

*Interim Report 9M
Fiscal Year 2010/11*

DOUGLAS  HOLDING

Excellence in Retailing



AN OVERVIEW OF THE DOUGLAS GROUP

Fig. 1 · Key figures

		9M (10/01–06/30)			Q3 (04/01–06/30)		
		2010/11	2009/10	Change (in %)	2010/11	2009/10	Change (in %)
Sales	EUR m	2,616.5	2,556.6	2.3	742.6	722.0	2.9
National	EUR m	1,738.6	1,664.6	4.4	493.3	465.5	6.0
International	EUR m	877.9	892.0	-1.6	249.3	256.5	-2.8
EBITDA	EUR m	241.1	228.3	5.6	34.2	26.1	31.0
Margin	in %	9.2	8.9	-	4.6	3.6	-
EBT	EUR m	126.7	128.6 ¹⁾	-1.5	5.3	-1.6	-
Margin	in %	4.8	5.0 ¹⁾	-	0.7	-0.2	-
Net income	EUR m	82.0	89.0	-7.9	3.3	-2.4	-
Earnings per share	EUR	2.08	2.26	-8.0	0.08	-0.06	-
Share price as of 06/30	EUR	36.19	34.29	5.5			
Free Cash Flow	EUR m	101.8	75.1	35.6			
Capital expenditure	EUR m	78.9	72.7	8.5			
		06/30/2011	06/30/2010	09/30/2010			
Equity	EUR m	802.8	770.1	764.8			
Equity ratio	in %	47.4	45.3	44.6			
Balance sheet total	EUR m	1,693.7	1,701.7	1,713.4			
Working capital ²⁾	EUR m	479.7	450.9	418.1			
Net bank debt ³⁾	EUR m	73.9	135.5	124.0			
Employees		23,809	24,008	24,655			
Stores		1,932	1,977	1,973			
Sales area	1,000 m ²	593.9	595.0	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 3²⁾ Inventories and trade accounts receivable less trade accounts payable³⁾ Liabilities to banks less liquid funds

MAIN DEVELOPMENTS IN THE FIRST NINE MONTHS 2010/11

Group sales 2.3 percent above the prior year

- Sales growth in Germany delivered by Douglas, Christ and AppelrathCüpper
- Like-for-like sales at Thalia below the prior year
- Foreign sales declining
- Internet sales on the whole soar by some 28 percent

Earnings before taxes at 126.7 million EUR

- Higher earnings contributed by Douglas, Christ and AppelrathCüpper
- Thalia's earnings significantly impacted by sales decrease in the stationary business
- Prior year's EBT benefited from positive one-off effect (6.1 million EUR)

Solid financing and capital structure

- Free Cash Flow up 26.7 million EUR to 101.8 million EUR
- Net bank debt reduced from 135.5 million EUR to 73.9 million EUR
- Equity ratio increased to 47.4 percent

Annual forecast confirmed

- Sales growth between 2 and 4 percent
- Earnings before taxes of approximately 140 million EUR
- Targets will be narrowly met despite weak performance of Thalia



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 more than 1,900 specialty stores and about 24,000 employees spanning across 17 countries throughout Europe. The brands Douglas, Thalia, Christ and Hüssel are market leaders in their sectors. At its respective locations, AppelrathCüpper counts among the leading fashion houses. All corporate divisions stand for excellent service, first-class products and a stimulating shopping ambiance in their respective specialty stores. They have established solid conditions to develop further in their market segments in becoming leading multi-channel providers.

Fig. 2 · The DOUGLAS Group Brands

	<p>Douglas is represented in Europe with 1,173 perfumeries in 17 countries. The Douglas brand stands for high expertise in the areas of perfumes, cosmetics and skin care at both the perfumery stores and the online shop. www.douglas.de</p>
	<p>The Thalia bookselling group is a market leader in German-speaking countries with multi-channel offerings – comprising of 295 bookstores, online shops and an impressive eBook collection. www.thalia.de</p>
<p>CHRIST</p>	<p>The 204 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</p>
<p>AppelrathCüpper</p>	<p>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</p>
<p>HUSSEL Confiserie</p>	<p>The 247 Hüssel 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</p>

Heterogeneous development in the Euro region

According to the predictions of the Kiel Institute for the World Economy (IfW), the economic recovery in the euro region continued after the turn of the calendar year 2010/2011. The real gross domestic product rose 3.3 percent in the first quarter 2011 compared to the preceding quarter. However, the overall economic performance of each country was inconsistent. Whereas Germany posted strong economic growth, France and the Netherlands as well as most of the middle and eastern European countries recorded somewhat weaker growth; the gross domestic product in Italy and Spain stagnated. The situation in Portugal continues to prove challenging. The IfW anticipates the second calendar quarter to post lower growth rates on the whole in the Euro region. According to the economic research institutes Ifo, INSEE and ISTAT, the consumption spending of private households in the Euro zone was up 1.0 percent in real terms in the first three months of the year over the same quarter last year; somewhat lower growth is predicted for the second quarter.

On-going economic recovery in Germany

The German economy posted a substantial growth rate in the first quarter 2011, which was also marked by catch-up effects. The real gross domestic product jumped 5.2 percent in the first three months of the calendar year versus the prior year. The German Federal Bank is assuming that the positive development will continue into the following months, but at a slower pace. The consumption spending of private households should benefit from rising wages and further improvement on the employment market. Based on the preliminary estimates of the Federal Statistical Office, the German retailer sector moved ahead by 2.9 percent in nominal terms in the first half of 2011 over the comparable prior year. In the June 2011 survey of the German Retail Federation (HDE), the retailers assessed the business situation as being largely positive. Even the long term future expectations in business performance are slightly higher.

NET ASSETS, FINANCIAL POSITION AND RESULT OF OPERATIONS

Respectable sales performance in Germany with challenging economic conditions in some foreign markets

The DOUGLAS Group's nine-month period of the 2010/11 fiscal year (October 1, 2010 to June 30, 2011) developed respectably on the whole, with Group sales rising by 2.3 percent to 2.62 billion EUR (prior year: 2.56 billion EUR). On a comparative basis (like-for-like), sales increased by 1.7 percent over the prior year's figure; currency-adjusted by 1.8 percent.

||| Fig. 3

Internet sales continued to deliver a dynamic performance, soaring by 28 percent against the same period last year. Its share in Group sales reached about 6 percent in the reporting period.

In the third reporting quarter, the DOUGLAS Group's sales rose by 2.9 percent to 742.6 million EUR. Like-for-like sales increased by 3.8 percent. The sales in the reporting quarter were positively impacted by the Easter business. In the previous year, Easter sales fell largely in the second quarter.

In Germany, the DOUGLAS Group's sales were up 4.4 percent to 1.74 billion EUR in the first nine months versus the prior year (prior year: 1.66 billion EUR). Like-for-like sales were up 3.3 percent. By contrast, foreign sales of 877.9 million EUR (prior year: 892.0 million EUR) remained behind the prior year by 1.6 percent due to the persistently weak consumer demand in some markets. Like-for-like sales were 1.4 percent below the prior year. The share of foreign sales to Group sales slightly declined from 34.9 percent to 33.6 percent.

The **Douglas perfumeries** reached nine-month sales of 1.47 billion EUR, for a slight gain of 0.5 percent year-on-year. Like-for-like sales outperformed the prior year's figure by 1.9 percent. The performance in Germany was particularly pleasing with a gain of 4.7 percent (like-for-like: 4.6 percent) to 771.0 million EUR. Outside of Germany, the Douglas perfumeries achieved sales of 702.1 million EUR. This corresponds to a decline of 3.7 percent. Like-for-like sales of the Douglas perfumeries outside of Germany were down by a total of 1.0 percent on the prior year. This was largely due to the unsatisfactory development in France, Italy, Spain, Portugal and Croatia. In contrast, the Douglas perfumeries in Austria, the Netherlands, Turkey and Hungary posted positive performances. Adjusted for the divestiture of the Russian store network and the market exits in the USA and Denmark, international sales on the whole were up 1.4 percent year-on-year.

The **Thalia group** increased its nine-month sales by 4.3 percent to 701.9 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 1.9 percent (Germany: 0.6 percent; foreign: 5.9 percent). Like-for-like sales of the bookselling division were just 0.6 percent behind the prior year's level. In Germany, the Thalia group's nine-month like-for-like sales – as supported by the positive performance in the third reporting quarter – matched the prior year. On the contrary, like-for-like sales outside of Germany were 2.9 percent below the prior year as a result of the unsatisfactory performance given in Switzerland in the reporting period. The online business continued to develop dynamically, with a sales gain of 23 percent. In the first nine months of the fiscal year, the Thalia group generated about 15 percent of total sales from the Internet. As a consequence of the shift to Internet, the sales from stationary bookselling continued to decline throughout the industry. On a like-for-like basis, Thalia had to cope with lower sales of 3.9 percent at its bookstores during the first nine months of the fiscal year. In order to stabilize the productivity at the stationary bookstores, appropriate measures have been initiated (introduction of new products, optimization of the sales space).

The **Christ jewelry stores** – driven by the successful trend and exclusive labels strategy – continued with its above average solid performance when compared to the industry. Christ generated nine-month sales of 264.3 million EUR, thus surpassing the prior year's high figure by 9.5 percent. With a gain of 8.8 percent, like-for-like sales were also significantly above the prior year.

The **AppelrathCüpper fashion stores** achieved sales of 95.7 million EUR in the reporting period. This translates to a gain of 1.7 percent against the prior year. On a like-for-like basis – taking into account the closure of the fashion store in Solingen in January 2011 – sales were up 2.6 percent.

The **Hussel confectionery shops** registered nine-month sales of 79.5 million EUR, or 1.9 percent behind the previous year. Adjusted for store closures, sales were 0.7 percent below the prior year's level.

Fig. 3 · Net sales by division

	Net sales (in EUR m)		Change (in %)		Net sales (in EUR m)		Change (in %)	
	9M 2010/11	9M 2009/10	total	like-for-like	Q3 2010/11	Q3 2009/10	total	like-for-like
Perfumeries	1,473.1	1,465.4	0.5	1.9	431.5	430.5	0.2	3.0
National	771.0	736.2	4.7	4.6	229.5	217.7	5.4	5.1
International	702.1	729.2	-3.7	-1.0	202.0	212.8	-5.1	0.6
Books	701.9	672.7	4.3	-0.6	184.9	174.7	5.8	2.9
National	529.6	513.6	3.1	0.2	138.5	131.9	5.1	4.4
International	172.3	159.1	8.3	-2.9	46.4	42.8	8.2	-1.6
Jewelry	264.3	241.3	9.5	8.8	74.5	67.7	10.1	9.7
Fashion	95.7	94.1	1.7	2.6	30.1	29.5	2.0	4.0
Confectionery	79.5	81.1	-1.9	-0.7	21.0	19.0	10.8	13.2
National	76.0	77.4	-1.9	-0.8	20.1	18.1	10.5	13.0
International	3.5	3.7	-3.1	2.6	0.9	0.9	16.3	18.6
Services	2.0	2.0	-	-	0.6	0.6	-	-
DOUGLAS Group	2,616.5	2,556.6	2.3	1.7	742.6	722.0	2.9	3.8
National	1,738.6	1,664.6	4.4	3.3	493.3	465.5	6.0	5.7
International	877.9	892.0	-1.6	-1.4	249.3	256.5	-2.8	0.2

Store network figure down on the prior year

As of June 30, 2011, the DOUGLAS Group's store network consisted of 1,932 specialty retail stores or 45 less than the previous year (prior year: 1,977). The opening of a total of 63 new stores (prior year: 78) in the last twelve months was offset by 71 store closures (prior year: 102) and 37 disposals (prior year: 2 acquisition-related additions). Store network optimization mainly related to the perfumeries and confectionery division.

Fig. 4

Fig. 4 · Store network development

	Stores		Change absolute
	06/30/2011	06/30/2010	
Perfumeries	1,173	1,211	-38
National	445	443	2
International	728	768	-40
Books	295	288	7
National	236	232	4
International	59	56	3
Jewelry	204	203	1
Fashion	13	14	-1
Confectionery	247	261	-14
National	233	247	-14
International	14	14	0
Services	-	-	-
DOUGLAS Group	1,932	1,977	-45
National	1,131	1,139	-8
International	801	838	-37

Earnings before taxes below prior year – weak earnings performance in the books division

Fig. 5

The DOUGLAS Group generated earnings before taxes (EBT) of 126.7 million EUR in the reporting period following 128.6* million EUR the year before. The current nine-month 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 of the DOUGLAS Group – the ratio of EBT to sales – reached 4.8 percent in the reporting period after 5.0* percent in the preceding year.

The Douglas perfumeries succeeded in increasing their earnings as a consequence of the solid sales performance delivered in Germany. In contrast, the Books division significantly fell short of the prior year's earnings, because the sales from stationary bookselling declined as a result of the shift to Internet sales throughout the industry. The lower earnings arose from the sales decline in the stationary business, which could not be compensated by the weak margins from the Internet business. The Christ jewelry stores further improved 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 incurred from the successful realignment, the AppelrathCüpper fashion stores also succeeded in increasing their earnings. The earnings of the Hussel confectioneries for the first nine months were behind the prior year due to the weak Easter business.

Earnings before taxes, interest, depreciation and amortization (EBITDA) of the DOUGLAS Group improved from 228.3 million EUR to 241.1 million EUR due to the one-off income arising from the divestiture of the Russian Douglas store network in the reporting period. The EBITDA margin – the ratio of EBITDA to sales – increased from 8.9 percent to 9.2 percent.

* 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 marginally from 45.7 million EUR to 44.7 million EUR. This resulted in an interim tax ratio of 35.3 percent after 34.0 percent the year before.

The DOUGLAS Group closed the first nine months of the 2010/11 fiscal year with Group net income of 82.0 million EUR following 89.0 million EUR in the same period last year. The earnings per share dropped accordingly from 2.26 EUR to 2.08 EUR. Adjusted for the revaluation effect for the buch.de shares, the earnings per share of the preceding year stood at 2.10 EUR, with Group net income at 82.9 million EUR.

Fig. 5 · EBT and EBT margins

	9M (10/01–06/30)				Q3 (04/01–06/30)			
	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	91.0	88.6	6.2	6.0	17.0	12.0	3.9	2.8
Books	6.5	16.1 ¹⁾	0.9	2.4 ¹⁾	-11.2	-11.3	-6.1	-6.4
Jewelry	23.5	19.8	8.9	8.2	0.3	-0.3	0.4	-0.5
Fashion	2.4	0.6	2.5	0.7	1.1	0.4	3.7	1.4
Confectionery	3.7	4.9	4.5	5.9	-1.5	-2.6	-7.3	-13.5
Services	-0.4	-1.4	-	-	-0.4	0.2	-	-
DOUGLAS Group	126.7	128.6¹⁾	4.8	5.0¹⁾	5.3	-1.6	0.7	-0.2

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 reporting period, the DOUGLAS Group invested 78.9 million EUR in 53 new openings (prior year: 62) as well as in expanding store sales space and upgrading the store network. Compared to the previous year, the capital spending increased by 6.2 million EUR. The focus was on Douglas perfumeries, which opened 35 specialty stores (prior year: 41), of which 26 were outside of Germany (prior year: 36). In total, a capital expenditure budget of roughly 125 million EUR was set aside for the 2010/11 fiscal year.

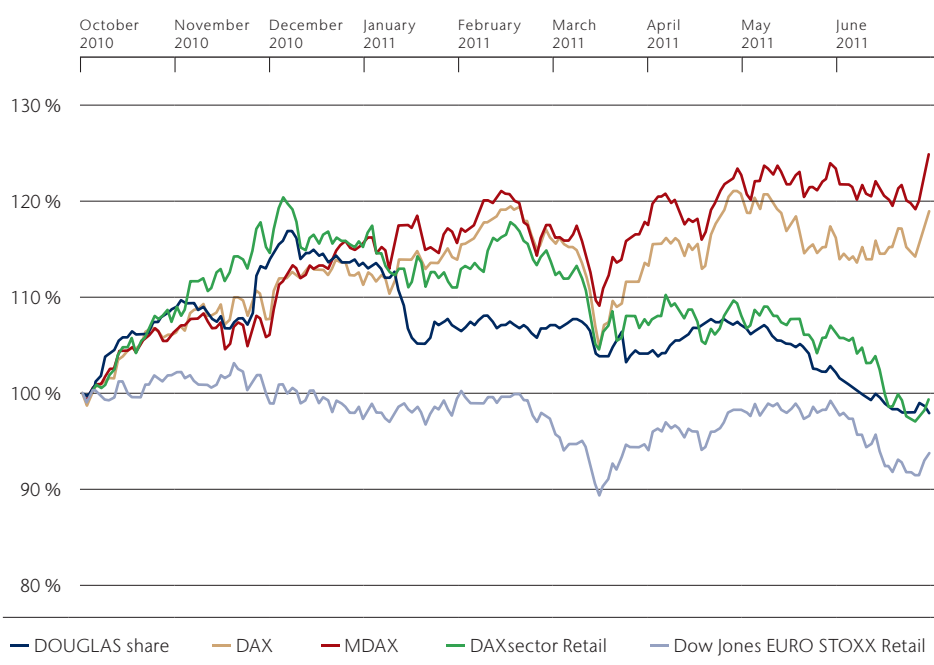
Free Cash Flow above the prior year

At the end of the first nine months of the 2010/11 fiscal year, the free cash flow came in at 101.8 million EUR, thus surpassing the prior year's figure of 75.1 million EUR. The cash inflow from operating activities declined by 63.2 million EUR to 127.3 million EUR, which was due to the higher inventories balance and tax payments. The cash outflow for investing activities decreased by 89.9 million EUR to 25.5 million EUR. The proceeds from the divestiture of the Russian perfumery stores during the reporting period were offset by the purchase price payments for the buch.de shares and payments for the acquisition of two minority shareholdings in the perfumeries and fashion divisions in the preceding year. As a result, both of the shareholdings could be increased to 100 percent.

Fig. 8 · The DOUGLAS share

		06/30/2011	06/30/2010
Shares issued	m	39.4	39.3
Capital stock	EUR m	118.1	118.0
Market capitalization (06/30)	EUR m	1,424.9	1,348.1
Stock quotation (06/30)	EUR	36.19	34.29
XETRA – highest stock quotation (10/01–06/30)	EUR	43.36	36.46
XETRA – lowest stock quotation (10/01–06/30)	EUR	36.01	29.56

Fig. 9 · Indexed price of the DOUGLAS share for the first nine-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

Moderate economic growth in the Euro region

According to the estimates of the Ifo Institute, the economic recovery in the Euro region is expected to continue in 2011. Despite the extensive savings programs in the public sector in Europe, it is anticipated that the growth rates will not materially weaken as a consequence of a slight rise in domestic demand during the course of 2012. The Ifo Institute is projecting a total increase of 2.0 percent in the gross domestic product in 2011 and 1.8 percent in 2012. However, according to the estimates of the economic researchers of the Ifo Institute, the differences in economic growth of some countries will largely remain in 2012, as well. Furthermore, a growth risk is seen from the on-going debt crisis in the periphery countries of the Euro region. Based on projections of the institutes Ifo, INSEE and ISTAT, private consumption in the next calendar year will increase only moderately, because fiscal consolidation measures in some member countries will lead to higher tax burdens and lower transfer payments. Private consumption is estimated to grow by a real 1.0 and 0.9 percent for the third and fourth quarters of 2011, respectively, versus the prior year's quarter.

Upswing in Germany at a slower pace

In its prognosis for 2011 and 2012, the Ifo Institute is predicting the upswing in Germany to continue, but at lower growth rates. The economic researchers are expecting the positive economic basic tendency – which is carried by favorable financial conditions, rising employment and stable foreign demand – to persist on the medium term. The Ifo Institute is predicting the real gross domestic product to grow by 3.3 and 2.3 percent in 2011 and 2012, respectively. The German Federal Bank is expecting economic growth in 2011 of 3.1 percent, which could weaken in 2012 to 1.8 percent given the above average utilized capacities and the expiry of catch-up effects in capital expenditure. Disruptions in global and European conditions could however substantially slow down the economic recovery. The German Federal Bank is projecting employment to further increase, causing the unemployment rate to drop in 2012 to 6.5 percent. In terms of consumer spending, the German Federal Bank is anticipating an increase of 1.6 and 1.5 percent in real terms for 2011 and 2012, respectively. The German Retail Federation (HDE) is still projecting nominal sales growth of 1.5 percent for 2011. Price-adjusted, this corresponds to a marginal decline on the previous year.

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 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.

Thalia will continue to drive its multi-channel strategy forward. For this purpose, an investment budget of about 30 million EUR has been earmarked. The main focus of the investments will be on opening more than 10 multi-channel bookstores as well as upgrading the store network and undertaking measures to stabilize the store productivity at the stationary bookstores (introducing new products, optimizing the sales space). Furthermore, the profitability of the online shops will be strengthened through investments in logistics and the IT platform. Despite the development of the eBook market, which is still difficult to predict, and the related high level of competition, Thalia will continue to expand its collection of e-Books and enforce 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, for example, accessories. By means of intensive marketing activities, the new concept is presented under the "AC" logo. With the AC online shop, the Internet business as a distribution channel has also 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 despite the negative earnings impact from Thalia

The DOUGLAS Group's first nine-month performance in the 2010/11 fiscal year was respectable on the whole. On the basis of the sales and earnings performance to-date, the Executive Board is confirming the forecast for the 2010/11 fiscal year (a sales gain of 2 to 4 percent and earnings before taxes (EBT) of approximately 140 million EUR). Despite the weak performance given by Thalia, the Executive Board anticipates that the targets will be narrowly met. 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 June 30, 2011

Income statement				
	9M 2010/11	9M 2009/10	Q3 2010/11	Q3 2009/10
	10/01/2010 to 06/30/2011 (in EUR m)	10/01/2009 to 06/30/2010 (in EUR m)	04/01/2011 to 06/30/2011 (in EUR m)	04/01/2010 to 06/30/2010 (in EUR m)
1. Sales	2,616.5	2,556.6	742.6	722.0
2. Cost of raw materials, consumables and supplies and merchandise	-1,381.6	-1,358.9	-385.7	-380.1
3. Gross profit from retail business	1,234.9	1,197.7	356.9	341.9
4. Other operating income	166.0	147.4	44.3	47.0
5. Personnel expenses	-553.0	-532.3	-181.2	-175.6
6. Other operating expenses	-606.8	-584.5	-185.8	-187.2
7. EBITDA	241.1	228.3	34.2	26.1
8. Amortization/depreciation	-111.7	-86.9	-29.9	-29.4
9. EBIT	129.4	141.4	4.3	-3.3
10. Financial income	1.7	1.5	0.5	0.2
11. Financial expenses	-4.4	-8.2	0.5	1.5
12. Financial result	-2.7	-6.7	1.0	1.7
13. Earnings before taxes (EBT)	126.7	134.7	5.3	-1.6
14. Income taxes	-44.7	-45.7	-2.0	-0.8
15. Net income for the year	82.0	89.0	3.4	-2.4
16. Profit attributable to minority interests	-0.2	-0.2	0.0	0.0
17. Profit attributable to the Group shareholders	81.8	88.8	3.4	-2.4
	(in €)	(in €)	(in €)	(in €)
Earnings per share	2.08	2.26	0.08	-0.06

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income				
	9M 2010/11	9M 2009/10	Q3 2010/11	Q3 2009/10
	10/01/2010 to 06/30/2011 (in EUR m)	10/01/2009 to 06/30/2010 (in EUR m)	04/01/2011 to 06/30/2011 (in EUR m)	04/01/2010 to 06/30/2010 (in EUR m)
Net income for the year	82.0	89.0	3.4	-2.4
Foreign currency translation differences from translating the financial statements of a foreign operation	-0.9	0.9	-1.0	-4.1
Effective portion of net investment hedges	3.1	3.1	1.9	2.0
Effective portion of cash flow hedges	1.1	0.1	0.4	0.1
Total comprehensive income	85.3	93.1	4.7	-4.4
Total comprehensive income attributable to Group shareholders	85.1	92.8	4.7	-4.5
Total comprehensive income attributable to non-controlling interests	0.2	0.3	0.0	0.1

CONSOLIDATED BALANCE SHEET

as of June 30, 2011

Assets			
	06/30/2011 (in EUR m)	06/30/2010 (in EUR m)	09/30/2010 (in EUR m)
A. Non-current assets			
I. Intangible assets	241.3	275.5	269.1
II. Property, plant and equipment	463.9	471.9	470.6
III. Tax receivables	8.1	7.7	8.0
IV. Financial assets	5.3	5.4	5.1
V. Deferred tax assets	38.3	36.6	39.3
	756.9	797.1	792.1
B. Current assets			
I. Inventories	661.3	631.3	647.2
II. Trade accounts receivable	46.7	45.5	48.0
III. Tax receivables	46.5	48.3	17.9
IV. Financial assets	96.6	96.8	96.7
V. Other assets	32.4	40.1	25.4
VI. Cash and cash equivalents	53.3	42.6	51.6
	936.8	904.6	886.8
C. Assets held for sale	0.0	0.0	34.5
	1,693.7	1,701.7	1,713.4
Equity and liabilities			
	06/30/2011 (in EUR m)	06/30/2010 (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	453.8	423.1	411.7
IV. Minority interests	8.6	8.8	14.9
	802.8	770.1	764.8
B. Non-current liabilities			
I. Provisions for pensions	31.8	30.0	31.5
II. Other non-current provisions	23.3	23.4	23.1
III. Financial liabilities	38.0	48.8	41.6
IV. Other liabilities	4.6	5.8	5.0
V. Deferred tax liabilities	12.5	7.8	12.6
	110.2	115.8	113.8
C. Current liabilities			
I. Current provisions	126.5	126.9	133.2
II. Trade accounts payable	228.3	225.9	277.1
III. Tax liabilities	91.0	97.8	55.4
IV. Financial liabilities	194.4	234.4	239.8
V. Other liabilities	140.5	130.8	122.1
	780.7	815.8	827.6
D. Liabilities held for sale	0.0	0.0	7.2
	1,693.7	1,701.7	1,713.4

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			Minority interests (in EUR m)	Total (in EUR m)
			Other retained earnings (in EUR m)	Results from Cash Flow Hedges (in EUR m)	Differences from currency translation (in EUR m)		
10/01/2009	117.8	218.9	386.3	-1.4	-10.9	0.2	710.9
Currency translation					0.8	0.1	0.9
IAS 39				0.1	3.1		3.2
Net income for the period			88.8			0.2	89.0
Total comprehensive income	0.0	0.0	88.8	0.1	3.9	0.3	93.1
Capital increase (employee shares)	0.2	1.3					1.5
IAS 32			-0.4				-0.4
Dividend payment			-43.3			-0.2	-43.5
Transactions with shareholders	0.2	1.3	-43.7	0.0	0.0	-0.2	-42.4
Changes in the scope of consolidation						8.5	8.5
06/30/2010	118.0	220.2	431.4	-1.3	-7.0	8.8	770.1
10/01/2010	118.0	220.2	418.9	-1.1	-6.1	14.9	764.8
Currency translation					-0.9		-0.9
IAS 39				1.1	3.1		4.2
Net income for the period			81.8			0.2	82.0
Total comprehensive income	0.0	0.0	81.8	1.1	2.2	0.2	85.3
Capital increase (employee shares)	0.1	2.1					2.2
Acquisition of shares			-2.0			-6.4	-8.4
Dividend payment			-43.3			-0.1	-43.4
Transactions with shareholders	0.1	2.1	-45.3	0.0	0.0	-6.5	-49.6
Changes in the scope of consolidation						2.3	2.3
06/30/2011	118.1	222.3	455.4	0.0	-1.6	8.6	802.8

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow statement

	10/01/2010 to 06/30/2011 (in EUR m)	10/01/2009 to 06/30/2010 (in EUR m)
1. EBIT	129.4	141.4
2. + Amortization/depreciation of non-current assets	111.7	86.9
3. -/+ Decrease/increase in provisions	-5.9	-8.2
4. +/- Other non-cash income/expense	0.7	-5.2
5. -/+ Gain/loss on the disposal of non-current assets	-21.5	0.7
6. +/- Changes in inventories, trade receivables and other assets not classifiable to investing or financing activities	-48.3	-0.1
7. +/- Changes in trade payables and other liabilities not classifiable to investing or financing activities	6.7	1.1
8. - Interest paid	-4.3	-4.0
9. + Interest received	0.7	0.7
10. - Taxes paid	-41.9	-22.8
11. = Net cash flow from operating activities	127.3	190.5
12. + Proceeds from the disposal of non-current assets and disposal of stores	2.7	2.3
13. - Investments in non-current assets	-78.8	-72.7
14. + Proceeds from the disposal of consolidated companies	50.6	0.0
15. - Payments for acquisition of consolidated companies and other business units	0.0	-45.0
16. = Net cash flow for investing activities	-25.5	-115.4
17. Free cash flow (sum of 11 and 15)	101.8	75.1
18. + Receipts from appropriations to equity	1.1	0.6
19. - Dividends paid to DOUGLAS shareholders	-43.3	-43.3
20. - Dividends paid to minority interests	-0.1	-0.2
21. - Payments for the repayment of financial liabilities	-77.9	-79.7
22. + Proceeds from borrowings	29.5	55.4
23. +/- Other financial changes	-10.0	-2.5
24. = Net cash flow from financing activities	-100.7	-69.7
25. = Net change in cash and cash equivalents (total of rows 11, 16 and 24)	1.1	5.4
26. +/- Net change in cash and cash equivalents due to currency translation	0.6	0.6
27. + Cash and cash equivalents as of 10/01	51.7	36.7
28. = Cash and cash equivalents as of 06/30	53.4	42.7

SEGMENT REPORTING

Segmentation by business division – October 1 to June 30 (9M)

		Perfumeries		Books		Jewelry	
		9M 2010/11	9M 2009/10	9M 2010/11	9M 2009/10	9M 2010/11	9M 2009/10
Sales (net)	in EUR m	1,473.1	1,465.4	701.9	672.7	264.3	241.3
Intersegment sales	in EUR m	0.0	0.0	0.0	0.0	0.0	0.0
Sales	in EUR m	1,473.1	1,465.4	701.9	672.7	264.3	241.3
EBITDA	in EUR m	166.1	145.3	31.5	48.7	31.4	26.9
EBITDA margin in %	in %	11.3	9.9	4.5	7.2	11.9	11.1
Scheduled amortization/depreciation	in EUR m	44.8	47.3	22.7	20.2	6.6	5.6
Impairments	in EUR m	22.9	0.0	0.0	0.1	0.0	0.0
EBIT	in EUR m	98.4	98.0	8.8	28.4	24.8	21.3
Interest expense	in EUR m	8.6	10.4	2.8	6.6	1.5	1.7
Interest income	in EUR m	1.2	1.0	0.5	0.4	0.2	0.2
EBT	in EUR m	91.0	88.6	6.5	22.2	23.5	19.8
Capital expenditure	in EUR m	39.7	36.1	19.4	19.0	10.9	6.5
Average annual number of employees (FTEs)		12,110	12,142	4,319	4,249	1,859	1,730
Sales area (1,000 m ²)	1,000 m ²	277	280	249	242	22	21
Number of stores (June 30)		1,173	1,211	295	288	204	203

Segmentation by business division – April 1 to June 30 (Q3)

		Perfumeries		Books		Jewelry	
		Q3 2010/11	Q3 2009/10	Q3 2010/11	Q3 2009/10	Q3 2010/11	Q3 2009/10
External sales (net)	in EUR m	431.5	430.5	184.9	174.7	74.5	67.7
EBITDA	in EUR m	33.9	30.9	-4.0	-5.9	3.1	2.1
Investments	in EUR m	10.4	13.5	4.7	7.4	3.7	0.0

Segmentation by geographical region – October 1 to June 30 (9M)

	Perfumeries		Books		Jewelry		Other	
	9M 2010/11 (in EUR m)	9M 2009/10 (in EUR m)	9M 2010/11 (in EUR m)	9M 2009/10 (in EUR m)	9M 2010/11 (in EUR m)	9M 2009/10 (in EUR m)	9M 2010/11 (in EUR m)	9M 2009/10 (in EUR m)
Sales								
Germany	768.3	736.2	529.6	513.6	264.3	241.3	173.7	173.5
International	704.8	729.2	172.3	159.1	0.0	0.0	3.5	3.7
	1,473.1	1,465.4	701.9	672.7	264.3	241.3	177.2	177.2
Non-current assets								
Germany	114.9	105.4	207.5	189.0	34.2	28.1	115.5	121.1
International	200.1	273.0	32.1	29.6	0.0	0.0	1.1	1.2
	315.0	378.4	239.6	218.6	34.2	28.1	116.6	122.3
Capital expenditure								
Germany	22.5	13.2	14.6	13.5	10.9	6.5	8.9	11.1
International	17.2	22.9	4.8	5.5	0.0	0.0	0.0	0.0
	39.7	36.1	19.4	19.0	10.9	6.5	8.9	11.1

Fashion		Confectionery		Services		Consolidation		DOUGLAS Group	
9M 2010/11	9M 2009/10	9M 2010/11	9M 2009/10	9M 2010/11	9M 2009/10	9M 2010/11	9M 2009/10	9M 2010/11	9M 2009/10
95.7	94.1	79.5	81.1	2.0	2.0	0.0	0.0	2,616.5	2,556.6
0.0	0.0	1.5	1.2	27.1	25.1	-28.6	-26.3	0.0	0.0
95.7	94.1	81.0	82.3	29.1	27.1	-28.6	-26.3	2,616.5	2,556.6
7.7	6.4	6.1	7.1	-1.7	-6.1	0.0	0.0	241.1	228.3
8.0	6.8	7.5	8.7	-	-	0.0	0.0	9.2	8.9
4.6	4.8	2.2	2.0	7.8	6.8	0.0	0.0	88.7	86.7
0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	23.0	0.2
3.1	1.6	3.8	5.0	-9.5	-12.9	0.0	0.0	129.4	141.4
0.8	1.1	0.1	0.1	4.0	3.6	-13.5	-15.3	4.3	8.2
0.1	0.1	0.0	0.0	13.1	15.1	-13.5	-15.3	1.6	1.5
2.4	0.6	3.7	4.9	-0.4	-1.4	0.0	0.0	126.7	134.7
1.7	0.8	2.3	2.6	4.9	7.7	0.0	0.0	78.9	72.7
612	603	765	745	519	490	0	0	20,184	19,959
35	36	15	15	0	0	0	0	598	594
13	14	247	261	0	0	0	0	1,932	1,977

Fashion		Confectionery		Services		Consolidation		DOUGLAS Group	
Q3 2010/11	Q3 2009/10	Q3 2010/11	Q3 2009/10	Q3 2010/11	Q3 2009/10	Q3 2010/11	Q3 2009/10	Q3 2010/11	Q3 2009/10
30.1	29.5	21.0	19.0	0.6	0.6	0.0	0.0	742.6	722.0
2.8	2.2	-0.7	-1.8	-0.9	-1.4	0.0	0.0	34.2	26.1
1.2	0.4	0.6	1.0	3.0	4.9	0.0	0.0	23.6	27.2

NOTES TO THE 9M INTERIM FINANCIAL REPORT OF DOUGLAS HOLDING AG FOR THE FISCAL YEAR 2010/11

The consolidated financial statements for the first nine 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 sales 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.

In the Books division, another 17.4 percent interest was acquired in buch.de internetstores AG, Münster, with effect from the end of March 2011, and 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. Moreover, the company Thalia Buchhandlung Köln GmbH based in Hagen was removed from the scope of consolidation via a merger to Thalia Universitätsbuchhandlung GmbH, Hagen.

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

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.

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