Interim Report Q1
Fiscal Year 2009/10

DOUGLAS HOLDING

Excellence in Retailing

AN OVERVIEW OF THE DOUGLAS GROUP

Key figures

		Q1 (10/1 – 12/31)		
		2009/10	**2008/09**	**Change (in %)**
Sales	EUR m	1,128.1	1,122.1	0.5
national	*EUR m*	*742.1*	*732.3*	*1.3*
international	*EUR m*	*386.0*	*389.8*	*-1.0*
EBITDA	EUR m	178.9	172.8	3.5
margin	*in %*	*15.9*	*15.4*	-
EBT	EUR m	141.7	133.1	6.5
margin	*in %*	*12.6*	*11.9*	-
Net income	EUR m	96.3	88.2	9.2
Earnings per share	EUR	2.45	2.25	8.9
Share price at 12/31	EUR	34.03	32.20	5.7
Free Cash Flow	EUR m	227.7	194.7	16.9
Capital expenditure	EUR m	21.1	36.2	-41.7
		12/31/2009	**12/31/2008**	**09/30/2009**
Equity	EUR m	814.5	772.3	710.9
Equity ratio	*in %*	*43.1*	*40.0*	*42.1*
Balance sheet total	EUR m	1,890.8	1,930.4	1,688.6
Working capital [1)]	EUR m	395.8	425.1	455.0
Net bank credit (+) / net bank debt (-) [2)]	EUR m	63.6	-13.3	-165.3
Employees		24,809	25,100	24,190
Stores		2,016	2,004	2,005
Sales area	1,000 sqm	594.8	587.5	590.6

[1)] Inventories and trade accounts receivable less trade accounts payable
[2)] Cash and cash equivalents less liabilities due to banks

MAIN DEVELOPMENTS IN THE FIRST QUARTER OF FISCAL YEAR 2009/10

Group sales higher by 0.5 percent over prior year:

- Sales performance favorably impacted by first time full consolidation of buch.de internetstores AG as of December 1, 2009
- Like-for-like sales in Germany in line with prior year; decline abroad due to ongoing challenging economic conditions

Earnings before taxes rise by 9 million EUR to 142 million EUR:

- Earnings positively affected by one-off income effect from the revaluation of shares previously held in buch.de in the amount of 6.1 million EUR
- Higher earnings contribution from Thalia
- Christ and AppelrathCüpper at prior year's level
- Earnings from Douglas perfumery and Hussel slightly below last year's level

Solid financing and capital structure:

- Net bank credit amounts to 64 million EUR as of December 31, 2009 following net bank debt of 13 million EUR one year earlier
- Free Cash Flow up 33 million EUR to 228 million EUR

Annual forecast unchanged:

- Sales growth between 0 and 2 percent
- Earnings before taxes (EBT) between 120 and 130 million EUR

INTERIM GROUP MANAGEMENT REPORT

BUSINESS ACTIVITIES AND OPERATING ENVIRONMENT

A leading European specialty retailer

The DOUGLAS Group is a leading European retail group. With its five decentralized retailing divisions, it is currently represented with about 2,000 specialty stores spanning across 22 countries.

Our employees of about 24,800 assure that our customers experience competent advice, excellent service and first-class products at fair prices in an attractive shopping ambiance each and every day.

Economic stabilization

At the end of the calendar year 2009, the economy further stabilized both in the Euro region and in Germany. The onset of economic growth in the third quarter of the previous calendar year continued into the fourth quarter. The state economic stabilization programs and a significant rise in exports as a result of the continuous global economic recovery contributed as well.

The DOUGLAS Group Brands

Douglas	The Douglas Perfumeries are currently represented in 22 countries. As the European market leader, Douglas stands for competence in the areas of perfume, cosmetics and body care.
Thalia	Thalia bookstores also enjoy a leading position in Germany, Austria and Switzerland, offering an extensive and sophisticated assortment of products.
CHRIST	The Christ jewelry stores lead the market in Germany in the mid to upper price range of the jewelry and watches segment.
AppelrathCüpper	The AppelrathCüpper women's fashion stores are held in high esteem at all their locations for the excellent quality of the clothing offered.
HUSSEL Confiserie	The confectionery specialist – Hussel – leads the market in the German confectionery sector and since 2005 is present in Austria as well

According to a survey of the Federation of German Retailers (Handelsverband Deutschland (HDE)), the German retail sector performed better than feared in 2009 despite the crisis, it nonetheless still declined significantly. Also, according to preliminary figures of the Federal Office of Statistics, the German retail sector recorded a nominal sales drop of 2.4 percent and a sales decrease of 1.8 percent in real terms in the calendar year 2009.

NET ASSETS, FINANCIAL POSITION AND RESULT OF OPERATIONS

Sales performance further impacted by weak consumption demand abroad

Given the lower sales performance of the German retail sector, the DOUGLAS Group's first quarter of the fiscal year 2009/10 (October 1, 2009 to December 31, 2009) developed quite satisfactory. However, many foreign subsidiaries registered significant sales losses due to the state of the economy.

Overall, the DOUGLAS Group's sales slightly climbed by 0.5 percent to 1.13 billion EUR in the reporting period; currency-adjusted sales rose by 1.1 percent. The first-time full consolidation of the online book retailer, buch.de internetstores AG (buch.de), Münster, made a substantial contribution to the sales increase. A majority shareholding was acquired in buch.de with effect from December 1, 2009. On a comparative basis (hereinafter referred to as "like-for-like"), which reflects only those stores that operated during both the reporting and the comparable prior periods, net sales were just 0.6 percent behind the previous year. However, the fairly stable sales performance in Germany only partially offset the weak demand abroad.

In Germany, first-quarter net sales increased by 1.3 percent. On a like-for-like basis, a slight sales gain of 0.4 percent was achieved.

The ongoing difficult economic situation in several foreign markets led to a sales decline abroad for the first time. Overall, the prior year's sales were just missed by

Net sales and store network development by division

	Net sales (in EUR m)		Change (in %)		Stores		Change
	Q1 2009/10	Q1 2008/09	Total	Like-for-like	12/31/2009	12/31/2008	Absolute
Perfumeries	641.6	647.2	-0.9	-2.0	1,230	1,209	21
national	*325.5*	*322.5*	*0.9*	*-0.2*	*452*	*449*	*3*
international	*316.1*	*324.7*	*-2.6*	*-3.9*	*778*	*760*	*18*
Books [1]	297.2	278.7	6.6	2.2	292	294	-2
national [2]	*229.1*	*215.5*	*6.3*	*1.7*	*236*	*239*	*-3*
international [3]	*68.1*	*63.2*	*7.7*	*4.0*	*56*	*55*	*1*
Jewelry	113.1	112.6	0.5	1.5	205	205	0
Fashion	34.9	41.0	-14.7	-3.0	14	15	-1
Confectionery	40.6	41.7	-2.7	-2.2	275	281	-6
national	*38.8*	*39.8*	*-2.7*	*-2.2*	*259*	*265*	*-6*
international	*1.8*	*1.9*	*-2.5*	*-2.4*	*16*	*16*	*0*
Services	0.7	0.9	-	-	-	-	-
DOUGLAS Group [4]	**1,128.1**	**1,122.1**	**0.5**	**-0.6**	**2,016**	**2,004**	**12**
national [5]	*742.1*	*732.3*	*1.3*	*0.4*	*1,166*	*1,173*	*-7*
international [6]	*386.0*	*389.8*	*-1.0*	*-2.5*	*850*	*831*	*19*

[1] excl. buch.de: total 1.6%; l-f-l 0.7%
[2] excl. buch.de: total 0.9%, l-f-l -0.1%
[3] excl. buch.ch: total 4.1%; l-f-l 3.4%
[4] excl. buch.de: total -0.7%; l-f-l -1.0%
[5] excl. buch.de: total -0.3%; l-f-l -0.2%
[6] excl. buch.ch: total -1.5%; l-f-l -2.6%

1.0 percent; on a like-for-like basis, first-quarter sales were down 2.5 percent. The share of foreign subsidiaries in Group sales slightly declined from 34.7 percent to 34.2 percent.

The Douglas Perfumeries recorded first-quarter sales of 641.6 million EUR for the 2009/10 fiscal year, thus falling just short of the prior year's sales by 0.9 percent. However, currency-adjusted sales rose slightly by 0.2 percent. Like-for-like sales were 2.0 percent behind the prior year, which was predominantly the consequence of the weak consumption demand outside of Germany. The 452 Perfumeries in Germany delivered a satisfying performance given the challenging market environment. The Perfumeries posted a sales increase of 0.9 percent, with like-for-like sales nearly matching the prior year's figure.

Given the persistent, deteriorated consumption conditions in many foreign markets, the 778 Perfumeries outside Germany posted a sales decline of 2.6 percent. However, adjusted for currency effects, the decrease was only 0.6 percent.

Sales growth recorded by the Douglas Perfumeries in Poland, Italy and France could not offset the lower turnover posted in Spain, Portugal, Hungary and the Baltic States. Like-for-like sales fell by 3.9 percent. Consequently, the share in foreign subsidiaries in Group Perfumery sales dropped to 49.3 percent after 50.2 percent a year earlier.

The Books division succeeded in bolstering sales at its 292 Thalia bookstores by a solid 6.6 percent to 297.2 million EUR. Like-for-like sales were up 2.2 percent over the prior year. Consequently, the Books division once again delivered a good performance in a difficult market environment.

Sales at the 236 bookstores in Germany jumped 6.3 percent to 229.1 million EUR. On a like-for-like basis, a sales gain of 1.7 percent was achieved. Sales at the 56 Thalia bookstores outside of Germany soared 7.7 percent to 68.1 million EUR. Like-for-like sales were up 4.0 percent. This positive trend is primarily due to the solid sales performance delivered in Austria.

In the Jewelry division, the 205 Christ stores improved their sales by 0.5 percent to 113.1 million EUR despite the challenging market conditions. On a like-for-like basis, Christ surpassed the prior year's high sales figure by 1.5 percent. Accordingly, Christ continued with its gratifying performance thanks to their successful realization of the exclusive and trend labels strategy.

In a persistently tough market environment, the sales decline was successfully minimized in the Fashion division. Like-for-like sales decreased by 3.0 percent in the quarter under review after 7.4 percent in the fiscal year 2008/09. As a consequence of the AppelrathCüpper fashion store closed in Berlin, total absolute sales declined by 14.7 percent to 34.9 million EUR.

The 275 Hussel confectionery shops achieved sales of 40.6 million EUR, falling short of the prior year's figure by 2.7 percent. This was the consequence of a like-for-like sales decrease of 2.2 percent and of further store network streamlining.

Number of stores at prior year's level

The number of stores of the DOUGLAS Group of 2,016 as of the end of December 2009 was approximately in line with the prior year's level. The store network grew by only 12 stores. Therefore, the expansion tempo has significantly slowed down. The opening of 82 new stores (prior year's quarter: 150) and three acquisitions (prior year's quarter: 54) was offset by 73 store closures (prior year's quarter: 73). The store closures mainly comprise the Perfumery and Confectionery divisions and include the first closures from the store network streamlining program passed in the last financial year.

Earnings increase to 141.7 million EUR

The DOUGLAS Group's earnings before taxes (EBT) totaled 141.7 million EUR in the first quarter following 133.1 million EUR a year earlier. In addition to the improvement in operating earnings of 2.5 million EUR, the one-off valuation effect arising from the revaluation of shares previously held in buch.de in the amount of 6.1 million EUR contributed to this increase. The return on sales – the ratio of EBT to sales – stood at 12.6 percent after 11.9 percent in the previous year (excluding buch.de: 12.2 percent).

Due to the poor sales performance outside of Germany, the Douglas Perfumeries did not quite match the earnings amount contributed last year. In the Books division, the Thalia bookstores in Austria contributed the most to the earnings increase. The Christ jewelry stores reached the high prior year's earnings as a consequence of the solid sales performance delivered. The AppelrathCüpper women's fashion stores held the earnings position despite lower sales as a result of an improved gross profit margin and a further optimized cost structure. Earnings contributed by the Hussel confectionery shops lagged slightly behind the prior year's figure due to a declining sales performance. The pre-tax earnings in the Services division improved from -5.6 million EUR to -3.9 million EUR.

Earnings before interest, taxes, depreciation and amortization (EBITDA) of the DOUGLAS Group increased from 172.8 million EUR to 178.9 million EUR, predominantly from the one-off effect from the revaluation of previously purchased shares in buch.de. The EBITDA margin – the ratio of EBITDA to sales – reached 15.9 percent after 15.4 percent in the same period last year (excluding buch.de: 15.5 percent).

Tax expenses for the reporting period of 45.4 million EUR were in line with the prior year's figure of 44.9 million EUR. The tax ratio stood at 32.0 percent compared to 33.7 percent in the same quarter last year. A tax ratio of between 35 and 37 percent is anticipated for the entire 2009/10 fiscal year.

The first quarter of fiscal year 2009/10 closed with Group net income of 96.3 million EUR after 88.2 million EUR in the same quarter last year. Correspondingly, the earnings per share increased to 2.45 EUR versus 2.25 Euro one year before.

Lower capital expenditure

The capital expenditure volume of 21.1 million EUR for the first quarter was lower by 15.1 million EUR over the same quarter last year. The number of new openings significantly dropped to 29 stores in the quarter under review (prior year's quarter: 51). Investments concentrated more strongly on expanding store sales space and modernizing the existing store network. The Douglas Perfumeries proved to be the focus of capital spending, with 20 new stores (prior year's quarter: 44) - including 17 outside of Germany (prior year's quarter: 40), mostly in Poland, Russia and Italy.

Higher Free Cash Flow

At the end of the first quarter of the 2009/10 fiscal year, the free cash flow came in at 227.7 million EUR following 194.7 million EUR the year before.

The cash inflow from operating activities rose to 293.1 million EUR after 232.4 million EUR year-on-year, which was mainly due to an improvement in working capital management.

The cash outflow for investing activities increased to 65.4 million EUR compared to 37.7 million EUR last year. The purchase price payments for the acquisition of buch.de shares and for minority shareholdings in two Group subsidiaries substantially exceeded the previous year's low figure. This was only offset in part by the lower capital spending on stores.

In total, the free cash flow improved by 33.0 million EUR in the reporting quarter, although on a quarter-on-quarter comparison, significantly higher purchase price payments were made for business acquisitions.

The cash outflow for financing activities totaled 73.9 million EUR during the first quarter compared to 85.9 million EUR in the previous year. This was due to the seasonal repayment of financial debt.

EBT and EBT margins

	Q1 (10/1 – 12/31)			
	EBT (in EUR m)		EBT margin (in %)	
	2009/10	2008/09	2009/10	2008/09
Perfumeries	70.6	71.8	11.0	11.1
Books [1]	38.6	31.1	13.0	11.2
Jewelry	24.2	24.1	21.4	21.4
Fashion	3.3	2.5	9.4	6.2
Confectionery	8.9	9.2	21.7	21.8
Services	-3.9	-5.6	-	-
DOUGLAS Group [1]	**141.7**	**133.1**	**12.6**	**11.9**

[1] Including one-off valuation effects of 6.1 million EUR from the revaluation of shares previously held in buch.de according to IFRS 3

Continued solid net assets and capital structure

Compared with the previous reporting quarter, the balance sheet total declined slightly as a result of an improved working capital management and fewer investments. The equity ratio of 43.1 percent as of the end of the first quarter increased compared to the prior year's first-quarter ratio of 40.0 percent.

The decrease in working capital during the first three months in comparison to the balance sheet date as of September 30, 2009 is due to seasonal factors. Even on a year-on-year comparison, the working capital decreased due to improved receivables management.

At the end of the reporting period, a net bank credit arose in the amount of 63.6 million EUR. The improvement over the prior year's net bank debt amount of 13.3 million EUR mainly resulted from reduced cash tied-up in working capital and fewer investments.

Number of employees slightly below the previous year

As of December 31, 2009, the DOUGLAS Group employed a total of 24,809 persons, 291 less than at the balance sheet date one year earlier. The decline is mostly the result of the closure of the AppelrathCüpper fashion store in Berlin at the end of January 2009. As of the end of the first quarter, the number of employees outside of Germany totaled 9,767 plus 15,042 employees in Germany; of which 1,409 represented trainees or apprentices.

Personnel expenses during the first quarter of approximately 180 million EUR were in line with the prior year's figure, thus the personnel expense ratio remained unchanged at 16.1 percent.

No change to opportunities and risk situation

Since the start of the 2009/10 fiscal year, there have been no significant changes to the opportunities and risks with respect to the Group's business development in the future. 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 Report – as presented in the Consolidated Financial Statements as of September 30, 2009 – remain unchanged.

SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

The Parfumeri Douglas ApS., Copenhagen, Denmark, discontinued the operations of their four stores as of January 20, 2010. This transaction does not impact the earnings for the current financial year.

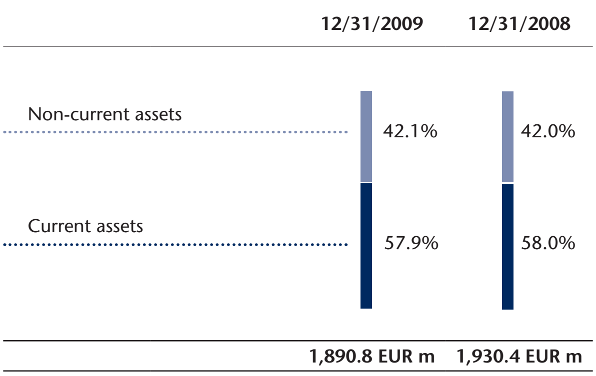
FORECAST

Marginal macroeconomic growth expected

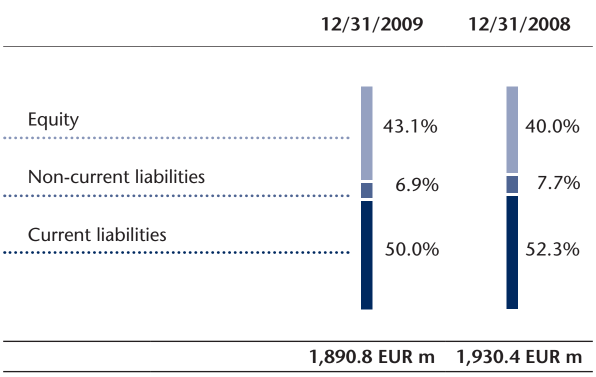
According to the Federal Bank of Germany, the effects from the economic stabilization measures in Germany and abroad will gradually subside starting in the spring 2010, so that in the years 2010 and 2011, only moderate economic growth is expected.

The Federal Bank of Germany anticipates a rise in global production of 3 percent in 2010 and 3.5 percent

Consolidated balance sheet: assets



Consolidated balance sheet: equity and liabilities



in 2011, respectively, after the global economy shrunk by 1 percent in 2009.

For Germany, the Federal Bank predicts moderate growth of 1.6 percent in 2010 and 1.2 percent in 2011, respectively, after a severe drop in economic output of 4.9 percent for the year 2009.

The German Retail Association (Handelsverband Deutschland (HDE)) predicts that sales in the retail sector for the year 2010 will remain at the weak level reported in 2009. Price-adjusted, this translates into a sales decline in Germany of 0.5 percent. The expected rise in unemployment figures could impact private consumption. Therefore, the HDE assumes a continued gloomy consumption environment and a tense situation to lie ahead for the German retailers in 2010.

General statements by the Executive Board on the economic situation and future development of the DOUGLAS Group

The DOUGLAS HOLDING AG's Executive Board still assesses the DOUGLAS Group's situation as positive even in challenging economic times. The DOUGLAS Group is well-positioned and possesses a solid net assets, financial position and result of operations. It will uphold its current strategic direction. The aim is to grow further in a controlled manner and to secure and expand its position as a leading European lifestyle Group in the retail sector. New markets are not expected to be entered in the current fiscal year. The DOUGLAS Group will focus on gaining additional market share and continue with its unchanged product portfolio at first, without neglecting the ongoing pursuit of optimization potential.

In the current fiscal year, the DOUGLAS Group has set aside an investment volume of approximately 120 million EUR. The focus of investments will continue to lie on the Douglas Perfumeries, with the goal of asserting itself in an increasingly price-sensitive market environment and to gain additional market share in existing countries. In the Books division, the focus in the coming years will be to expand the multichannel strategy and to raise profitability. The acquisition of buch.de will make an important contribution to this. The Jewelry division will aim to expand Christ's leading market position in Germany by means of the successful product-mix strategy and their expanded scope of services and to position itself as an expert jeweler with high competence. The goal in the Fashion division is to position AppelrathCüpper as a profiled premium brands seller of women's fashion clothes in the mid to upper genre at attractive prices. The Hussel confectionery stores plan to establish themselves as a supplier of gifts as well as to expand its leading market position in the German confectionery market.

Annual forecast unchanged

Given the current challenging consumption conditions and the poor industry development, the first quarter performance in Germany in the 2009/10 fiscal year was satisfactory. In contrast, the tough economic conditions in several foreign markets adversely affected the sales performance. With earnings before taxes of 141.7 million EUR, a solid platform has been established for the rest of the current fiscal year.

The sales and earnings forecasts issued in the 2008/09 Annual Report for the 2009/10 fiscal year are still valid. On the basis of current information, the Executive Board still predicts a sales gain of between 0 and 2 percent, with anticipated earnings before taxes of between 120 and 130 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 OF DOUGLAS HOLDING AG

for the period from October 1, 2009 to December 31, 2009

Income Statement

		10/01/2009 - 12/31/2009	10/01/2008 - 12/31/2008
		EUR m	EUR m
1.	**Sales**	**1,128.1**	**1,122.1**
2.	Cost of raw materials, consumables and supplies and merchandise	-608.3	-603.6
3.	**Gross profit from retail business**	**519.8**	**518.5**
4.	Other operating income	56.2	54.0
5.	Personnel expenses	-181.1	-181.0
6.	Other operating expenses	-216.0	-218.9
7.	Income from other investments in associates	0.0	0.2
8.	**EBITDA**	**178.9**	**172.8**
9.	Amortization/depreciation	-28.3	-28.2
10.	**EBIT**	**150.6**	**144.6**
11.	Financial income	0.7	0.5
12.	Financial expenses	-9.6	-12.0
13.	Financial result	-8.9	-11.5
14.	**Earnings before taxes (EBT)**	**141.7**	**133.1**
15.	Income taxes	-45.4	-44.9
16.	**Net income for the year**	**96.3**	**88.2**
17.	**Profit attributable to minority interests**	**-0.1**	**0.0**
18.	Profit attributable to the Group shareholders	96.2	88.2
		EUR	EUR
	Earnings per share	**2.45**	**2.25**

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income

	10/01/2009 - 12/31/2009	10/01/2008 - 12/31/2008
	EUR m	EUR m
Net income for the year	**96.3**	**88.2**
Foreign currency translation differences arising from translating the financial statements of a foreign operation	0.8	-12.5
Effective portion of gains and losses on hedging instruments in a cash flow hedge	0.0	-1.0
Total comprehensive income	**97.1**	**74.7**
Total comprehensive income attributable to Group shareholders	96.8	74.7
Total comprehensive income attributable to minority interests	-0.3	0.0

CONSOLIDATED BALANCE SHEET OF DOUGLAS HOLDING AG

as of December 31, 2009

Assets

		12/31/2009	12/31/2008	09/30/2009
		EUR m	EUR m	EUR m
A.	**Non-current assets**			
I.	Intangible assets	275.4	269.5	265.5
II.	Property, plant and equipment	474.1	510.8	478.6
III.	Tax receivables	7.7	0.0	7.7
IV.	Financial assets	5.4	5.5	5.8
V.	Investment in associates	0.0	7.7	7.9
VI.	Deferred tax assets	34.3	17.0	33.3
		796.9	**810.5**	**798.8**
B.	**Current assets**			
I.	Inventories	674.6	678.4	667.1
II.	Trade accounts receivable	69.7	79.1	42.7
III.	Tax receivables	19.6	34.9	24.3
IV.	Financial assets	115.0	140.5	94.9
V.	Other assets	24.9	26.8	25.0
VI.	Cash and cash equivalents	190.1	160.2	35.8
		1,093.9	**1,119.9**	**889.8**
		1,890.8	**1,930.4**	**1,688.6**

Equity and Liabilities

		12/31/2009	12/31/2008	09/30/2009
		EUR m	EUR m	EUR m
A.	**Equity**			
I.	Capital stock	118.0	117.8	117.8
II.	Additional paid-in capital	220.2	218.3	218.9
III.	Retained earnings	470.4	436.0	374.0
IV.	Minority interests	5.9	0.2	0.2
		814.5	**772.3**	**710.9**
B.	**Non-current liabilities**			
I.	Provisions for pensions	29.7	28.4	29.6
II.	Other non-current provisions	23.2	20.7	22.8
III.	Financial liabilities	63.5	86.6	65.1
IV.	Other liabilities	6.2	5.5	5.3
V.	Deferred tax liabilities	7.2	7.9	6.9
		129.8	**149.1**	**129.7**
C.	**Current liabilities**			
I.	Current provisions	120.1	106.2	133.3
II.	Trade accounts payable	348.5	332.4	254.8
III.	Tax liabilities	137.4	149.9	50.6
IV.	Financial liabilities	189.9	278.7	296.2
V.	Other liabilities	150.6	141.8	113.1
		946.5	**1,009.0**	**848.0**
		1,890.8	**1,930.4**	**1,688.6**

CASH FLOW STATEMENT

Cash Flow Statement

			10/01/2009 - 12/31/2009	10/01/2008 - 12/31/2008
			EUR m	EUR m
1.		EBIT	150.6	144.6
2.	+	Amortization/depreciation of non-current assets	28.3	28.2
3.	+	Increase in provisions	-15.4	-9.7
4.	–	Other non-cash income/expense	-4.5	-2.8
5.	+/–	Profit/loss on the disposal of non-current assets	0.3	0.2
6.	+/–	Changes in inventories, trade receivables and other assets not classifiable to investing or financing activities	-38.9	-73.3
7.	–/+	Changes in trade payables and other liabilities not classifiable to investing or financing activities	181.6	162.3
8.	–	Interest paid	-2.1	-7.1
9.	+	Interest received	0.0	0.4
10.	–	Taxes paid	-6.8	-10.4
11.	=	**Net cash flow from operating activities**	**293.1**	**232.4**
12.	+	Proceeds from the disposal of non-current assets and disposal of stores	0.8	0.8
13.	–	Investments in non-current assets	-21.2	-35.1
14.	–	Payments for acquisition and disposal of consolidated companies and other business units	-45.0	-3.4
15.	=	**Net cash flow for investing activities**	**-65.4**	**-37.7**
16.		**Free cash flow (sum of 11 and 15)**	**227.7**	**194.7**
17.	+	Receipts from appropriations to equity	0.6	0.6
18.	–	Dividends paid to DOUGLAS shareholders	0.0	0.0
19.	–	Dividends paid to minority interests	0.0	0.0
20.	–	Payments for the repayment of financial liabilities	-74.7	-98.3
21.	+	Proceeds from borrowings	0.0	11.8
22.	+/–	Other financial changes	0.2	0.0
23.	=	**Net cash flow from financing activities**	**-73.9**	**-85.9**
24.	=	**Net change in cash and cash equivalents (total of rows 11, 15 and 23)**	**153.8**	**108.8**
25.	+/–	Net change in cash and cash equivalents due to currency translation	0.2	-0.7
26.	+	Cash and cash equivalents as of 10/01	36.7	53.2
27.	=	**Cash and cash equivalents as of 12/31**	**190.7**	**161.3**

SEGMENT REPORTING

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

Segmentation by geographic region

	Perfumeries		Books		Jewelry		Other	
in EUR m	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
Sales								
Germany	*325.5*	*322.5*	*229.1*	*215.5*	*113.1*	*112.6*	*74.4*	*81.7*
International	*316.1*	*324.7*	*68.1*	*63.2*	*0.0*	*0.0*	*1.8*	*1.9*
	641.6	**647.2**	**297.2**	**278.7**	**113.1**	**112.6**	**76.2**	**83.6**
Assets								
Germany	*109.4*	*120.7*	*187.1*	*182.3*	*27.4*	*27.6*	*121.7*	*124.5*
International	*276.4*	*305.5*	*25.9*	*26.6*	*0.0*	*0.0*	*1.6*	*2.2*
	385.8	**426.2**	**213.0**	**208.9**	**27.4**	**27.6**	**123.3**	**126.7**
Capital expenditure								
Germany	*5.3*	*7.3*	*3.0*	*8.8*	*1.9*	*2.4*	*2.7*	*4.1*
International	*7.2*	*12.9*	*1.0*	*0.7*	*0.0*	*0.0*	*0.0*	*0.0*
	12.5	**20.2**	**4.0**	**9.5**	**1.9**	**2.4**	**2.7**	**4.1**

SEGMENT REPORTING

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

Segmentation by divisions

	Perfumeries		Books		Jewelry	
in EUR m	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
Sales (net)	641.6	647.2	297.2	278.7	113.1	112.6
Intersegment sales	0.0	0.0	0.0	0.0	0.0	0.1
Sales	**641.6**	**647.2**	**297.2**	**278.7**	**113.1**	**112.7**
Earnings from investments in associates	0.0	0.0	0.0	0.2	0.0	0.0
Earnings from other investments	0,0	0,0	0,0	0,0	0,0	0,0
Reversal of impairments	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**89.5**	**94.4**	**53.4**	**45.3**	**26.6**	**26.6**
EBITDA margin in %	14.0	14.6	18.0	16.2	23.5	23.6
Scheduled amortization/depreciation	15.6	16.4	6.4	5.8	1.8	1.7
Impairments	0.0	0.1	0.0	0.0	0.0	0.0
EBIT	**73.9**	**77.9**	**47.0**	**39.5**	**24.8**	**24.9**
Interest expense	3.6	7.2	8.5	8.6	0.7	0.9
Interest income	0.3	1.1	0.1	0.2	0.1	0.1
EBT	**70.6**	**71.8**	**38.6**	**31.1**	**24.2**	**24.1**
Assets (Dec. 31)	385.8	426.2	213.0	208.9	27.4	27.6
Capital expenditure	12.5	20.2	4.0	9.5	1.9	2.4
Average annual number of employees (FTEs)	12,166	12,427	4,275	4,165	1,720	1,718
Sales area (1,000 m²)	281	271	242	240	21	20
Number of stores (Dec. 31)	1,230	1,209	292	294	205	205

STATEMENT OF CHANGES IN GROUP EQUITY

Statement of changes in group equity

in EUR m	Capital stock	Additional paid-in capital	Retained earnings: Other retained earnings	Retained earnings: Results from Cash Flow Hedges	Retained earnings: Differences from currency translation	Minority interest	Total
10/01/2008	**117.7**	**217.8**	**361.1**	**0.1**	**0.1**	**0.2**	**697.0**
Currency translation					-12.5		-12.5
IAS 39				-1.0			-1.0
Net income for the period			88.2				88.2
Total comprehensive income	**0.0**	**0.0**	**88.2**	**-1.0**	**-12.5**	**0.0**	**74.7**
Capital increase (employee shares)	0.1	0.5					0.6
Transactions with shareholders	**0.1**	**0.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.6**
12/31/2008	**117.8**	**218.3**	**449.3**	**-0.9**	**-12.4**	**0.2**	**772.3**
10/01/2009	**117.8**	**218.9**	**386.2**	**-1.4**	**-10.8**	**0.2**	**710.9**
Currency translation					0.6	0.2	0.8
Net income for the period			96.2			0.1	96.3
Total comprehensive income	**0.0**	**0.0**	**96.2**	**0.0**	**0.6**	**0.3**	**97.1**
Capital increase (employee shares)	0.2	1.3					1.5
IAS 32			-0.4				-0.4
Transactions with shareholders	**0.2**	**1.3**	**-0.4**	**0.0**	**0.0**	**0.0**	**1.1**
Changes in the scope of consolidation						5.4	5.4
12/31/2009	**118.0**	**220.2**	**482.0**	**-1.4**	**-10.2**	**5.9**	**814.5**

Fashion 2009/10	Fashion 2008/09	Confectionery 2009/10	Confectionery 2008/09	Services 2009/10	Services 2008/09	Reconciliation 2009/10	Reconciliation 2008/09	DOUGLAS Group 2009/10	DOUGLAS Group 2008/09
34.9	41.0	40.6	41.7	0.7	0.9	0.0	0.0	1,128.1	1,122.1
0.0	0.0	0.6	0.6	8.1	7.0	-8.7	-7.7	0.0	0.0
34.9	**41.0**	**41.2**	**42.3**	**8.8**	**7.9**	**-8.7**	**-7.7**	**1,128.1**	**1,122.1**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.3	**5.3**	**9.6**	**10.0**	**-5.5**	**-8.8**	**0.0**	**0.0**	**178.9**	**172.8**
15.1	12.8	23.4	23.8	-	-	0.0	0.0	15.9	15.4
1.6	1.7	0.7	0.7	2.2	1.8	0.0	0.0	28.3	28.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
3.7	**3.6**	**8.9**	**9.3**	**-7.7**	**-10.6**	**0.0**	**0.0**	**150.6**	**144.6**
0.4	1.3	0.0	0.1	1.3	3.2	-4.9	-9.3	9.6	12.0
0.0	0.2	0.0	0.0	5.1	8.2	-4.9	-9.3	0.7	0.5
3.3	**2.5**	**8.9**	**9.2**	**-3.9**	**-5.6**	**0.0**	**0.0**	**141.7**	**133.1**
40.7	42.4	12.6	12.9	70.0	71.4	0.0	0.0	749.5	789.4
0.4	0.3	0.8	1.0	1.5	2.8	0.0	0.0	21.1	36.2
611	763	763	764	489	482	0	0	20,024	20,319
35	40	16	17	0	0	0	0	595	588
14	15	275	281	0	0	0	0	2,016	2,004

NOTES TO THE INTERIM Q1 REPORT 2009/10 OF DOUGLAS HOLDING AG

The consolidated financial statements for the first three months of the 2009/10 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, 2009. Any sales-related, seasonal or cyclical factors have been deferred during the fiscal year in accordance with sound business judgment.

IFRS 8 (Operating Segments) has been applied for the first time by the DOUGLAS Group to the interim financial report ending December 31, 2009. In addition to the previous presentation of the segments, the service segment of the Group is now shown separately from the reconciliation column. The segment assets shown contain non-current assets not classifiable to either the tax position or financial assets. The relevant segment amounts for the 2008/09 fiscal year have been accordingly restated for purposes of assuring comparability. The accompanying interim financial report has been expanded for the first time to show other comprehensive income in addition to the presentation of net income or loss in the income statement. In conformity with the amended IAS 1 (Presentation of Financial Statements), both of these items together depict the total comprehensive income and are shown separately in a statement of comprehensive income. At the same time, the statement of changes in Group equity has been expanded by total comprehensive income as a separate line item. 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 124,740 EUR from the issuance of 41,580 new shares to employees. Including the share premium, the DOUGLAS HOLDING AG received funds in the amount of 623,700 EUR from issuance of the employee shares.

In the Books division, another 24.7 percent interest was acquired in buch.de internetstores AG, Münster, with effective from December 1, 2009. Consequently, the shareholding increased to 60.2 percent of the capital stock. Accordingly, buch.de internetstores AG has been included in full in the consolidated financial statements since December 1, 2009 on the basis of a preliminary initial consolidation. On this basis assets in the amount of 29.3 million EUR and liabilities in the amount of 14.2 million EUR were consolidated on a preliminary basis. The purchase price of this acquisition amounted to 8.4 million EUR. Moreover, the remaining 0.5 percent of shares of Thalia Bücher AG with its head office in Basel/Switzerland were acquired effective December 17, 2009. Furthermore, in the Fashion division the remaining shares of 25.0 percent in Reiner Appelrath-Cüpper Nachfolge GmbH, Cologne, were acquired with effect from October 1, 2009.

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 50 to 53 of the Annual Report for the 2008/09 fiscal year. Statements made there still apply to a material extent.

Hagen, February 5, 2010
The Executive Board

FINANCIAL CALENDAR

March 24, 2010
Annual Shareholders' Meeting, Hagen

March 25, 2010
Dividend Distribution

May 11, 2010
Mid-Year Report 2009/10

August 11, 2010
Interim Report 9M 2009/2010

October 7, 2010
Trading Statement for the
fiscal year 2009/10
(10/01/2009 – 09/30/2010)

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This document is a free translation into English of the original German text. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the German version, which is the authentic text.

On request we will be pleased to send you the annual financial statements for DOUGLAS HOLDING AG as well.

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 financial report was published on February 9, 2010.

Douglas Thalia CHRIST AppelrathCüpper HUSSEL Confiserie

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