dynamically, soaring by some 30 percent in the first half of the fiscal year. In the reporting period, the Thalia group generated approximately 15 percent of total sales from the Internet.

The **Christ jewelry stores** achieved sales of 189.8 million EUR in the reporting year, thus outperforming the high prior year's figure by 9.3 percent. Like-for-like sales of plus 8.5 percent were also substantially above the preceding year. Therefore, Christ – driven by the successful trend and exclusive labels strategy – succeeded in continuing with the above-average solid sales performance when compared to the industry.

The **AppelrathCüpper fashion stores** succeeded in reaching sales of 65.6 million EUR for the period from October 2010 to March 2011. This translates to an improvement of 1.6 percent over the same period last year. On a like-for-like basis– taking into account the closure of the fashion store in Solingen in January 2011 – sales of plus 1.9 percent were also above the prior year's figure.

The **Hussel confectionery shops** registered six-month sales of 58.5 million EUR. This corresponds to a drop of 5.8 percent, because the prior year's sales from the all-important Easter business fell almost completely in the month of March. Adjusted for store closures, sales lagged 5.2 percent behind the previous year's level.

Fig. 3 · Net sales by division

	Net sales (in EUR m)		Change (in %)		Net sales (in EUR m)		Change (in %)	
	H1 2010/11	H1 2009/10	total	like-for-like	Q2 2010/11	Q2 2009/10	total	like-for-like
Perfumeries	1,041.6	1,034.9	0.6	1.4	382.2	393.3	–2.8	0.5
National	541.5	518.5	4.4	4.3	200.5	193.0	3.9	3.6
International	500.1	516.4	–3.2	–1.7	181.7	200.3	–9.3	–2.9
Books	517.0	498.0	3.8	–1.7	199.0	200.8	–0.9	–2.9
National	391.1	381.7	2.5	–1.1	149.1	152.6	–2.4	–2.2
International	125.9	116.3	8.3	–3.3	49.9	48.2	3.8	–5.0
Jewelry	189.8	173.6	9.3	8.5	65.5	60.5	8.3	7.5
Fashion	65.6	64.6	1.6	1.9	30.1	29.7	1.6	3.1
Confectionery	58.5	62.1	–5.8	–5.2	18.0	21.5	–16.6	–16.5
National	55.9	59.3	–5.7	–5.3	17.1	20.5	–16.4	–16.4
International	2.6	2.8	–9.0	–2.6	0.9	1.0	–21.1	–18.0
Services	1.4	1.4	–	–	0.8	0.7	–	–
DOUGLAS Group	1,873.9	1,834.6	2.1	0.9	695.6	706.5	–1.6	–0.4
National	1,245.3	1,199.1	3.9	2.4	463.1	457.0	1.3	1.1
International	628.6	635.5	–1.1	–2.1	232.5	249.5	–6.8	–3.4

Store network figure down on the prior year

As of March 31, 2011, the DOUGLAS Group's store network consisted of 1,927 specialty retail stores (prior year: 1,972) or 45 less than previous year. The opening of a total of 57 new stores (prior year: 85) in the last twelve months was offset by 65 store closures (prior year: 108) and 37 disposals (prior year: 2 acquisition-related additions). The closures mainly relate to the perfumeries and confectionery divisions. Following the conclusion of the store network streamlining program and the withdrawal from the markets in Denmark, the USA and Russia, the DOUGLAS Group is now focusing on expanding its market position in the European core countries.

Fig. 4

Fig. 4 · Store network development

	Stores		Change
	03/31/2011	03/31/2010	absolute
Perfumeries	1,171	1,207	–36
National	445	446	–1
International	726	761	–35
Books	293	288	5
National	234	232	2
International	59	56	3
Jewelry	203	203	0
Fashion	13	14	–1
Confectionery	247	260	–13
National	233	246	–13
International	14	14	0
Services	–	–	–
DOUGLAS Group	1,927	1,972	–45
National	1,128	1,141	–13
International	799	831	–32

Earnings before taxes affected by Easter shift

Fig. 5

The DOUGLAS Group's earnings before taxes (EBT) came in at 121.4 million EUR in the first half-year period following 130.2* million EUR the year before. However, the prior year's earnings benefited from the Easter business. The current half-year earnings contain one-off income in the amount of 22.3 million EUR from the divestiture of the perfumery activities in Russia and write-downs of 22.9 million EUR for goodwill in France. The return on sales – the ratio of EBT to sales – reached 6.5 percent in the first half-year period after 7.1* percent in the preceding year.

The earnings of the Douglas perfumeries were impacted by the shift in the Easter business and the weak sales performance delivered in several foreign markets and therefore did not succeed in matching the prior year's figure. Thalia fell significantly short of prior year's earnings which were positively impacted by the one-off income from the revaluation of the buch.de shares. In this respect, the persistent industry-wide unsatisfactory sales performance, especially in Germany, adversely impacted the earnings. The Christ jewelry stores further increased their earnings as a consequence of the good sales performance and the further expansion of the share in exclusive and private labels. Thanks to the positive sales performance, the AppelrathCüpper women's fashion stores surpassed the prior year's earnings and improved the EBT margin from 0.3 percent to 2.0 percent. The Hussel confectionery shops on the other hand posted earnings significantly below the prior year's level as a result of the lower sales from the shift in the Easter business.

Earnings before interest, taxes, depreciation and amortization (EBITDA) of the DOUGLAS Group increased from 202.2 million EUR to 206.9 million EUR due to the one-off income arising from the divestiture of the companies in Russia. At 11.0 percent, the EBITDA margin – the ratio of EBITDA to sales – reached the prior year's level.

* Not 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.

The tax expenses decreased from 44.9 million EUR to 42.8 million EUR in the reporting period. This resulted in an interim tax ratio of 35.2 percent compared to 32.9 percent in the same period last year.

The DOUGLAS Group closed the first half of the fiscal year 2010/11 with Group net income of 78.6 million EUR following 91.4 million EUR one year earlier. Earnings per share declined accordingly from 2.32 EUR to 1.99 EUR. Adjusted for the revaluation effect for the buch.de shares, the earnings per share in the preceding year stood at 2.16 EUR.

Fig. 5 · EBT and EBT margins

	H1 (10/01–03/31)				Q2 (01/01–03/31)			
	EBT (in EUR m)		EBT margin (in %)		EBT (in EUR m)		EBT margin (in %)	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Perfumeries	74.0	76.6	7.1	7.4	–0.1	6.0	0.0	1.5
Books	17.7	27.4[1]	3.4	5.5[1]	–13.9	–5.1	–7.0	–2.5
Jewelry	23.2	20.1	12.2	11.6	–4.2	–4.1	–6.4	–6.8
Fashion	1.3	0.2	2.0	0.3	–1.9	–3.1	–6.3	–10.3
Confectionery	5.2	7.5	8.7	11.8	–3.8	–1.4	–20.6	–6.7
Services	0.0	–1.6	–	–	3.2	2.3	–	–
DOUGLAS Group	121.4	130.2[1]	6.5	7.1[1]	–20.7	–5.4	–3.0	–0.8

[1] Not 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

Higher capital expenditure in the store network

The DOUGLAS Group's investment volume at the end of the reporting period came in at 55.3 million EUR after 45.5 million EUR the year before. Investments comprised of 34 new store openings (prior year: 49) and, in particular, of expanding store sales space and upgrading the store network. In the largest division Perfumeries, Douglas opened 22 new stores in the first half-year period (prior year: 31), with the focus on Poland and Croatia. In total, a capital expenditure volume of around 125 million EUR is planned for the 2010/11 fiscal year.

Free Cash Flow above the high prior year's level

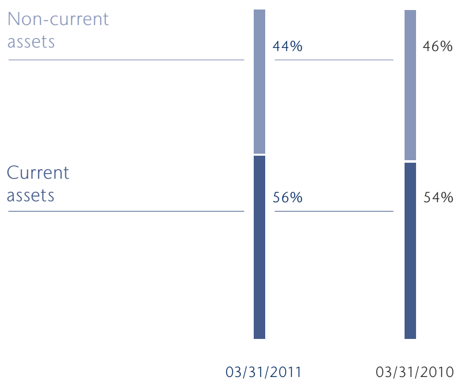
At the end of the first six months of the 2010/11 fiscal year, the free cash flow came in at 109.3 million EUR versus 102.0 million EUR one year earlier. The cash inflow from operating activities significantly declined to 112.9 million EUR after 190.3 million EUR the year before, which was due to the higher inventories balance held in storage for the Easter business, higher tax payments and lower operating earnings. Outflow for investing activities decreased by 84.7 million EUR. The divestiture of the Russian subsidiaries during the reporting period was offset by both the purchase price payments for buch.de shares and the acquisition payments for two minority shareholdings in the preceding year.

Continued solid net assets and capital structure

Fig. 6/7

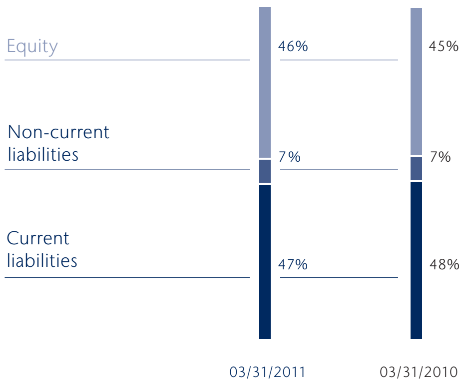
On a year-on-year comparison, the balance sheet total remained virtually unchanged at 1.73 billion EUR. The equity ratio as of March 31, 2011 increased to 46.2 percent versus 44.8 percent in the same period last year. Working capital increased against previous year due to the later Easter business. At the end of the reporting period, the net bank debt reduced to 66.8 million EUR as a result of the divestiture of the perfumeries in Russia (prior year: 107.9 million EUR).

Fig. 6 · Assets structure



1,726.0 EUR m 1,723.3 EUR m

Fig. 7 · Equity and liabilities structure



1,726.0 EUR m 1,723.3 EUR m

Number of employees slightly below prior year

As of March 31, 2011, the DOUGLAS Group employed a total of 23,745 staff (prior year: 24,076). This translates to a slight decrease of 1.4 percent over the prior year, which is largely due to the divestiture of the 32 Russian perfumery stores as of December 30, 2010. As of the end of the first six-month period, the number of employees outside of Germany totaled 8,855 employees (prior year: 9,501) plus 14,887 in Germany (prior year: 14,575), of which 1,714 represented trainees or apprentices. Personnel expenses increased from 356.7 million EUR to 371.8 million EUR. At 19.8 percent, the personnel expense ratio was almost at the prior year's level.

The DOUGLAS share

Fig. 8/9

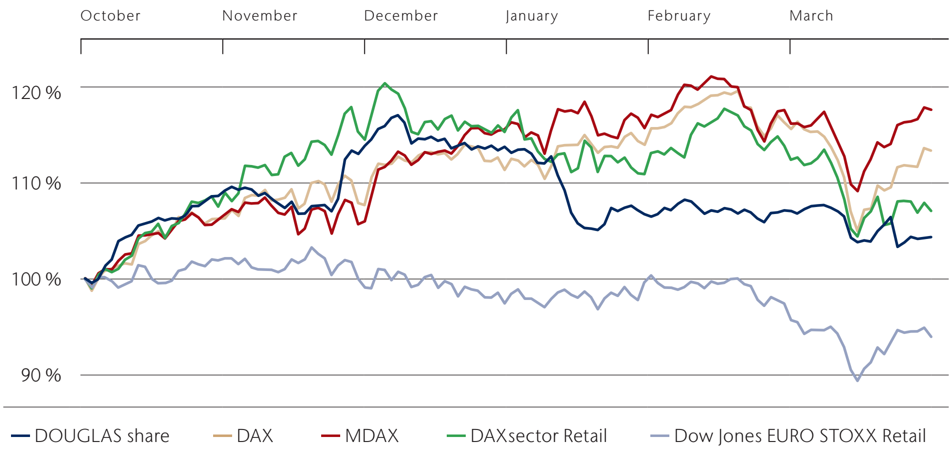
The DOUGLAS share closed on XETRA at 38.51 EUR on March 31, 2011, registering a gain of 7.9 percent including dividend payment* in the first half of the 2010/11 fiscal year. In the same reporting period, the MDAX rose by 17.3 percent and the DAX by 12.8 percent. The average daily turnover of DOUGLAS shares on XETRA stood at 124,523 shares. The volume-weighted average rate came in at 40.18 EUR. According to the Deutsche Börse AG's indexing system, which only takes free float into account when calculating market capitalization, the DOUGLAS share ranked 38th in the MDAX as of the end of March 2011 (prior year: 28th).

*Including dividend pament of 1.10 EUR per share on March 24, 2011.

Fig. 8 · The DOUGLAS share

		03/31/2011	03/31/2010
Shares issued	m	39.4	39.3
Capital stock	EUR m	118.1	118.0
Market capitalization	EUR m	1,516.4	1,345.0
Stock quotation	EUR	38.51	34.21
XETRA – highest stock quotation (10/01–03/31)	EUR	43.36	36.46
XETRA – lowest stock quotation (10/01–03/31)	EUR	36.70	29.56

Fig. 9 · Indexed price of the DOUGLAS share for the first six-month period 2010/11



No change in the opportunities and risks 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

Moderate growth in the Euro region

The Kiel Institute for the World Economy (IfW) anticipates overall moderate economic growth for the 17 members in the Euro region and projects a rise in the real gross domestic product of 1.7 and 1.5 percent for 2011 and 2012, respectively. According to IfW, a strong recovery is unlikely in the current calendar year, since economic dampening factors, particularly the tense situation of public finances in the wake of the financial crisis are expected to remain. The Institute predicts that private consumption in the Euro region will increase by 0.9 and 1.2 percent for the years 2011 and 2012, respectively. The Rhine-Westphalia Institute for Economic Research (RWI) projects the following country-based heterogeneous economic outlook for the individual Euro region countries: positive economic outlooks and a noticeable brightening of consumer sentiment in Germany, the Netherlands and Austria; only a slow economic recovery and moderate upswing in France and Italy; unfavorable prospects and poor consumer sentiment in Portugal and Spain.

Positive impulse for the German economy

In their joint economic forecast of spring 2011, the leading economic research institutes are projecting a rise in the German GDP of 2.8 percent in the current year and growth of 2.0 percent for 2012. According to the institutes, there are strong indications that a robust upswing, which is the current case for Germany, will persist. Although the higher raw material and energy prices, uncertainty about developments in the Arab world and the consequences of the natural and nuclear disaster in Japan all impact the expectations for the economy; on the other hand, the economists see positive impetus to come from the upwards moving global economy and the improved income situation of the private households. The German Retail Association still predicts a nominal sales gain of 1.5 percent in the retail sector for 2011. Price-adjusted, this figure corresponds to about the same as the prior year's level.

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. The DOUGLAS Group will continue with its unchanged investment portfolio, without neglecting the ongoing pursuit and use of optimization potential. Furthermore, with the group-wide 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 set aside. 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 of exclusive and private labels in total sales will be further expanded within the product-mix portfolio.

The **Thalia group** will push ahead its multi-channel strategy with the aim of 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 about 15 million EUR in opening five to ten new specialty stores and making numerous upgrades. Furthermore, 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 is 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 taken a key step in becoming a 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 concept is presented under the “AC” logo. With the unveiling of the AC online shop www.appelrath.com, 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 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 half-year performance in the 2010/11 fiscal year was respectable on the whole given the shift in Easter business. On the basis of the sales and earnings performance in the first six months, the Executive Board is confirming the forecast for the 2010/11 fiscal year. The Executive Board still predicts a sales gain of 2 to 4 percent, with earnings before taxes (EBT) 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 March 31, 2011

Income statement

		H1 2010/11 10/01/2010 to 03/31/2011 (in EUR m)	H1 2009/10 10/01/2009 to 03/31/2010 (in EUR m)	Q2 2010/11 01/01/2011 to 03/31/2011 (in EUR m)	Q2 2009/10 01/01/2010 to 03/31/2010 (in EUR m)
1.	**Sales**	**1,873.9**	**1,834.6**	**695.6**	**706.5**
2.	Cost of raw materials, consumables and supplies and merchandise	–995.9	–978.8	–364.3	–370.5
3.	**Gross profit from retail business**	**878.0**	**855.8**	**331.3**	**336.0**
4.	Other operating income	121.7	100.4	44.7	44.2
5.	Personnel expenses	–371.8	–356.7	–182.0	–175.6
6.	Other operating expenses	–421.0	–397.3	–186.1	–181.3
7.	**EBITDA**	**206.9**	**202.2**	**7.9**	**23.3**
8.	Amortization/depreciation	–81.8	–57.5	–29.2	–29.2
9.	**EBIT**	**125.1**	**144.7**	**–21.3**	**–5.9**
10.	Financial income	1.2	1.3	0.6	0.6
11.	Financial expenses	–4.9	–9.7	0.0	–0.1
12.	Financial result	–3.7	–8.4	0.6	0.5
13.	**Earnings before taxes (EBT)**	**121.4**	**136.3**	**–20.7**	**–5.4**
14.	Income taxes	–42.8	–44.9	5.4	0.5
15.	**Net income for the year**	**78.6**	**91.4**	**–15.3**	**–4.9**
16.	Profit attributable to minority interests	–0.2	–0.2	–0.1	–0.1
17.	**Profit attributable to the Group shareholders**	**78.4**	**91.2**	**–15.4**	**–5.0**
		(in EUR)	(in EUR)	(in EUR)	(in EUR)
	Earnings per share	**1.99**	**2.32**	**–0.39**	**–0.13**

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income

	H1 2010/11 10/01/2010 to 03/31/2011 (in EUR m)	H1 2009/10 10/01/2009 to 03/31/2010 (in EUR m)	Q2 2010/11 01/01/2011 to 03/31/2011 (in EUR m)	Q2 2009/10 01/01/2010 to 03/31/2010 (in EUR m)
Net income for the year	78.6	91.4	–15.3	–4.9
Foreign currency translation differences from translating the financial statements of a foreign operation	0.1	5.0	0.2	4.5
Effective portion of net investment hedges	1.2	1.1	–0.4	0.8
Effective portion of cash flow hedges	0.7	0.0	0.5	0.0
Total comprehensive income	**80.6**	**97.5**	**–15.0**	**0.4**
Total comprehensive income attributable to Group shareholders	80.4	97.3	–15.0	0.5
Total comprehensive income attributable to non-controlling interests	0.2	0.2	0.0	–0.1

CONSOLIDATED BALANCE SHEET

as of March 31, 2011

Assets

		03/31/2011 (in EUR m)	03/31/2010 (in EUR m)	09/30/2010 (in EUR m)
A.	Non-current assets			
I.	Intangible assets	243.1	273.8	269.1
II.	Property, plant and equipment	468.6	472.9	470.6
III.	Tax receivables	8.0	7.7	8.0
IV.	Financial assets	4.9	5.3	5.1
V.	Deferred tax assets	38.5	36.2	39.3
		763.1	795.9	792.1
B.	Current assets			
I.	Inventories	692.7	673.4	647.2
II.	Trade accounts receivable	47.1	51.5	48.0
III.	Tax receivables	36.5	31.3	17.9
IV.	Financial assets	87.3	90.9	96.7
V.	Other assets	28.2	32.1	25.4
VI.	Cash and cash equivalents	71.1	48.2	51.6
		962.9	927.4	886.8
C.	Assets held for sale	0.0	0.0	34.5
		1,726.0	1,723.3	1,713.4

Equity and liabilities

		03/31/2011 (in EUR m)	03/31/2010 (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	449.1	427.6	411.7
IV.	Minority interests	8.7	6.0	14.9
		798.2	771.8	764.8
B.	Non-current liabilities			
I.	Provisions for pensions	31.6	29.7	31.5
II.	Other non-current provisions	23.6	23.2	23.1
III.	Financial liabilities	41.5	60.0	41.6
IV.	Other liabilities	4.5	6.1	5.0
V.	Deferred tax liabilities	12.7	7.1	12.6
		113.9	126.1	113.8
C.	Current liabilities			
I.	Current provisions	123.4	124.9	133.2
II.	Trade accounts payable	261.1	261.4	277.1
III.	Tax liabilities	83.5	98.1	55.4
IV.	Financial liabilities	201.1	205.3	239.8
V.	Other liabilities	144.8	135.7	122.1
		813.9	825.4	827.6
D.	Liabilities held for sale	0.0	0.0	7.2
		1,726.0	1,723.3	1,713.4

STATEMENT OF CHANGES IN GROUP EQUITY

Statement of changes in Group equity

			Retained earnings				
	Capital stock (in EUR m)	Additional paid-in capital (in EUR m)	Other retained earnings (in EUR m)	Results from Cash Flow Hedges (in EUR m)	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					5.0		5.0
IAS 39					1.1		1.1
Net income for the period			91.2			0.2	91.4
Total comprehensive income	0.0	0.0	91.2	0.0	6.1	0.2	97.5
Capital increase (employee shares)	0.2	1.3					1.5
IAS 32			–0.4				–0.4
Dividend payment			–43.3				–43.3
Transactions with shareholders	0.2	1.3	–43.7	0.0	0.0	0.0	–42.2
Changes in the scope of consolidation						5.6	5.6
03/31/2010	118.0	220.2	433.8	–1.4	–4.8	6.0	771.8
10/01/2010	118.0	220.2	418.9	–1.1	–6.1	14.9	764.8
Currency translation					0.1		0.1
IAS 39				0.7	1.2		1.9
Net income for the period			78.4			0.2	78.6
Total comprehensive income	0.0	0.0	78.4	0.7	1.3	0.2	80.6
Capital increase (employee shares)	0.1	2.1					2.2
Acquisition of shares			–2.0			–6.4	–8.4
Dividend payment			–43.3				–43.3
Transactions with shareholders	0.1	2.1	–45.3	0.0	0.0	-6.4	–49.5
Changes in the scope of consolidation					2.3		2.3
03/31/2011	118.1	222.3	452.0	–0.4	–2.5	8.7	798.2

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow statement

			10/01/2010 to 03/31/2011 (in EUR m)	10/01/2009 to 03/31/2010 (in EUR m)
1.		EBIT	125.1	144.7
2.	+	Amortization/depreciation of non-current assets	81.8	57.5
3.	–/+	Decrease/increase in provisions	–9.0	–10.6
4.	+/–	Other non-cash income/expense	1.9	–2.4
5.	–/+	Profit/loss on the disposal of non-current assets	–21.9	0.6
6.	+/–	Changes in inventories, trade receivables and other assets not classifiable to investing or financing activities	–56.5	–16.7
7.	+/–	Changes in trade payables and other liabilities not classifiable to investing or financing activities	25.8	37.2
8.	–	Interest paid	–3.2	–3.0
9.	+	Interest received	0.5	0.4
10.	–	Taxes paid	–31.6	–17.4
11.	**=**	**Net cash flow from operating activities**	**112.9**	**190.3**
12.	+	Proceeds from the disposal of non-current assets and disposal of stores	1.1	2.2
13.	–	Investments in non-current assets	–55.3	–45.5
14.	+	Proceeds from the disposal of consolidated companies	50.6	0.0
15.	–	Payments from the acquisition of consolidated companies and other business units	0.0	–45.0
16.	**=**	**Net cash flow for investing activities**	**–3.6**	**–88.3**
17.		**Free cash flow (sum of 11 and 16)**	**109.3**	**102.0**
18.	+	Receipts from appropriations to equity	1.1	0.6
19.	–	Dividends paid to DOUGLAS shareholders	–43.3	–43.3
20.	–	Payments for the repayment of financial liabilities	–67.3	–76.8
21.	+	Proceeds from borrowings	29.5	31.1
22.	+/–	Other financial changes	–10.0	–2.5
23.	**=**	**Net cash flow from financing activities**	**–90.0**	**–90.9**
24.	**=**	**Net change in cash and cash equivalents (total of rows 11, 16 and 23)**	**19.3**	**11.1**
25.	+/–	Net change in cash and cash equivalents due to currency translation	0.2	0.5
26.	+	Cash and cash equivalents as of 10/01	51.7	36.7
27.	**=**	**Cash and cash equivalents as of 03/31**	**71.2**	**48.3**

SEGMENT REPORTING

Segmentation by business division – October 1 to March 31 (H1)

		Perfumeries		Books		Jewelry	
		H1 2010/11	H1 2009/10	H1 2010/11	H1 2009/10	H1 2010/11	H1 2009/10
Sales (net)	in EUR m	1,041.6	1,034.9	517.0	498.0	189.8	173.6
Intersegment sales	in EUR m	0.0	0.0	0.0	0.0	0.0	0.0
Sales	in EUR m	1,041.6	1,034.9	517.0	498.0	189.8	173.6
EBITDA	in EUR m	132.2	114.4	35.5	54.6	28.3	24.8
EBITDA margin	in %	12.7	11.1	6.9	11.0	15.0	14.3
Scheduled amortization/depreciation	in EUR m	30.0	31.6	15.0	13.2	4.2	3.7
Impairments	in EUR m	22.9	0.0	0.0	0.0	0.0	0.0
EBIT	in EUR m	79.3	82.8	20.5	41.4	24.1	21.1
Interest expense	in EUR m	6.1	7.1	3.2	8.2	1.1	1.1
Interest income	in EUR m	0.8	0.9	0.4	0.3	0.2	0.1
EBT	in EUR m	74.0	76.6	17.7	33.5	23.2	20.1
Capital expenditure	in EUR m	29.3	22.6	14.7	11.6	7.2	6.5
Average annual number of employees (FTEs)		12,169	12,202	4,327	4,272	1,860	1,726
Sales area	1,000 m²	278	280	249	242	22	21
Number of stores (03/31)		1,171	1,207	293	288	203	203

Segmentation by business division – January 1 to March 31 (Q2)

		Perfumeries		Books		Jewelry	
		Q2 2010/11	Q2 2009/10	Q2 2010/11	Q2 2009/10	Q2 2010/11	Q2 2009/10
Sales (net)	in EUR m	382.2	393.3	199.0	200.8	65.5	60.5
EBITDA	in EUR m	17.4	24.9	–7.8	1.2	–1.8	–1.8
Capital expenditure	in EUR m	14.1	10.1	8.2	7.6	4.2	4.6

Segmentation by geographical region – October 1 to March 31 (H1)

	Perfumeries		Books		Jewelry		Other	
	H1 2010/11 (in EUR m)	H1 2009/10 (in EUR m)	H1 2010/11 (in EUR m)	H1 2009/10 (in EUR m)	H1 2010/11 (in EUR m)	H1 2009/10 (in EUR m)	H1 2010/11 (in EUR m)	H1 2009/10 (in EUR m)
Sales								
Germany	539.6	518.5	391.1	381.7	189.8	173.6	122.9	125.3
International	502.0	516.4	125.9	116.3	0.0	0.0	2.6	2.8
	1,041.6	**1,034.9**	**517.0**	**498.0**	**189.8**	**173.6**	**125.5**	**128.1**
Non-current assets								
Germany	116.1	107.1	210.2	185.6	32.9	30.1	115.8	119.4
International	204.5	274.4	31.1	27.8	0.0	0.0	1.1	1.5
	320.6	**381.5**	**241.3**	**213.4**	**32.9**	**30.1**	**116.9**	**120.9**
Capital expenditure								
Germany	17.4	9.0	11.2	8.0	7.2	6.5	4.1	4.8
International	11.9	13.6	3.5	3.6	0.0	0.0	0.0	0.0
	29.3	**22.6**	**14.7**	**11.6**	**7.2**	**6.5**	**4.1**	**4.8**

Fashion		Confectionery		Services		Consolidation		DOUGLAS Group	
H1 2010/11	H1 2009/10	H1 2010/11	H1 2009/10	H1 2010/11	H1 2009/10	H1 2010/11	H1 2009/10	H1 2010/11	H1 2009/10
65.6	64.6	58.5	62.1	1.4	1.4	0.0	0.0	1,873.9	1,834.6
0.0	0.0	1.2	1.0	18.3	16.6	–19.5	–17.6	0.0	0.0
65.6	64.6	59.7	63.1	19.7	18.0	–19.5	–17.6	1,873.9	1,834.6
4.9	4.2	6.8	8.9	–0.8	–4.7	0.0	0.0	206.9	202.2
7.5	6.5	11.3	14.1	–	–	0.0	0.0	11.0	11.0
3.1	3.2	1.5	1.3	5.1	4.5	0.0	0.0	58.9	57.5
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.9	0.0
1.8	1.0	5.3	7.6	–5.9	–9.2	0.0	0.0	125.1	144.7
0.5	0.8	0.1	0.1	3.1	2.5	–9.2	–10.1	4.9	9.7
0.0	0.0	0.0	0.0	9.0	10.1	–9.2	–10.1	1.2	1.3
1.3	0.2	5.2	7.5	0.0	–1.6	0.0	0.0	121.4	136.3
0.5	0.4	1.7	1.6	1.9	2.8	0.0	0.0	55.3	45.5
614	607	768	748	514	490	0	0	20,252	20,045
35	35	15	16	0	0	0	0	599	594
14	14	247	260	0	0	0	0	1,927	1,972

Fashion		Confectionery		Services		Consolidation		DOUGLAS Group	
Q2 2010/11	Q2 2009/10	Q2 2010/11	Q2 2009/10	Q2 2010/11	Q2 2009/10	Q2 2010/11	Q2 2009/10	Q2 2010/11	Q2 2009/10
30.1	29.7	18.0	21.5	0.8	0.7	0.0	0.0	695.6	706.5
–0.2	–1.1	–3.0	–0.7	3.3	0.8	0.0	0.0	7.9	23.3
0.3	0.0	1.0	0.8	1.1	1.3	0.0	0.0	28.9	24.4

NOTES TO THE H1 INTERIM FINANCIAL REPORT OF DOUGLAS HOLDING AG FOR THE FISCAL YEAR 2010/11

The consolidated financial statements for the first six 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 in the previous year, dividends totaling 43.3 million EUR were distributed to the shareholders of DOUGLAS HOLDING AG.

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.

At the end of March 2011 in the Books division, another 17.4 percent interest was acquired in buch.de internetstores AG, Münster, at a purchase price of 8.4 million EUR. Accordingly, the shares held in the capital stock of buch.de internetstores AG increased to a total of 77.6 percent.

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.

In the first half-year of the 2010/11 fiscal year and the corresponding prior year's period, the DOUGLAS Group had the following related party transactions with companies and/or persons arising from delivery and service relations conducted in the past:

Related companies and/or persons

	Deliveries and services received (in EUR m)		Deliveries and services provided (in EUR m)	
	H1 2010/11	H1 2009/10	H1 2010/11	H1 2009/10
Related companies	0.0	0.0	0.0	0.0
Related persons	2.6	2.1	0.0	0.1
Total	**0.0**	**2.1**	**0.0**	**0.1**

The receivables due from related party transactions with companies and/or persons amounted to 0 million EUR on the balance sheet date (March 31, 2010: 0 million EUR), with corresponding payables due to related party transactions with companies and/or persons amounting to 0.6 million EUR (March 31, 2010: 0.7 million EUR). Business relationships with related persons are effected under the same conditions as with third parties (arm's length transactions).

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.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hagen, May 6, 2011
DOUGLAS HOLDING AG

The Executive Board

Dr. Henning Kreke   Dr. Burkhard Bamberger   Anke Giesen

Financial calendar	
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)
January 11, 2012	Balance Sheet Press Conference for the fiscal year 2010/11
January 12, 2012	Analysts' Conference
February 8, 2012	Interim Report Q1 2011/12
March 21, 2012	Annual Shareholders' Meeting
May 9, 2012	Interim Report H1 2011/12
August 8, 2012	Interim Report 9M 2011/12

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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.

The accompanying Interim Report was published on May 11, 2011.

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