# Interim Report 9M
# Fiscal Year 2011/12


DOUGLAS HOLDING

*Excellence in Retailing*

# *Developments in the first nine months of 2011/12 hit badly by restructuring at Thalia*

## *Group sales up 1.8 percent*

- Pleasing sales performance in Germany
- Continued dynamic growth in online sales at Douglas and Christ
- Like-for-like sales outside of Germany still slightly lower
- Sales at Thalia down on prior year

## *Restructuring expenses at Thalia total 165.1 million EUR (recognized in the second quarter)*

- EBITDA charged by 36.3 million EUR, in particular by planned store closures, shop floor reductions, sub-lets and product line adjustments
- In addition, EBT charged by a total of 128.8 million EUR as a result of extraordinary write-downs on intangible assets and fixed assets

## *Adjusted earnings down on prior year*

- Higher earnings contribution from Douglas, Christ and Hussel; lower earnings in the Fashion division; operating earnings at Thalia significantly down on prior year
- Prior-year earnings influenced by the disposal of Douglas Russia (22.3 million EUR) and write-downs for goodwill impairment in France (22.9 million EUR)

## *Solid financing and capital structure*

- Free Cash Flow down on the prior year due to a rise in working capital and disposal of Douglas Russia in the prior year
- Net bank debt rises from 73.9 million EUR to 142.6 million EUR
- Continuing sound equity ratio of 42.8 percent

## *Annual forecast confirmed*

- Slight sales increase to more than 3.4 billion EUR
- EBITDA (earnings before interest, taxes, depreciation and amortization) at the lower end of the forecast range between 200 to 250 million EUR
- No dividend expected for fiscal year 2011/12 due to high restructuring expenses at Thalia

# An Overview of the DOUGLAS Group

Fig. 1 · Key figures

| | | 9M (10/01–06/30) | | | Q3 (04/01–06/30) | | |
|---|---|---|---|---|---|---|---|
| | | 2011/12 | 2010/11 | Change (in %) | 2011/12 | 2010/11 | Change (in %) |
| Sales | EUR m | 2,662.9 | 2,616.5 | 1.8 | 746.5 | 742.6 | 0.5 |
| National | EUR m | 1,789.4 | 1,738.6 | 2.9 | 492.3 | 493.3 | –0.2 |
| International | EUR m | 873.5 | 877.9 | –0.5 | 254.2 | 249.3 | 2.0 |
| EBITDA | EUR m | 167.9 | 241.1 | –30.3 | 24.2 | 34.2 | –29.0 |
| Margin | in % | 6.3 | 9.2 | – | 3.2 | 4.6 | – |
| *EBITDA adjusted[1]* | *EUR m* | *204.2* | *218.8* | *–6.7* | *24.2* | *34.2* | *–29.0* |
| *Margin* | *in %* | *7.7* | *8.4* | *–* | *3.2* | *4.6* | *–* |
| EBT | EUR m | –52.3 | 126.7 | – | –6.9 | 5.3 | – |
| Margin | in % | –2.0 | 4.8 | – | –0.9 | 0.7 | – |
| *EBT adjusted[2]* | *EUR m* | *112.8* | *127.3* | *–11.4* | *–6.9* | *5.3* | *–* |
| *Margin* | *in %* | *4.2* | *4.9* | *–* | *–0.9* | *0.7* | *–* |
| Net income/loss | EUR m | –73.1 | 82.0 | – | –9.8 | 3.4 | – |
| Earnings per share | EUR | –1.78 | 2.08 | – | –0.25 | 0.08 | – |
| Share price (June 30) | EUR | 31.09 | 36.19 | –14.1 | | | |
| Free Cash Flow | EUR m | 15.7 | 101.8 | –84.6 | | | |
| Capital expenditure | EUR m | 72.1 | 78.9 | –8.6 | | | |

| | | 06/30/2012 | 06/30/2011 | 09/30/2011 |
|---|---|---|---|---|
| Equity | EUR m | 691.3 | 802.8 | 803.0 |
| Equity ratio | in % | 42.8 | 47.4 | 48.3 |
| Balance sheet total | EUR m | 1,616.2 | 1,693.7 | 1,661.7 |
| Working capital[3] | EUR m | 533.6 | 479.7 | 438.0 |
| Net bank debt[4] | EUR m | 142.6 | 73.9 | 49.6 |
| Employees | | 23,718 | 23,755 | 24,323 |
| Stores | | 1,938 | 1,932 | 1,928 |
| Sales area | 1,000 $m^2$ | 600.8 | 593.9 | 594.9 |

[1] Adjusted for restructuring expenses at Thalia in the current year and disposal of Douglas Russia in the prior year
[2] Adjusted for restructuring expenses at Thalia in the current year and extraordinary write-downs for goodwill impairments in France in the prior year
[3] Inventories and trade accounts receivable less trade accounts payable
[4] Liabilities to banks less cash and cash equivalents

# *Interim Group Management Report*

## *Business activities and operation environment*

### *A leading European specialty retailer*

Fig. 2

The DOUGLAS Group consists of five decentralized retailing divisions with more than 1,900 specialty stores, numerous online shops and approximately 24,000 employees in 17 countries throughout Europe. The brands Douglas, Thalia, Christ, and Hussel are market leaders in their sectors, and AppelrathCüpper is one of the leading fashion houses at its respective locations. All operating divisions stand for excellent service, first-class products, and a stimulating shopping ambiance in their respective specialty stores. Furthermore, with the development of the multichannel concept, a forward-looking strategy continues for the corporate divisions.

Fig. 2 · The DOUGLAS Group Brands

| | |
|---|---|
| Douglas | Douglas is represented in 17 European countries with 1,186 perfumeries. The Douglas brand is synonymous with high expertise in the areas of perfumes, cosmetics, and care at both the perfumery stores and online. www.douglas.de |
| Thalia | The Thalia book retail 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 209 Christ jewelry stores lead the market in Germany in the mid to upper price range for jewelry and watches. By expanding its online shop, Christ is also continuing to promote its move to becoming a multi-channel provider. www.christ.de |
| AppelrathCüpper | The 13 AppelrathCüpper women‘s fashion stores 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 236 Hussel confectionery shops enjoy an outstanding market position in Germany with innovative confectionery creations and attractive own brands and are also expanding their expertise in online selling. www.hussel.de |

### *Continued weak demand in the Euro zone*

Economic developments in the Euro zone during the reporting period were marked by the continuing financial and debt crisis. Although the structural reforms undertaken in some member states in the first three months of 2012 temporarily eased the situation on the financial markets, the intensification of the debt crisis in Greece, Spain and Italy as of

*[1] Ifo Institute Munich, French statistical office INSEE, Italian statistical office Istat*

April 2012 once again increased investor uncertainty. According to the European Ifo, INSEE and Istat institutes [1)], real gross domestic product (GDP) stagnated in the Euro zone in the first three months of 2012. This was followed in the next three months by a 0.4 percent year-on-year decline. While the recession continued in Spain, Portugal and Italy, developments in the Netherlands and France remained largely stable. By comparison, Germany and Austria continued to see higher economic growth. According to the European Commission, Euro zone unemployment was up year-on-year at 11.1 percent in May 2012 (prior year: 10.0 percent). Spain was the country with the highest level of unemployment among the member states at 24.6 percent (prior year: 20.9 percent). According to calculations by the Ifo, INSEE and Istat institutes, private consumption in the first two quarters of 2012 was down against the prior year in the Euro zone (–0.8 percent and –0.4 percent respectively), due to the deteriorating labor market conditions as well as low consumer confidence.

### *Slowing growth in Germany*

After posting what the Deutsche Bundesbank calculated to be gross domestic product growth of 1.7 percent in first three months of 2012, the German economy slowed in the following quarter. According to the Ifo Institut, real GDP rose by 1.1 percent year-on-year overall in the first six months of 2012. The strongest domestic impetus came from private consumption, while foreign trade received its greatest uplift from exports to the USA, China and Russia. Private consumption rose by 1.4 percent in real terms in the same period, boosted by a rise in incomes and a diminished propensity to save. Based on the preliminary results of the Federal Statistical Office, sales by German retailers in the period from January to June 2012 were up 2.8 percent year-on-year in nominal and 0.7 percent in real terms. According to a survey conducted by German Retail Association (HDE), just under a third of all retailers viewed the current business outlook as positive in June 2012. However, given the continued uncertainty about mastering the European debt crisis, expectations at domestic companies regarding future business developments – measured in terms of the development of the Ifo business climate index – are subdued.

## *Net assets, financial position and result of operations*

### *Solid sales performance in Germany, unsatisfactory sales performance at Thalia and in some foreign markets*

Fig. 3

Overall, the DOUGLAS Group's sales performance in the first nine months of fiscal year 2011/12 was satisfactory. The DOUGLAS Group net sales for the period from October 1, 2011 to June 30, 2012 were up 1.8 percent to 2.66 billion EUR (prior year: 2.62 billion EUR). Adjusted for the divested perfumeries in Russia sales were up 2.5 percent on the prior year. Like-for-like sales (including online sales) exceeded those of the prior year by 1.2 percent.

Online sales continued to develop dynamically overall with an increase of about 14 percent year-on-year. They contributed some 7 percent to Group sales in the reporting period.

In the third quarter, the DOUGLAS Group's sales rose by 0.5 percent to 746.5 million EUR; like-for-like sales remained 1.8 percent behind the prior year's figure. This year, almost all Easter trading took place in March and therefore the second reporting quarter, while last year Easter trading took place in the third quarter.

In Germany, sales developed respectably during the reporting period, rising by 2.9 percent to 1.79 billion EUR (prior year: 1.74 billion EUR). Like-for-like sales (stationary and online) were up 2.8 percent on the prior year. As a result of the divestment of perfumeries in Russia in the prior year and weak consumer demand in some countries, foreign sales, on the other hand, were down 0.5 percent on the prior year (adjusted for divestments in Russia: up +1.6 percent), amounting to 873.5 million EUR. Like-for-like foreign sales were also down year-on-year (–1.9 percent). The share of foreign sales in Group sales declined slightly from 33.6 percent to 32.8 percent.

The **Douglas perfumeries** recorded 1.50 billion EUR in the first nine months of the fiscal year, 2.1 percent above the prior-year figure. Like-for-like sales (stationary and online) were up 1.6 percent on the prior year. Sales in Germany were encouraging with a 5.0 percent year-on-year rise to 809.4 million EUR (like-for-like: +4.2 percent). Douglas perfumeries abroad generated 695.3 million EUR in sales, corresponding to a decline of 1.0 percent, which for the most part is due to the divestiture of perfumeries in Russia. Adjusted for this effect, sales were up 1.6 percent on the prior year. The ongoing difficult sales development in Italy, Spain, Portugal, and Switzerland stood in contrast to sales increases in the Netherlands, Austria, Turkey, and the Baltic states. The share of international activities in total perfumery sales declined from 47.7 to 46.2 percent.

The **Thalia Group** generated sales of 689.8 million EUR in the reporting period. This corresponds to a 1.7 percent year-on-year decline, which is derived from both stationary and online trading. Like-for-like sales (stationary and online) were down 2.2 percent on the prior year. Despite the continuing shift in book purchases to the Internet, like-for-like stationary sales only decreased by a slight 1.0 percent. However, online trading failed to achieve the high prior-year figure by approximately 9 percent. Prior-year sales had been boosted by the issuance of vouchers to attract new customers. Overall, Thalia Group generated about 14 percent of its sales via the Internet sales channel in the first nine months of 2011/12. The Thalia Group's domestic sales were down 2.7 percent on the prior year (like-for-like: –1.5 percent). The companies in Austria and Switzerland recorded a 1.3 percent sales increase. Like-for-like sales, however, were down 4.0 percent on account of the difficult development in Switzerland.

The **Christ jewelry stores** increased sales in the first nine months of the fiscal year by 10.1 percent to 290.9 million EUR. Like-for-like sales significantly exceeded the high prior-year figure (+ 8.9 percent), allowing Christ to continue to post above-average sales performance when compared to the remainder of industry.

The **AppelrathCüpper fashion stores** generated sales of 94.0 million EUR in the reporting period, corresponding to a drop of 1.7 percent. Like-for-like sales (excluding the Solingen fashion store, which closed in January 2011) were down slightly on the prior year (–0.7 percent).

The **Hussel confectionery shops** posted a positive performance in the period from October 2011 to June 2012, registering sales of 81.7 million EUR. This translates to an increase

Fig. 3 · Net sales by division

| | Net sales (in EUR m) | | Change (in %) | | Net sales (in EUR m) | | Change (in %) | |
|---|---|---|---|---|---|---|---|---|
| | 9M 2011/12 | 9M 2010/11 | Total | Like-for-like | Q3 2011/12 | Q3 2010/11 | Total | Like-for-like |
| Perfumeries | 1,504.7 | 1,473.1 | 2.1 | 1.6 | 439.3 | 431.5 | 1.8 | –1.9 |
| National | 809.4 | 771.0 | 5.0 | 4.2 | 231.7 | 229.5 | 0.9 | –1.6 |
| International | 695.3 | 702.1 | –1.0 | –1.4 | 207.6 | 202.0 | 2.8 | –2.3 |
| Books | 689.8 | 701.9 | –1.7 | –2.2 | 176.5 | 184.9 | –4.5 | –4.2 |
| National | 515.3 | 529.6 | –2.7 | –1.5 | 130.9 | 138.5 | –5.5 | –4.0 |
| International | 174.5 | 172.3 | 1.3 | –4.0 | 45.6 | 46.4 | –1.5 | –4.7 |
| Jewelry | 290.9 | 264.3 | 10.1 | 8.9 | 79.8 | 74.5 | 7.2 | 5.2 |
| Fashion | 94.0 | 95.7 | –1.7 | –0.7 | 29.5 | 30.1 | –2.1 | –2.1 |
| Confectionery | 81.7 | 79.5 | 2.8 | 5.1 | 20.9 | 21.0 | –0.7 | 1.3 |
| National | 78.0 | 76.0 | 2.8 | 4.9 | 19.9 | 20.1 | –0.5 | 1.2 |
| International | 3.7 | 3.5 | 3.0 | 10.0 | 1.0 | 0.9 | –4.6 | 3.5 |
| Services | 1.8 | 2.0 | – | – | 0.5 | 0.6 | – | – |
| DOUGLAS Group | 2,662.9 | 2,616.5 | 1.8 | 1.2 | 746.5 | 742.6 | 0.5 | –1.8 |
| National | 1,789.4 | 1,738.6 | 2.9 | 2.8 | 492.3 | 493.3 | –0.2 | –1.3 |
| International | 873.5 | 877.9 | –0.5 | –1.9 | 254.2 | 249.3 | 2.0 | –2.7 |

of 2.8 percent over the same period last year. Adjusted for store closures, this corresponds to a 5.1 percent year-on-year increase.

## *Number of stores up slightly on the prior year*

As of the end of June 2012, the DOUGLAS Group comprised of 1,938 specialty stores (prior year: 1,932). The opening of a total of 54 new stores in the past twelve months (prior year: 63) was offset by 48 store closures (prior year: 71 closures and 37 divestitures). The closures mainly concerned the Perfumeries and Confectionery divisions.

Fig. 4

Fig. 4 · Store network development

| | Stores | | Change |
|---|---|---|---|
| | 06/30/2012 | 06/30/2011 | Absolute |
| Perfumeries | 1,186 | 1,173 | 13 |
| National | 444 | 445 | –1 |
| International | 742 | 728 | 14 |
| Books | 294 | 295 | –1 |
| National | 234 | 236 | –2 |
| International | 60 | 59 | 1 |
| Jewelry | 209 | 204 | 5 |
| Fashion | 13 | 13 | 0 |
| Confectionery | 236 | 247 | –11 |
| National | 224 | 233 | –9 |
| International | 12 | 14 | –2 |
| Services | – | – | |
| DOUGLAS Group | 1,938 | 1,932 | 6 |
| National | 1,124 | 1,131 | –7 |
| International | 814 | 801 | 13 |

### *Earnings hit hard by restructuring at Thalia – adjusted earnings also down on prior year*

Fig. 5

In the reporting period, earnings were impacted by restructuring expenses in the Books division. The restructuring adjusts Thalia's business model to suit the changed conditions in the market. The program includes, in particular, store closures, shop floor reductions, sub-lets and product line optimizations. The expected costs for these activities of 36.3 million EUR were recognized as expenses in the second quarter of the reporting period, reducing EBITDA by this amount. In addition, extraordinary write-downs on intangible assets and fixed assets had to be carried out in the second quarter as Thalia's medium- and long-term sales and earnings potentials had deteriorated.

Including the restructuring measures for Thalia, the DOUGLAS Group achieved earnings before interest, taxes, depreciation and amortization (EBITDA) of 167.9 million EUR in the first nine months of fiscal year 2011/12, compared to 241.1 million EUR in the prior year. Accordingly, the EBITDA margin – the ratio of EBITDA to sales – reached 6.3 percent after 9.2 percent in the same period last year.

Prior-year EBITDA included non-recurring income from the divestiture of perfumery activities in Russia (22.3 million EUR). Adjusted for these special items in both years, EBITDA in the reporting period amounted to 204.2 million EUR, against 218.8 million EUR the year before. The corresponding EBITDA margin reached 7.7 percent after 8.4 percent in the comparable prior-year period.

Excluding the one-off income arising from the divestiture of the specialty stores in Russia, the Douglas perfumeries slightly increased EBITDA due to the pleasing sales performance in Germany. The Thalia Group's EBITDA was hit badly by restructuring expenses as well as poor sales development. The Christ jewelry stores further increased their EBITDA as a consequence of the satisfying sales performance and the successful exclusive, private and trend labels strategy. The AppelrathCüpper fashion stores' EBITDA was down on the prior year due to the drop in sales and a lower gross profit margin resulting from sector-specific price reductions. The Hussel confectionary shops saw earnings rise thanks to positive sales development and a higher gross profit margin.

The DOUGLAS Group's earnings before taxes (EBT) totaled –52.3 million EUR during the reporting period compared to 126.7 million EUR the year before. Pre-tax earnings were reduced by restructuring costs of 36.3 million EUR as well as extraordinary write-downs on intangible assets and fixed assets in the Books division (total of 128.8 million EUR). The figure for the prior year included special effects from extraordinary write-downs on goodwill in France in the amount of 22.9 million EUR. Adjusted for these special items in both years, EBT in the reporting period amounted to 112.8 million EUR, against 127.3 million EUR the year before. On this basis, return on sales – the ratio of EBT to sales – reached 4.2 percent in the reporting period compared to 4.9 percent in the prior year.

Tax expenses fell from 44.7 million EUR to 20.8 million EUR. A tax expense was incurred despite a pre-tax loss of 52.3 million EUR, due to the high extraordinary write-downs on intangible assets, of which most cannot be deducted.

Due to the special effects in the Books division, the DOUGLAS Group closed the first nine months of fiscal year 2011/12 with group net loss of 73.1 million EUR compared to group net income of 82.0 million EUR in the prior-year period. Accordingly, earnings per share declined from 2.08 EUR to –1.78 EUR.

Fig. 5 · EBITDA and EBITDA margins

| | 9M (10/01–06/30) | | | | Q3 (04/01–06/30) | | | |
|---|---|---|---|---|---|---|---|---|
| | EBITDA (in EUR m) | | EBITDA margin (in %) | | EBITDA (in Mio. €) | | EBITDA margin (in EUR m) | |
| | 2011/12 | 2010/11 | 2011/12 | 2010/11 | 2011/12 | 2010/11 | 2011/12 | 2010/11 |
| Perfumeries | 145.4 | 166.1 | 9.7 | 11.3 | 33.6 | 33.9 | 7.7 | 7.9 |
| *Disposal Douglas Russia* | – | *22.3* | – | – | – | – | – | – |
| *adjusted* | *145.4* | *143.8* | *9.7* | *9.8* | *33.6* | *33.9* | *7.7* | *7.9* |
| Books | –20.0 | 31.5 | –2.9 | 4.5 | –10.4 | –4.0 | –5.9 | –2.2 |
| *Restructuring expenses* | *–36.3* | – | – | – | – | – | – | – |
| *adjusted* | *16.3* | *31.5* | *2.4* | *4.5* | *–10.4* | *–4.0* | *–5.9* | *–2.2* |
| Jewelry | 33.8 | 31.4 | 11.6 | 11.9 | 1.3 | 3.1 | 1.6 | 4.1 |
| Fashion | 5.8 | 7.7 | 6.2 | 8.0 | 1.9 | 2.8 | 6.3 | 9.2 |
| Confectionery | 7.3 | 6.1 | 8.8 | 7.5 | –1.0 | –0.7 | –4.5 | –3.3 |
| Services | –4.4 | –1.7 | – | – | –1.2 | –0.9 | – | – |
| DOUGLAS Group | 167.9 | 241.1 | 6.3 | 9.2 | 24.2 | 34.2 | 3.2 | 4.6 |
| *Special items* | *–36.3* | *22.3* | – | – | – | – | – | – |
| *adjusted* | *204.2* | *218.8* | *7.7* | *8.4* | *24.2* | *34.2* | *3.2* | *4.6* |

## *Capital expenditure down on the prior year*

In the first nine months of fiscal year 2011/12, the DOUGLAS Group invested 72.1 million EUR in the opening of 43 new stores (prior year: 53) as well as expanding store sales space and upgrading the store network. Investments fell by 6.8 million EUR year-on-year. The focus was on the largest division, Perfumeries, where 32 (prior year: 35) new specialty stores were opened, 27 (prior year: 26) of which abroad, above all in Poland, France and Romania. The investment volume earmarked for the current fiscal year remains unchanged at approximately 120 million EUR.

## *Free Cash Flow down on the prior year*

At the close of the first nine months of fiscal year 2011/12, Free Cash Flow amounted to 15.7 million EUR compared to 101.8 million EUR in the prior-year period. Cash inflows from operating activities declined to 86.5 million EUR from 127.3 million EUR in the prior year as a result of a rise in working capital. The prior year's Cash Flow for investing activities benefited from the divestiture of the Russian perfumery companies.

## *Ongoing solid net assets and capital structure*

The balance sheet total fell by 4.6 percent to 1.62 billion EUR year-on-year as a result of lower Books division carrying amounts due to restructuring. The equity ratio as of the balance sheet date remained high at 42.8 percent. Working capital rose to 533.6 million, primarily due to higher perfumery inventories. Net bank debt as of June 30, 2012 amounted to 142.6 million EUR after 73.9 million EUR in the prior year. This rise is a result of the acquisition of minority shareholdings in the Books division. Due to contractual obligations from the year 2006, the Books division took over a further 25 percent share in Thalia Holding GmbH, Hamburg.

Fig. 6/7

Fig. 6 · Consolidated balance sheet: assets

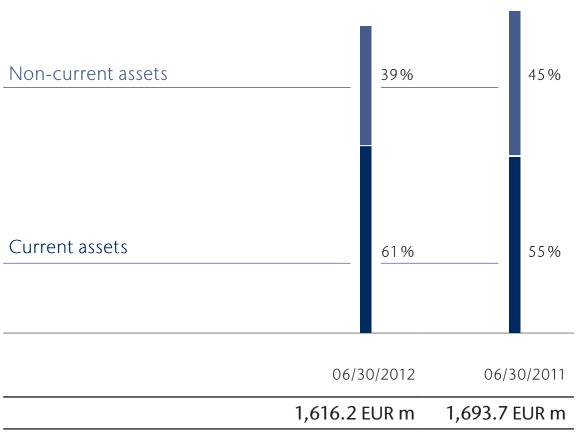
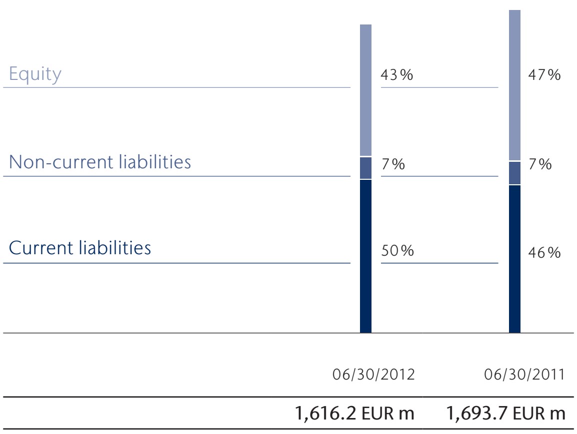



Fig. 7 · Consolidated balance sheet: equity and liabilities




## *Number of employees at prior year's level*

As of June 30, 2012, the DOUGLAS Group employed a total of 23,718 staff (prior year: 23,755). This translates to a slight drop of 0.2 percent over the prior year. As at the end of the reporting period, the number of employees outside of Germany totaled 8,988 (prior year: 8,951) plus 14,730 employees in Germany (prior year: 14,804); of which 1,445 were trainees. Personnel expenses increased to 575.3 million EUR after 553.0 million EUR the year before, with a personnel expense ratio as of the reporting date of 21.6 percent, up slightly on the prior year.

## *The DOUGLAS share*

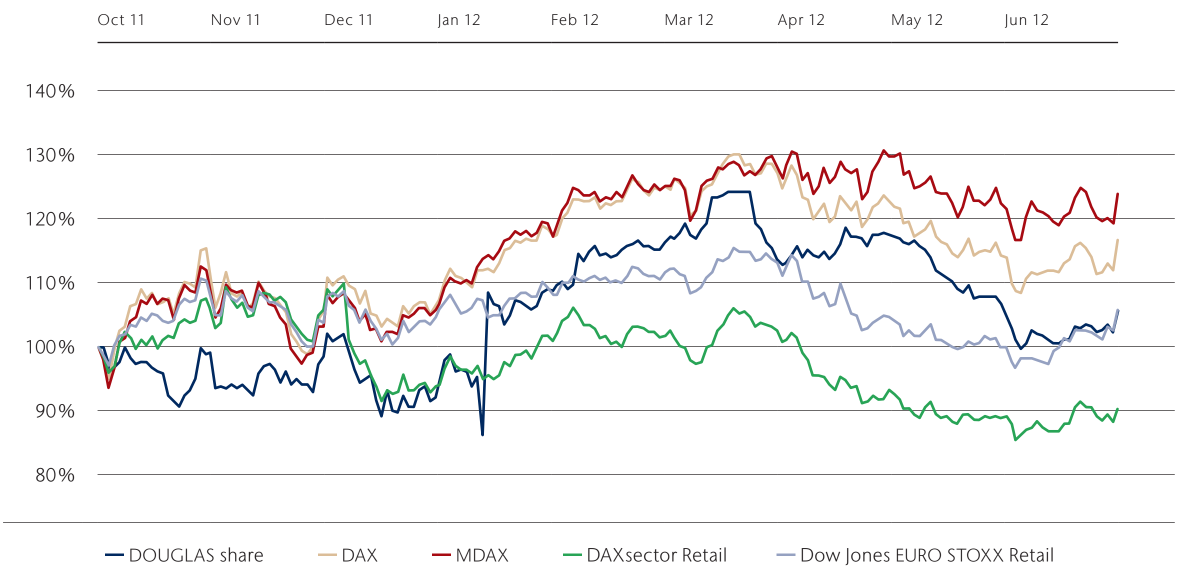
Fig. 8/9

The DOUGLAS share closed on XETRA at 31.09 EUR on June 29, 2012 after starting at 29.52 EUR at the beginning of the reporting period. This represented a gain of 9.0 percent taking into account the dividend of 1.10 EUR paid out on March 22. In the same period, the MDAX climbed by 24.0 percent and the DAX by 16.6 percent, while the benchmark DAXsector Retail index declined by 9.8 percent. The average daily turnover of DOUGLAS shares on XETRA stood at 115,865 shares. The volume-weighted average share price came in at 31.83 EUR. According to Deutsche Börse AG's indexing system, which only takes free float into account when calculating market capitalization, the DOUGLAS share ranked 39th on the MDAX as of the end of June 2012 (prior year: 37th).

Fig. 8 · The DOUGLAS share

| | | 06/30/2012 | 06/30/2011 |
|---|---|---|---|
| Shares issued | m | 39.4 | 39.4 |
| Capital stock | EUR m | 118.3 | 118.1 |
| Market capitalization | EUR m | 1,226.0 | 1,424.9 |
| Stock quotation | EUR | 31.09 | 36.19 |
| XETRA—highest stock quotation (10/01–06/30) | EUR | 36.70 | 43.36 |
| XETRA—lowest stock quotation (10/01–06/30) | EUR | 25.39 | 36.01 |

Fig. 9 · Indexed price of the DOUGLAS share for the first nine-month period 2011/12




### *No change in the opportunities and risk situation*

There have been no material changes in the opportunities and risks with respect to the Group's future business development since the start of fiscal year 2011/12. 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 59 to 65 of the Annual Report as of September 30, 2011 – remain unchanged.

## *Subsequent events after the balance sheet date*

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

## *Forecast*

### *No growth in the Euro zone*

According to estimates by the Ifo Institute, the Euro zone will experience a lower economic performance in the second half of 2012. The institute believes that the renewed intensification of the financial and sovereign debt crisis, the related austerity measures in some member states as well as the deterioration of financing conditions will result in companies and consumers deferring investments and consumer spending in the Euro zone. Not even export demand will provide positive growth impulses until the end of 2012 in light of slow economic growth in several key countries outside the Euro zone. Given this background, the Ifo Institute is expecting a 0.5 percent decline in real Euro zone gross domestic product (GDP) in 2012 and stagnating economic development in 2013. The Ifo Institute's forecast for Italy, Spain and Portugal is for declining GDP in both years. Slight growth is expected for the Netherlands in 2013. In contrast, Germany, Austria and France are likely to see a rise in GDP in both years. The Ifo Institute believes that the high private household debt levels in some crisis countries will negatively impact private consumption, which in the Euro zone is expected to drop by 0.7 percent in 2012 and by 0.4 percent in 2013. Euro zone unemployment is likely to remain high at 11.3 percent in 2012 and 12.0 percent in 2013, while the figures in Spain and Portugal are expected to be much higher.

### *Economic risks in Germany*

Despite the Euro debt crisis, the German economy developed positively in the first half of 2012 with slight growth. According to the Bundesbank (Federal Bank of Germany), this was due largely to positive structural conditions, above all low unemployment, real wage increases and favorable financing conditions. The bank expects a 1.0 percent real GDP increase for full-year 2012 and growth of 1.6 percent for 2013 provided the global economy continues to recover. These growth forecasts may be at risk if the Euro zone sovereign debt and financial crisis were to intensify. The Bundesbank believes that the crisis could pose a significant problem to the country's economic development were this to persist for a long time. Due to current favorable employment and income forecasts, the bank forecasts private consumption will rise in real terms by 1.3 percent in 2012 and 1.5 percent in 2013. Unemployment is expected to drop to 6.7 percent in the current year and then down to 6.5 percent next year. German retail association (HDE) continues to predict that sales in the retail sector for the year 2012 will grow by 1.5 percent in nominal terms. In price-adjusted terms, this is on par with the prior year.

### *Overall assessment of the Executive Board on the economic situation and expected development of the DOUGLAS Group*

Despite the challenges facing the Books division, the Executive Board assesses the situation of the DOUGLAS Group as being positive on the whole, with solid net assets, financial 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 in order to reach or secure a leading market position in their segments. The Group's sales markets continue to remain in Europe. New markets are not expected to be tapped in the current or coming fiscal year. From today's standpoint, the DOUGLAS Group will continue with its investment portfolio, while evaluating and utilizing optimization potential on an ongoing basis. Furthermore, the forward-looking multi-channel strategy will continue to be developed in the corporate divisions.

In the 2011/12 fiscal year, approximately 120 million EUR has been earmarked for investment. The focus of investments in the current and coming fiscal year will continue to be **Douglas perfumeries**. This year, the division will invest in the opening of some 40 new stores, the modernization of the existing store network as well as the expansion of online activities. The share of exclusive and private labels in total sales is expected to increase from 15 percent to 20 percent within the next two years. Another key strategic focus is on further developing multi-channel activities in Germany and abroad.

The **Thalia Group** intends to strengthen its market position. To this end, the Thalia Group is consistently pushing ahead with its restructuring in fiscal year 2011/12. The shift towards Internet sales and the increasing importance of e-books present major challenges for Thalia and stationary book retailers around the world. A restructuring plan with focus on the stationary business has been developed to adjust the business model to suit conditions in the market. It comprises the implementation of numerous measures (especially store closures, shop floor reductions, sub-lets and product line optimizations). The implementation of these measures has started and their progress is being continuously monitored in fiscal year 2011/2012.

In fiscal year 2011/12, **Christ jewelry stores** will invest in the opening of about five jewelry stores, additional specialty stores and the existing network of stores and e-commerce activities. A great deal of importance will continue to be attached to the development of new store concepts. The successful product mix strategy remains an important aspect for setting Christ apart from the competition. This means that the share of exclusive and private labels in total sales will be further expanded.

**AppelrathCüpper** will continue to consistently pursue the successful repositioning of its 13 fashion stores. For this purpose, funds have been set aside for shop fitting and merchandise presentation. In addition, AppelrathCüpper is focusing on expanding its accessories range.

The **Hussel confectionery shops** will continue with the successfully started new conception of the product mix and store design. Funds have been set aside to implement the new shop concept as part of the planned modernization of numerous stores and for the opening of up to five confectionery shops.

## *Annual forecast confirmed*

The DOUGLAS Group's performance in the first nine months of the current fiscal year proved satisfactory on the whole. On the basis of the sales and earnings performance to date, the Executive Board is therefore confirming the forecast given in the Annual Report 2010/11 for fiscal year 2011/12 and then specified in the interim report for the first six months of 2011/12. Despite the ongoing major structural challenges facing the entire book sector and the expenses for the restructuring of Thalia, the Executive Board predicts a slight sales increase for the DOUGLAS Group to more than 3.4 billion EUR and an EBITDA (earnings before interest, taxes, depreciation and amortization) at the lower end of the forecast range between 200 to 250 million EUR for the current fiscal year. The Executive Board does not currently expect to distribute a dividend for fiscal year 2011/12 due to the high restructuring expenses. 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, 2011 to June 30, 2012*

### Income statement

| | | 9M 2011/12<br>10/01/2011 to 06/30/2012 (in EUR m) | 9M 2010/11<br>10/01/2010 to 06/30/2011 (in EUR m) | Q3 2011/12<br>04/01/2012 to 06/30/2012 (in EUR m) | Q3 2010/11<br>04/01/2011 to 06/30/2011 (in EUR m) |
|---|---|---|---|---|---|
| **1.** | **Sales** | **2,662.9** | **2,616.5** | **746.5** | **742.6** |
| 2. | Cost of raw materials, consumables and supplies and merchandise | –1,403.9 | –1,381.6 | –387.7 | –385.7 |
| **3.** | **Gross profit from retail business** | **1,259.0** | **1,234.9** | **358.8** | **356.9** |
| 4. | Other operating income | 145.3 | 166.0 | 42.9 | 44.3 |
| 5. | Personnel expenses | –575.3 | –553.0 | –186.6 | –181.2 |
| 6. | Other operating expenses | –661.1 | –606.8 | –190.9 | –185.8 |
| **7.** | **EBITDA** | **167.9** | **241.1** | **24.2** | **34.2** |
| 8. | Amortization/depreciation | –218.0 | –111.7 | –30.7 | –29.9 |
| **9.** | **EBIT** | **–50.1** | **129.4** | **–6.5** | **4.3** |
| 10. | Financial income | 1.7 | 1.7 | 0.6 | 0.5 |
| 11. | Financial expenses | –3.9 | –4.4 | –1.0 | 0.5 |
| 12. | Financial result | –2.2 | –2.7 | –0.4 | 1.0 |
| **13.** | **Earnings before taxes (EBT)** | **–52.3** | **126.7** | **–6.9** | **5.3** |
| 14. | Income taxes | –20.8 | –44.7 | –2.9 | –1.9 |
| **15.** | **Net income for the year** | **–73.1** | **82.0** | **–9.8** | **3.4** |
| | | | | | |
| 16. | Profit attributable to minority interests | 3.0 | –0.2 | 0.1 | 0.0 |
| **17.** | **Profit attributable to the Group shareholders** | **–70.1** | **81.8** | **–9.7** | **3.4** |
| | | (in EUR) | (in EUR) | (in EUR) | (in EUR) |
| | **Earnings per share** | **–1.78** | **2.08** | **–0.25** | **0.08** |

# *Statement of comprehensive income*

### Statement of comprehensive income

| | 9M 2011/12<br>10/01/2011 to 06/30/2012 (in EUR m) | 9M 2010/11<br>10/01/2010 to 06/30/2011 (in EUR m) | Q3 2011/12<br>04/01/2012 to 06/30/2012 (in EUR m) | Q3 2010/11<br>04/01/2011 to 06/30/2011 (in EUR m) |
|---|---|---|---|---|
| **Net income for the year** | **–73.1** | **82.0** | **–9.8** | **3.4** |
| Foreign currency translation differences from translating the financial statements of a foreign operation | 0.6 | –0.9 | –1.9 | –1.0 |
| Effective portion of net investments hedges | 0.3 | 3.1 | 0.0 | 1.9 |
| Effective portion of Cash Flow Hedges | 0.0 | 1.1 | 0.0 | 0.4 |
| **Total comprehensive income** | **–72.2** | **85.3** | **–11.7** | **4.7** |
| Total comprehensive income attributable to Group shareholders | –69.2 | 85.1 | –11.6 | 4.7 |
| Total comprehensive income attributable to non-controlling interests | –3.0 | 0.2 | –0.1 | 0.0 |

# *Consolidated balance sheet*

## *as of June 30, 2012*

Consolidated balance sheet

| | | 06/30/2012 (in EUR m) | 06/30/2011 (in EUR m) | 09/30/2011 (in EUR m) |
|---|---|---|---|---|
| Assets | | | | |
| A. | Non-current assets | | | |
| I. | Intangible assets | 132.8 | 241.3 | 240.2 |
| II. | Property, plant and equipment | 421.0 | 463.9 | 459.7 |
| III. | Tax receivables | 7.1 | 8.1 | 7.0 |
| IV. | Financial assets | 4.8 | 5.3 | 5.3 |
| V. | Investment in associates | 0.5 | 0.0 | 0.0 |
| VI. | Deferred tax assets | 58.9 | 38.3 | 39.7 |
| | | 625.1 | 756.9 | 751.9 |
| B. | Current assets | | | |
| I. | Inventories | 707.0 | 661.3 | 675.4 |
| II. | Trade accounts receivable | 60.7 | 46.7 | 50.8 |
| III. | Tax receivables | 41.0 | 46.5 | 12.8 |
| IV. | Financial assets | 93.7 | 96.6 | 97.6 |
| V. | Other assets | 28.7 | 32.4 | 27.4 |
| VI. | Cash and cash equivalents | 60.0 | 53.3 | 43.3 |
| | | 991.1 | 936.8 | 907.3 |
| C. | Assets held for sale | 0.0 | 0.0 | 2.5 |
| | | 1,616.2 | 1,693.7 | 1,661.7 |
| Equity and liabilities | | | | |
| A. | Equity | | | |
| I. | Capital stock | 118.3 | 118.1 | 118.1 |
| II. | Additional paid-in capital | 223.7 | 222.3 | 222.3 |
| III. | Retained earnings | 336.8 | 453.8 | 453.9 |
| IV. | Minority interests | 12.5 | 8.6 | 8.7 |
| | | 691.3 | 802.8 | 803.0 |
| B. | Non-current liabilities | | | |
| I. | Provisions for pensions | 32.7 | 31.8 | 32.3 |
| II. | Other non-current provisions | 51.6 | 23.3 | 20.8 |
| III. | Financial liabilities | 23.3 | 38.0 | 27.3 |
| IV. | Other liabilities | 3.1 | 4.6 | 4.7 |
| V. | Deferred tax liabilities | 8.4 | 12.5 | 13.5 |
| | | 119.1 | 110.2 | 98.6 |
| C. | Current liabilities | | | |
| I. | Current provisions | 121.9 | 126.5 | 124.8 |
| II. | Trade accounts payable | 234.1 | 228.3 | 288.2 |
| III. | Tax liabilities | 92.5 | 91.0 | 47.7 |
| IV. | Financial liabilities | 208.0 | 194.4 | 166.4 |
| V. | Other liabilities | 149.3 | 140.5 | 133.0 |
| | | 805.8 | 780.7 | 760.1 |
| D. | Liabilities held for sale | 0.0 | 0.0 | 0.0 |
| | | 1,616.2 | 1,693.7 | 1,661.7 |

# 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 interest (in EUR m) | Total (in EUR m) |
| 10/01/2010 | 118.0 | 220.2 | 418.9 | –1.1 | –6.1 | 14.9 | 764.8 |
| Currency translation | | | | | –0.9 | | –0.9 |
| Hedge Accounting | | | | 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 | 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 |
| | | | | | | | |
| 10/01/2011 | 118.1 | 222.3 | 460.9 | 0.0 | –7.0 | 8.7 | 803.0 |
| Currency translation | | | | | 0.6 | | 0.6 |
| Hedge Accounting | | | | | 0.3 | | 0.3 |
| Net income for the period | | | –70.1 | | | –3.0 | –73.1 |
| Total comprehensive income | 0.0 | 0.0 | –70.1 | 0.0 | 0.9 | –3.0 | –72.2 |
| Capital increase | 0.2 | 1.4 | | | | 4.7 | 6.3 |
| IAS 32 | | | –3.1 | | | 3.1 | 0.0 |
| Acquisition of shares | | | –1.1 | | | –0.9 | –2.0 |
| Dividend payment | | | –43.4 | | | –0.1 | –43.5 |
| Transactions with shareholders | 0.2 | 1.4 | –47.6 | 0.0 | 0.0 | 6.8 | –39.2 |
| Changes in the scope of consolidation | | | | | –0.3 | | –0.3 |
| 06/30/2012 | 118.3 | 223.7 | 343.2 | 0.0 | –6.4 | 12.5 | 691.3 |

# *Consolidated Cash Flow statement*

Consolidated Cash Flow statement

| | | | 10/01/2011 to 06/30/2012 (in EUR m) | 10/01/2010 to 06/30/2011 (in EUR m) |
|---|---|---|---|---|
| 1. | | EBIT | –50.1 | 129.4 |
| 2. | + | Amortization/depreciation of non-current assets | 218.0 | 111.7 |
| 3. | –/+ | Increase in provisions | 28.3 | –5.9 |
| 4. | +/– | Other non-cash income/expense | –0.5 | 0.7 |
| 5. | –/+ | Profit/loss on the disposal of non-current assets | 0.4 | –21.5 |
| 6. | +/– | Changes in inventories, trade receivables and other assets not classifiable to investing or financing activities | –92.5 | –48.3 |
| 7. | +/– | Changes in trade payables and other liabilities not classifiable to investing or financing activities | 18.6 | 6.7 |
| 8. | – | Interest paid | –3.1 | –4.3 |
| 9. | + | Interest received | 0.8 | 0.7 |
| 10. | – | Taxes paid | –33.4 | –41.9 |
| **11.** | **=** | **Net Cash Flow from operating activities** | **86.5** | **127.3** |
| 12. | + | Proceeds from the disposal of non-current assets and disposal of stores | 1.7 | 2.7 |
| 13. | – | Investments in non-current assets | –72.1 | –78.8 |
| 14. | + | Proceeds from the disposal of consolidated companies | 0.0 | 50.6 |
| 15. | – | Payments for acquisition of consolidated companies and other business units | –0.4 | 0.0 |
| **16.** | **=** | **Net Cash Flow for investing activities** | **–70.8** | **–25.5** |
| **17.** | | **Free Cash Flow (sum of 11 and 16)** | **15.7** | **101.8** |
| 18. | + | Receipts from appropriations to equity | 0.9 | 1.1 |
| 19. | – | Dividends paid to DOUGLAS shareholders | –43.4 | –43.3 |
| 20. | – | Dividends paid to minority interests | 0.0 | –0.1 |
| 21. | – | Payments for the repayment of financial liabilities | –33.1 | –77.9 |
| 22. | + | Proceeds from borrowings | 142.7 | 29.5 |
| 23. | +/– | Other financial changes | –66.3 | –10.0 |
| **24.** | **=** | **Net Cash Flow from financing activities** | **0.8** | **–100.7** |
| 25. | = | Net change in cash and cash equivalents (total of rows 11, 16 and 24) | 16.5 | 1.1 |
| 26. | +/– | Net change in cash and cash equivalents due to currency translation | 0.1 | 0.6 |
| 27. | + | Cash and cash equivalents as of 10/01 | 43.4 | 51.7 |
| **28.** | **=** | **Cash and cash equivalents as of 06/30** | **60.0** | **53.4** |

# *Segment reporting*

## Segmentation by divisions – October 1 to June 30 (9M)

| | | Perfumeries | | Books | | Jewelry | |
|---|---|---|---|---|---|---|---|
| | | 9M 2011/12 | 9M 2010/11 | 9M 2011/12 | 9M 2010/11 | 9M 2011/12 | 9M 2010/11 |
| Sales (net) | in EUR m | 1,504.7 | 1,473.1 | 689.8 | 701.9 | 290.9 | 264.3 |
| Intersegment sales | in EUR m | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Sales | in EUR m | 1,504.7 | 1,473.1 | 689.8 | 701.9 | 290.9 | 264.3 |
| EBITDA | in EUR m | 145.4 | 166.1 | –20.0 | 31.5 | 33.8 | 31.4 |
| EBITDA margin | in % | 9.7 | 11.3 | –2.9 | 4.5 | 11.6 | 11.9 |
| Scheduled amortization/depreciation | in EUR m | 44.5 | 44.8 | 22.5 | 22.7 | 7.2 | 6.6 |
| Impairments | in EUR m | 0.2 | 22.9 | 129.7 | 0.0 | 0.0 | 0.0 |
| EBIT | in EUR m | 100.7 | 98.4 | –172.2 | 8.8 | 26.6 | 24.8 |
| Interest expense | in EUR m | 6.0 | 8.6 | 2.9 | 2.8 | 1.1 | 1.5 |
| Interest income | in EUR m | 1.2 | 1.2 | 0.3 | 0.5 | 0.2 | 0.2 |
| EBT | in EUR m | 95.9 | 91.0 | –174.8 | 6.5 | 25.7 | 23.5 |
| Capital expenditure | in EUR m | 42.8 | 39.7 | 14.4 | 19.4 | 8.1 | 10.9 |
| Average annual number of employees (FTEs) | | 11,752 | 12,110 | 4,162 | 4,319 | 1,961 | 1,859 |
| Sales area | 1,000 $m^2$ | 283 | 277 | 246 | 249 | 23 | 22 |
| Number of stores (June 30) | | 1,186 | 1,173 | 294 | 295 | 209 | 204 |

## Segmentation by divisions – April 1 to June 30 (Q3)

| | | Perfumeries | | Books | | Jewelry | |
|---|---|---|---|---|---|---|---|
| | | Q3 2011/12 | Q3 2010/11 | Q3 2011/12 | Q3 2010/11 | Q3 2011/12 | Q3 2010/11 |
| Sales (net) | in EUR m | 439.3 | 431.5 | 176.5 | 184.9 | 79.8 | 74.5 |
| EBITDA | in EUR m | 33.6 | 33.9 | –10.4 | –4.0 | 1.3 | 3.1 |
| Capital expenditure | in EUR m | 9.8 | 10.4 | 5.0 | 4.7 | 0.6 | 3.7 |

| Fashion | | Confectionery | | Services | | Reconciliation | | DOUGLAS Group | |
|---|---|---|---|---|---|---|---|---|---|
| 9M 2011/12 | 9M 2010/11 | 9M 2011/12 | 9M 2010/11 | 9M 2011/12 | 9M 2010/11 | 9M 2011/12 | 9M 2010/11 | 9M 2011/12 | 9M 2010/11 |
| 94.0 | 95.7 | 81.7 | 79.5 | 1.8 | 2.0 | 0.0 | 0.0 | 2,662.9 | 2,616.5 |
| 0.0 | 0.0 | 1.5 | 1.5 | 29.1 | 27.1 | –30.6 | –28.6 | 0.0 | 0.0 |
| 94.0 | 95.7 | 83.2 | 81.0 | 30.9 | 29.1 | –30.6 | –28.6 | 2,662.9 | 2,616.5 |
| 5.8 | 7.7 | 7.3 | 6.1 | –4.4 | –1.7 | 0.0 | 0.0 | 167.9 | 241.1 |
| 6.2 | 8.0 | 8.8 | 7.5 | – | – | 0.0 | 0.0 | 6.3 | 9.2 |
| 4.1 | 4.6 | 2.2 | 2.2 | 7.6 | 7.8 | 0.0 | 0.0 | 88.1 | 88.7 |
| 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 129.9 | 23.0 |
| 1.7 | 3.1 | 5.1 | 3.8 | –12.0 | –9.5 | 0.0 | 0.0 | –50.1 | 129.4 |
| 0.5 | 0.8 | 0.1 | 0.1 | 3.1 | 4.0 | –9.8 | –13.5 | 3.9 | 4.3 |
| 0.0 | 0.1 | 0.0 | 0.0 | 9.8 | 13.1 | –9.8 | –13.5 | 1.7 | 1.6 |
| 1.2 | 2.4 | 5.0 | 3.7 | –5.3 | –0.4 | 0.0 | 0.0 | –52.3 | 126.7 |
| 0.7 | 1.7 | 1.8 | 2.3 | 4.3 | 4.9 | 0.0 | 0.0 | 72.1 | 78.9 |
| 585 | 612 | 727 | 765 | 554 | 519 | 0 | 0 | 19,741 | 20,184 |
| 35 | 35 | 14 | 15 | 0 | 0 | 0 | 0 | 601 | 598 |
| 13 | 13 | 236 | 247 | 0 | 0 | 0 | 0 | 1,938 | 1,932 |

| Fashion | | Confectionery | | Services | | Reconciliation | | DOUGLAS Group | |
|---|---|---|---|---|---|---|---|---|---|
| Q3 2011/12 | Q3 2010/11 | Q3 2011/12 | Q3 2010/11 | Q3 2011/12 | Q3 2010/11 | Q3 2011/12 | Q3 2010/11 | Q3 2011/12 | Q3 2010/11 |
| 29.5 | 30.1 | 20.9 | 21.0 | 0.5 | 0.6 | 0.0 | 0.0 | 746.5 | 742.6 |
| 1.9 | 2.8 | –1.0 | –0.7 | –1.2 | –0.9 | 0.0 | 0.0 | 24.2 | 34.2 |
| 0.2 | 1.2 | 0.5 | 0.6 | 1.3 | 3.0 | 0.0 | 0.0 | 17.4 | 23.6 |

# *Segment reporting*

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

| | Perfumeries | | Books | | Jewelry | | Other | |
|---|---|---|---|---|---|---|---|---|
| | 9M 2011/12 (in EUR m) | 9M 2010/11 (in EUR m) | 9M 2011/12 (in EUR m) | 9M 2010/11 (in EUR m) | 9M 2011/12 (in EUR m) | 9M 2010/11 (in EUR m) | 9M 2011/12 (in EUR m) | 9M 2010/11 (in EUR m) |
| **Sales** | | | | | | | | |
| Germany | 807.2 | 768.3 | 515.3 | 529.6 | 290.9 | 264.3 | 173.8 | 173.7 |
| International | 695.3 | 704.8 | 174.5 | 172.3 | 0.0 | 0.0 | 3.7 | 3.5 |
| | **1,504.7** | **1,473.1** | **689.8** | **701.9** | **290.9** | **264.3** | **177.5** | **177.2** |
| **Non-current assets** | | | | | | | | |
| Germany | 121.7 | 114.9 | 73.0 | 207.5 | 36.8 | 34.2 | 107.3 | 115.5 |
| International | 185.4 | 200.1 | 29.2 | 32.1 | 0.0 | 0.0 | 0.8 | 1.1 |
| | **307.1** | **315.0** | **102.2** | **239.6** | **36.8** | **34.2** | **108.1** | **116.6** |
| **Capital expenditure** | | | | | | | | |
| Germany | 25.5 | 22.5 | 12.7 | 14.6 | 8.1 | 10.9 | 6.8 | 8.9 |
| International | 17.3 | 17.2 | 1.7 | 4.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| | **42.8** | **39.7** | **14.4** | **19.4** | **8.1** | **10.9** | **6.8** | **8.9** |

# *Notes to the 9M interim financial report of DOUGLAS HOLDING AG for the fiscal year 2011/12*

The consolidated financial statements for the first nine months of the 2011/12 fiscal year have been prepared in conformity with IAS 34 (Interim Financial Reporting). They have not been audited. 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, 2011. Any sales-related, seasonal or cyclical issues 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 were prepared uniformly using IFRS classification, accounting and measurement principles. Any 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 169,485 EUR from the issuance of 56,495 new shares to employees. Including the share premium, the DOUGLAS HOLDING AG received funds in the amount of 903,920 EUR from the issuance of the employee shares. As in the prior year, a dividend of 1.10 EUR per share, totaling 43.4 million EUR, was distributed to shareholders of DOUGLAS HOLDING AG.

In the perfumeries division, the newly established French company DPB achats with headquarters in Lille was included in the consolidated financial statements for the first time. In the Croatian subsidiary IRIS d.d. an additional 25 percent stake was also acquired. The books division acquired interests in Pocket Shop GmbH, Berlin in December 2011 and was included in the consolidated financial statements as part of an equity valuation. In the course of a capital increase, the interest held in buch.de internetstores AG, Münster rose to 79.9 percent. A further interest of 25 percent was acquired in Kober & Thalia Buchhandelsgruppe GmbH & Co. KG, Mannheim. Due to contractual obligations from the year 2006, the Books division took over a further 25 percent share in Thalia Holding GmbH, Hamburg, effective April 20, 2012.

As part of the restructuring plan for Thalia Buchgesellschaften, expenses of 36.3 million EUR were recognized as of March 31, 2012. Sales expectations corresponding to this restructuring were included in budget plans for a detailed period of ten years and a subsequent perpetual annuity. These impairment tests led to write-downs of 128.8 million EUR. The impairments affected goodwill, other intangible assets and fixed assets.

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 59 to 65 of the Annual Report for the 2011/12 fiscal year. Statements made there still apply to a material extent.

| Financial calendar | |
|---|---|
| October 9, 2012 | Trading Statement for the fiscal year 2011/12 (10/01/2011–09/30/2012) |
| January 22, 2013 | Balance Sheet Press Conference for the fiscal year 2011/12 |
| January 23, 2013 | Analysts' Conference |
| February 6, 2013 | Interim Report Q1 2012/13 |

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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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