

*Financial Statements of
DOUGLAS HOLDING AG
Fiscal Year 2009/10*

DOUGLAS  HOLDING

Excellence in Retailing



INCOME STATEMENT OF DOUGLAS HOLDING AG

for the period from October 1, 2009 to September 30, 2010

Income statement			
	Notes	10/01/2009 to 09/30/2010 (in EUR m)	10/01/2008 to 09/30/2009 (in EUR m)
1. Other operating income	4	37.1	40.7
2. Personnel expenses	5	-10.2	-10.5
3. Depreciation and write-downs on tangible and intangible assets		-1.8	-8.4
4. Other operating expenses	6	-41.0	-38.5
5. Income from investments	7	123.2	111.2
6. Net interest	8	8.9	13.5
7. Result from ordinary business activities		116.2	108.0
8. Income taxes	9	-36.8	-32.0
9. Other taxes		7.3	-0.1
10. Net income		86.7	75.9
11. Profit carried forward from previous year		0.7	0.8
12. Change to revenue reserves		-43.4	-32.7
13. Accumulated earnings		44.0	44.0

BALANCE SHEET OF DOUGLAS HOLDING AG

as of September 30, 2010

Assets			
	Notes	09/30/2010 (in EUR m)	09/30/2009 (in EUR m)
A. Fixed assets	10		
I. Intangible assets		0.1	0.1
II. Tangible assets		1.6	14.8
III. Financial assets		525.5	494.7
		527.2	509.6
B. Current assets			
I. Receivables and other assets	11	438.5	427.0
II. Cash and cash equivalents	12	2.3	2.8
		440.8	429.8
C. Prepaid expenses and deferred charges	13	1.9	2.0
		969.9	941.4
Equity and liabilities			
	Notes	09/30/2010 (in EUR m)	09/30/2009 (in EUR m)
A. Equity			
I. Capital stock	14	118.0	117.8
II. Additional paid-in capital	15	216.6	216.1
III. Revenue reserves	16	397.9	354.5
IV. Accumulated earnings		44.0	44.0
		776.5	732.4
B. Special reserves		0.0	5.6
C. Provisions	17	62.3	54.8
D. Liabilities	18	130.9	148.4
E. Deferred income		0.2	0.2
		969.9	941.4

NOTES TO THE FINANCIAL STATEMENTS OF DOUGLAS HOLDING AG FOR THE FISCAL YEAR 2009/10

1. General principles

The annual financial statements of DOUGLAS HOLDING AG as of September 30, 2010 have been prepared in conformity with the regulations of the German Commercial Code ("HGB") and Stock Corporation Law ("AktG") and in accordance with the relevant tax legislation. The explanations given are guided by the principles of clarity, transparency and materiality.

The accounting and valuation principles have not changed materially from those applied in the previous year. Any exceptions to this general rule – along with their impact on the net results – are noted separately.

Individual items in the balance sheet and income statement have been combined to achieve greater transparency. These items are shown separately in the Notes.

All figures in the balance sheet and income statement are shown in millions of EUR (EUR m).

2. Accounting and valuation principles

Fixed assets

Tangible and intangible assets acquired are carried at their acquisition or production costs less scheduled and non-scheduled amortization/depreciation. The straight-line method was applied. As a rule, the shortest useful life allowed according to tax law is used. Low-value items with acquisition costs of more than 150 EUR but less than 1,000 EUR are depreciated over five years in a collective account.

Non-scheduled depreciation was recognized where a permanent impairment in value is anticipated.

Financial assets include shares in affiliated companies, loans to affiliated companies and shareholdings stated at cost or the lower fair value. The interest-bearing loans are stated at nominal value.

Current assets

Receivables and other assets are stated at acquisition costs. Where required, value adjustments were performed to cover any discernible risks.

Provisions and liabilities

Provisions for pensions and similar obligations are based on actuarial calculations using the latest Mortality Tables from Dr. Heubeck and applying a discount rate of 4.0 percent according to the part-value method (Teilwert).

The valuation of congruent employee-funded pension commitments was based on an interest rate of 4.7 percent, which was implemented to compute the reinsurance value. Provisions for taxes and other provisions adequately cover all discernible risks, uncertain liabilities and pending losses as determined by prudent business judgment.

As a general rule, liabilities are carried at their repayment amounts.

3. Currency translation

Foreign currency receivables and liabilities were translated using the rate at the transaction date or at the lower and, respectively, higher rates prevailing at the balance sheet date.

NOTES TO THE INCOME STATEMENT

4. Other operating income

Other operating income		
	2009/10 (in EUR m)	2008/09 (in EUR m)
Income from rental and sub-rental	27.2	27.7
Income from costs passed on to Group companies	2.6	2.2
Other income	7.3	10.8
Total	37.1	40.7

Other income mainly relates to the reversal of special reserves with an equity portion amounting to 5.6 million EUR. Furthermore, this line item includes an amount of 1.3 million EUR from income from the reversal of provisions.

5. Personnel expenses

Personnel expenses		
	2009/10 (in EUR m)	2008/09 (in EUR m)
Wages and salaries	8.2	8.4
Social security, pensions and other benefits costs	2.0	2.1
For pensions	1.3	1.3
Total	10.2	10.5

6. Other operating expenses

Other operating expenses		
	2009/10 (in EUR m)	2008/09 (in EUR m)
Rent and utilities	28.4	26.7
Advertising costs	0.7	1.1
Other services	2.7	2.3
Repair costs	0.5	0.9
Voluntary social security contributions and additional personnel costs	0.8	0.9
Office costs and postage	0.3	0.3
Other expenses	7.6	6.3
Total	41.0	38.5

7. Income from investments

Income from investments		
	2009/10 (in EUR m)	2008/09 (in EUR m)
Income from profit transfer agreements	87.2	83.5
Income from shareholdings	3.1	0.4
From affiliated companies	3.1	0.3
Taxes passed on to controlled companies	32.9	31.2
Expenses from loss transfer agreements	0.0	-3.9
Total	123.2	111.2

Income from profit transfer agreements from the Perfumery division increased by 4.8 million EUR to 68.1 million EUR. The Books division contributed 4.7 million EUR from income arising from profit transfer agreements following 8.8 million EUR in the previous year. The amount from income from profit transfer agreements of the Jewelry division increased by 1.9 million EUR to 11.9 million EUR. Expenses for loss transfer agreements in the previous year related to the Fashion division and mainly resulted from the write-down of the investment carrying value of Appelrath-Cüpper Nachf. GmbH. The investment income comprises of 0.1 million EUR for the investment in Hapag Lloyd Reisebüro GmbH & Co. KG, 0.7 million EUR from Douglas Immobilien GmbH & Co. KG and 2.3 million EUR from Douglas Grundstücks- und Verwaltungs-GmbH & Co. KG.

8. Net interest

Net interest		
	2009/10 (in EUR m)	2008/09 (in EUR m)
Other interest and similar income	6.9	12.5
Income from long-term loans	6.1	8.5
Interest and similar expenses	-4.1	-7.5
Total	8.9	13.5

Within the scope of Group clearing, income from interest totaling 6.2 million EUR (2008/09: 11.8 million EUR) and interest paid in the amount of 0.4 million EUR (2008/09:

2.3 million EUR) from affiliated companies are included. The income of 6.1 million EUR (2008/09: 8.4 million EUR) from long-term loans applied to affiliated companies.

9. Income taxes

Income taxes include corporate income taxes, the solidarity surcharge and trade taxes payable by DOUGLAS HOLDING AG in its capacity as the controlling enterprise for the subsidiaries in the Group. Expenses were offset against income from the reversal of provisions for taxes and tax refunds.

NOTES TO THE BALANCE SHEET

10. Fixed assets

Intangible assets			
		Industrial property rights and similar rights (in EUR m)	
Acquisition and production costs			
As of 10/01/09		1.3	
Additions		0.1	
Disposals		0.0	
As of 09/30/10		1.4	
Accumulated amortization			
As of 09/30/10		1.3	
Net figures			
As of 09/30/10		0.1	
As of 09/30/09		0.1	
Amortization for the year ended		0.1	
Tangible assets			
	Land, leasehold rights and buildings, incl. buildings on third-party land (in EUR m)	Other equipment, fixtures, fittings and equipment (in EUR m)	Total (in EUR m)
Acquisition and production costs			
As of 10/01/09	62.2	6.1	68.3
Additions	1.4	0.1	1.5
Disposals	52.4	0.0	52.4
As of 09/30/10	11.2	6.2	17.4
Accumulated depreciation			
As of 09/30/10	10.5	5.3	15.8
Net figures			
As of 09/30/10	0.7	0.9	1.6
As of 09/30/09	13.8	1.0	14.8
Depreciation for the year ended	1.5	0.2	1.7

Financial assets					
	Shares in affiliated companies (in EUR m)	Loans due from affiliated companies (in EUR m)	Shareholdings (in EUR m)	Other loans and advances (in EUR m)	Total (in EUR m)
Acquisition and production costs					
As of 10/01/09	327.7	171.1	1.2	0.8	500.8
Additions	71.0	10.0	0.0	0.0	81.0
Disposals	0.0	49.8	0.0	0.4	50.2
As of 09/30/10	398.7	131.3	1.2	0.4	531.6
Accumulated write-downs					
As of 09/30/10	5.8	0.0	0.3	0.0	6.1
Net figures					
As of 09/30/10	392.9	131.3	0.9	0.4	525.5
As of 09/30/09	321.9	171.1	0.9	0.8	494.7
Write-downs for the year ended	0.0	0.0	0.0	0.0	0.0

11. Receivables and other assets

Receivables and other assets			
	09/30/2010 (in EUR m)	Payable within more than 1 year (in EUR m)	09/30/2009 (in EUR m)
Receivables from affiliated companies	418.2		403.3
Other assets	20.3	7.9	23.7
Total	438.5	7.9*	427.0

*Previous year: 8.7 million EUR

Receivables from affiliated companies mainly include short-term loans, profits transferred, and costs and taxes allocated to subsidiaries. Other assets primarily include corporate income tax credits owing to DOUGLAS HOLDING AG and tax refund claims in the amount of 11.0 million EUR (09/30/09: 10.2 million EUR).

12. Cash and cash equivalents

The cash and cash equivalents consist of cash deposited in banks.

13. Prepaid expenses

At the balance sheet date, this item primarily contained advance rental payments and advance pension payments.

14. Capital stock

As a result of the issue of employee shares, subscribed capital rose by 0.2 million EUR to 118.0 million EUR. It is divided into 39,320,892 no-par value bearer shares. The proportion of share capital corresponding to each share is 3.00 EUR. The bearer shares have full

voting and dividend rights for the 2009/10 fiscal year. The DOUGLAS HOLDING AG shares are admitted to official trading and quotation on four German stock exchanges.

The authorized share capital developed as follows during the year under review:

Authorized capital			
	Capital authorized for issue I (in EUR m)	Capital authorized for issue II (in EUR m)	Total (in EUR m)
As of 10/01/09	25.0	1.4	26.4
Utilization for employee shares 2009	–	–0.2	–0.2
As of 09/30/10	25.0	1.2	26.2

There was no conditional capital as of the balance sheet date.

15. Additional paid-in capital

As a result of the issue of employee shares, capital reserves rose by 0.5 million EUR to 216.6 million EUR.

16. Revenue reserves

Revenue reserves were as follows:

Revenue reserves		(in EUR m)
As of 10/01/09		354.5
Transfer to other revenue reserves		43.4
As of 09/30/10		397.9

The legal reserve of 0.3 million EUR remains the same as in the previous year.

17. Provisions

Provisions		
	09/30/2010 (in EUR m)	09/30/2009 (in EUR m)
Provisions for pensions and similar obligations	16.8	16.6
Provisions for taxes	32.5	25.7
Other provisions	13.0	12.5
Total	62.3	54.8

Pension obligations are based on actuarial computation and, as such, are covered in full by pension provisions. Pension payments during the year under review totaled 1.0 million EUR.

Provisions for taxes have been formed for expected tax payments, in particular for corporate income taxes, the solidarity surcharge and trade taxes. Other provisions mostly include provisions for personnel and for anticipated losses from tenancies.

18. Liabilities

Liabilities				
	09/30/2010 (in EUR m)	Payable in less than 1 year (in EUR m)	Payable in more than 5 years (in EUR m)	09/30/2009 (in EUR m)
Liabilities due to banks	98.8	64.8	0.0	92.1
Trade accounts payable	0.5	0.5		0.8
Accounts due to affiliated companies	28.8	28.8		43.0
Other liabilities	2.8	2.8		12.5
Total	130.9	96.9	0.0	148.4
Previous year		105.4	8.5	

By way of the revolving credit line of 500 million EUR, the provision of credit is sufficiently assured for at least two years and is available for both DOUGLAS HOLDING AG and Douglas Finance B.V..

Other liabilities include tax obligations of 1.9 million EUR (09/30/09: 0.2 million EUR). The other liabilities also include liabilities from short-term loans and amounts due to landlords.

19. Other explanatory notes

Sale and lease back transactions

In the fiscal year 2009/10 DOUGLAS HOLDING AG transferred seven real estate properties to Douglas Grundstücks- und Verwaltungsgesellschaft mbH & Co. KG, Zossen, which is a full subsidiary, at no cost and leased them back.

Contingent liabilities

Maximum guarantees and letters of comfort assumed on behalf of Group companies totaling 14.9 million EUR (09/30/09: 50.7 million EUR) were valued at 13.4 million EUR (09/30/09: 21.5 million EUR) at the date of the balance sheet. The company has declared a cumulative assumption of debt vis-à-vis the owner of one property for fulfillment of the rental obligations for a subsidiary. The minimum annual rent is between 2.1 million EUR and 2.6 million EUR. The agreement is valid until the year 2038.

Other financial commitments

Other financial commitments consist of long-term leases for shop premises operated by Group companies in which DOUGLAS HOLDING AG is generally a party. Tenancy expenses within the Group totaled 315.7 million EUR (2008/09: 314.4 million EUR).

There is an obligation to Douglas Immobilien KG to pay-in the liable capital totaling 1.9 million EUR. The obligation had not been called up as of the balance sheet date.

Lease payments totaling 0.1 million EUR (2008/09: 0.1 million EUR) were made to an affiliated company.

Risks from derivative financial instruments

The interest-rate swaps for the purpose of hedging interest rate risks out of loans with variable return amounts to a nominal volume of 25.0 million EUR (09/30/09: 25.0 mil-

lion EUR), as of the balance sheet date. Due to the current interest rate development, these swaps have a market value of –1.5 million EUR (09/30/09: –1.9 million EUR). Because of the existing hedge accounting, the swaps are recognized in the balance sheet with a net carrying net value of nil.

Impact of tax valuation principles

As a result of applying tax valuation principles, tax depreciation pursuant to Section 6b of the German Income Tax Law was effected in the year under review and previous years, and special reserves with an equity portion were recognized and released accordingly. In the year under review the depreciation pursuant to Section 6b of the German Income Tax Law amounts to 1.4 million EUR. Effects on net income in coming years will be of minor significance.

Average number of employees

The average number of employees for the year is as follows:

Average number of employees		
	2009/10	2008/09
Salaried employees and wage earners	75	76
Apprentices	25	24
Total	100	100

Shareholdings

The list of shareholdings provides an overview of the most important directly and indirectly held affiliated companies and other investments. A complete list of shareholdings is submitted to the online version of the German Federal Gazette (“Bundesanzeiger”).

Related party transactions with companies and persons

Business transactions with related companies and persons are effected under the same conditions as with third parties (arm's length transactions).

Executive bodies and the corporate governance code

Total remuneration paid to the Executive Board of DOUGLAS HOLDING AG is presented in the following table:

Executive Board remuneration			
	2009/10		Total (in EUR '000)
	Fixed (in EUR '000)	Variable (in EUR '000)	
Dr. Henning Kreke, President and CEO	536.5	824.5	1,361.0
Dr. Burkhard Bamberger	457.1	412.2	869.3
Anke Giesen	332.5	258.4	590.9
Total	1,326.1	1,495.1	2,821.2

The performance-based components of the Executive Board's remuneration are identified in line with earnings. There are no share-price based models, such as stock options.

Total remuneration of the Executive Board of DOUGLAS HOLDING AG during the fiscal year 2008/09 amounted to 2,512.6 thousand EUR. Former members of the Executive Board and their surviving dependents received pensions totaling 903 thousand EUR (2008/09: 902 thousand EUR). The pension provisions for members of the Executive Board totaled 1,254 thousand EUR following 1,432 thousand EUR in the previous year.

The pension provisions for former members of the Executive Board and their surviving dependents totaled 12,137 thousand EUR following 11,806 thousand EUR in the previous year.

Pension commitments for members of the Executive Board provide a retirement pension after the attainment of a fixed retirement age as well as benefits for their surviving dependants. The amount of monthly benefits to be granted is based on a non-income-related fixed amount totaling 6,135.50 EUR for Dr. Henning Kreke and 3,000.00 EUR for Dr. Bamberger. This amount increases by 5.0 percent, respectively, for each pensionable year of service. Furthermore, the amounts are adjusted index-based for the development in the cost of living. Additional commitments like severance payments, bridge money and leave benefits etc. do not exist.

The total remuneration paid to members of the Supervisory Board of DOUGLAS HOLDING AG is as follows:

	2009/10			2008/09		
	Fixed (in EUR '000)	Variable (in EUR '000)	Total (in EUR '000)	Fixed (in EUR '000)	Variable (in EUR '000)	Total (in EUR '000)
Dr. Dr. h.c. Jörn Kreke, Chairman	80.8	23.2	104.0	81.6	26.4	108.0
Margarete Pinkowski, Vice-Chairwoman	55.4	17.4	72.8	55.8	19.8	75.6
Detlef Bierbaum	40.4	11.6	52.0	40.8	13.2	54.0
Ulrike Grabe	30.0	11.6	41.6	30.0	13.2	43.2
Isabelle Harth	30.0	11.6	41.6	30.0	13.2	43.2
Solveig Hasse	30.0	11.6	41.6	30.0	13.2	43.2
Henning R. Kreke	30.0	11.6	41.6	30.0	13.2	43.2
Petra Lügger	30.0	11.6	41.6	30.0	13.2	43.2
Bernd M. Michael	30.0	11.6	41.6	30.0	13.2	43.2
Dr. h.c. August Oetker	40.4	11.6	52.0	40.8	13.2	54.0
Johann Rösch (from April 28, 2010)	15.0	5.8	20.8	0.0	0.0	0.0
Dr. Ernst F. Schröder	50.8	11.6	62.4	51.6	13.2	64.8
Malene Volkers (until March 24, 2010)	15.0	5.8	20.8	30.0	13.2	43.2
Dr. Ulrich Wolters	40.4	11.6	52.0	40.8	13.2	54.0
Prof. Dr. Mark Wössner	30.0	11.6	41.6	30.0	13.2	43.2
Christine Wrobel	30.0	11.6	41.6	30.0	13.2	43.2
Sabine Zimmer	30.0	11.6	41.6	30.0	13.2	43.2
Total	608.2	203.0	811.2	611.4	231.0	842.4

Provisions of 811 thousand EUR (2008/09: 842 thousand EUR) have been set up for remuneration to be paid to Supervisory Board members; of this figure, 608 thousand EUR is fixed and 203 thousand EUR is a variable component. The variable components of the Supervisory Board's remuneration is based on earnings per share. There were no share-price based models, such as stock options.

Transactions pursuant to section 15 a of the German WpHG (securities trading act)

Mr. Henning R. Kreke, a member of the Supervisory Board, sold a total of 50,000 DOUGLAS shares during the year under review at prices ranging between 31.40 and 34.95 EUR per share.

Reportable investments according to section 21 (1) of the German WpHG (securities trading act)

As required under Section 21 (1) WpHG, Müller Auslandsimmobilien Holding GmbH, Ulm, Germany, informed us on August 11, 2010 that its voting rights share in DOUGLAS HOLDING AG (ISIN DE0006099005) exceeded the 3 and 5 percent limits as of July 1, 2010 and totaled 6.361 percent on this date (2,501,145 voting rights).

As required under Section 21 (1) WpHG, ID-Sparinvest A/S informed us on behalf of UCITS – Investeringsforingen Sparinvest – that its voting rights share in DOUGLAS HOLDING AG (ISIN DE0006099005) was below the 3 percent limit on October 4, 2010 and now totals 2.97 percent (1,168,525 voting rights).

As required under Section 21 (1) WpHG, Deko International S.A., Luxembourg, informed us on August 23, 2010 that its voting rights share in DOUGLAS HOLDING AG (ISIN DE0006099005) exceeded the 3 percent limit on August 19, 2010 and totaled 0.5009 percent on this date (196,971 voting rights).

As required under Section 21 (1) clause 1 WpHG and Section 24 WpHG, Coöperatieve Raiffeisen-Boerenleenbank B.A., Utrecht, Netherlands (hereinafter referred to as “Rabobank”) informed us on October 1, 2010 that its subsidiaries IPB Holding B.V., Utrecht, Netherlands and Eichbaum Holding AG, c/o Bank Sarasin & Cie AG, Basel, Switzerland and Bank Sarasin & Cie AG, Basel, Switzerland exceeded the 5 percent limit for their voting rights shares in DOUGLAS HOLDING AG (ISIN DE0006099005) on September 28, 2010 and totaled 6.24 percent on this date (2,455,205 voting rights).

Declaration of conformity pursuant to section 161 of the German Stock Corporation Law (“AktG”)

In December 2010 DOUGLAS HOLDING AG published an updated statement of compliance in accordance with Section 161 of the [German] Stock Corporation Law (“AktG”). This statement is available on the Internet at www.douglas-holding.com.

20. Proposal for the appropriation of profit

Net income for the 2009/10 fiscal year was 86,652,981.20 EUR. Profit carried forward totaling 747,018.80 EUR and transfers to the revenue reserves of 43,400,000.00 EUR resulted in accumulated earnings of 44,000,000.00 EUR.

The Executive Board proposes the following profit appropriation to the Shareholders' Meeting:

Proposal for the appropriation of profit	
	in EUR
Dividend payout of 1.10 EUR per share based on share capital of 118,131,666.00 EUR*	43,314,944.20
Profit carried forward	685,055.80
Total	44,000,000.00

*Including employee shares issued in November 2010

Expenses for auditor's fees

The fees of the auditors, Susat & Partner oHG, for preparing the financial statements for the fiscal year amounted to 0.1 million EUR. This amount relates in full to audit expenses (2008/09: 0.1 million EUR). There have been no expenses for attestation and valuation services, tax advice and other services, neither in the current fiscal year nor in the previous year.

Significant shareholdings

No.	Name and registered office	Group interest (in %)	Equity (in EUR '000 or in '000 foreign currency)	Net revenues (in EUR '000 or in '000 foreign currency)	Employees
	DOUGLAS HOLDING AG		776,491	0	100
	Perfumeries				
1.	Parfümerie Douglas GmbH, Hagen	100	288,282	54,779	250
2.	Parfümerie Douglas Deutschland GmbH, Hagen	100	39,874	875,414	6,243
3.	HELA Kosmetik Handels GmbH & Co. Parfümerie KG, Hagen	100	566	20,980	99
4.	Parfümerie Douglas International GmbH, Hagen	100	247,068	0	39
5.	Parfümerie Douglas Ges.m.b.H., Vienna/Austria	100	24,929	70,437	559
6.	Parfumerie Douglas Nederland B.V., Nijmegen/The Netherlands	100	35,294	177,242	1,371
7.	Parfumerie Douglas France S.A., Lille/France	100	24,547	130,945	988
8.	Profumerie Douglas S.P.A., Bologna/Italy	100	36,618	161,238	1,085
9.	Parfümerie Douglas S.A., Baar/Switzerland	CHF 100	8,214	50,706	196
10.	Douglas Spain S.A., Madrid/Spain	100	-9,053	71,863	640
11.	Douglas Portugal Lda., Lisbon/Portugal	100	11,978	25,458	195
12.	Douglas Ungarn Kft., Budapest/Hungary	HUF 100	2,529,693	5,330,873	232
13.	Douglas Polska SP.z.o.o., Warsaw/Poland	PLN 100	68,432	349,130	1,026
14.	Parfumerie Douglas Monaco S.A.M., Monaco/Monaco	100	1,727	2,897	12
15.	OOO Douglas Rivoli, Moscow/Russia	RUB 100	764,698	2,312,406	626
16.	Parfumerija Douglas d.o.o., Maribor/Slovenia	100	264	1,891	22
17.	Parfumerie Douglas s.r.o., Prague/Czech Republic	CZK 100	-60,165	293,156	120
18.	Parfümerie Douglas Limited Sirketi, Istanbul/Turkey	TRY 100	10,974	18,439	91
19.	SIA „Douglas Latvia“, Riga/Latvia	LVL 51	1,389	8,793	217
20.	UAB „Douglas Lithuania“, Vilnius/Lithuania	LTL 51	20,442	40,706	197
21.	Parf. Douglas S.R.L., Bucharest/Romania	RON 100	3,546	27,633	72
22.	Parfumerie Douglas Bulgaria ood, Sofia/Bulgaria	BGN 51	9,046	19,605	138
23.	IRIS dd, Zagreb/Croatia	HRK 51	26,737	144,426	274
	Books				
24.	Thalia Holding GmbH, Hamburg	75	69,498	159,002	184
25.	Thalia Universitätsbuchhandlung GmbH, Hagen	100	21,024	274,006	1,528
26.	Thalia Buchh. Erich Könnecke GmbH & Co. KG, Hamburg	100	7,937	143,882	857
27.	Kober & Thalia Buchhandelsgruppe GmbH & Co. KG, Mannheim	75	267	19,202	107
28.	Reinhold Gondrom GmbH & Co. KG, Kaiserslautern	100	5,551	66,233	420
29.	Grüttefien GmbH, Varel	50	5,373	27,145	198
30.	Buch und Kunst GmbH & Co. KG, Dresden	100	2,167	59,846	380
31.	G.D. Baedeker GmbH, Dresden	100	5,930	5,913	38
32.	Thalia Buch & Medien GmbH, Linz/Austria	100	21,631	118,460	756
33.	Thalia Bücher AG, Basel/Switzerland	CHF 100	16,554	94,372	457
34.	ZAP*Zur Alten Post AG, Brig/Switzerland	CHF 67	1,844	11,428	50
35.	buch.de internetstores AG, Münster	60	16,020	57,944	99
36.	buch.ch AG, Winterthur/Switzerland	CHF 100	1,957	22,112	33
	Jewelry				
37.	Christ Juweliere und Uhrmacher seit 1863 GmbH, Hagen	100	51,969	310,217	2,173
	Fashion				
38.	Reiner Appelrath-Cüpper Nachf. GmbH, Cologne	100	9,927	124,105	751
	Confectionery				
39.	Hussel Süßwarenfachgeschäfte GmbH, Hagen	100	3,856	89,323	981
40.	Cerrini Confiserie GmbH, Hagen	100	26	11,709	105

HONORARY CHAIRMAN

Dr. Dr. h.c. Guido Sandler

SUPERVISORY BOARD

Dr. Dr. h.c. Jörn Kreke

Chairman

Merchant, Hagen

- a) Deutsche EuroShop AG, Hamburg
Capital Stage AG, Hamburg
- b) Kalorimeta AG & Co. KG, Hamburg
Urbana Energietechnik AG & Co. KG, Hamburg

Margarete Pinkowski *

Vice-Chairwoman

Commercial employee, Hagen

Parfümerie Douglas GmbH, Hagen

Detlef Bierbaum

Banker, Cologne

- a) Sal. Oppenheim jr. & Cie. AG, Vienna/Austria
IVG Immobilien AG, Bonn (Chairman)
IVG Institutional Funds GmbH, Wiesbaden (Chairman)
General Reinsurance AG, Cologne
LVM Landwirtschaftlicher Versicherungsverein, Münster a.G.
LVM Lebensversicherungs-AG, Münster
LVM Pensionsfonds-AG, Münster
Monega KAG mbH, Cologne (Vice-Chairman)
Oppenheim Kapitalanlagegesellschaft mbH, Cologne (Vice-Chairman)
- b) CA Immobilien Anlagen AG, Vienna/Austria
Dundee Real Estate Investment Trust, Toronto/Canada
Integrated Asset Management plc, London/Great Britain
Lloyd George Management Ltd., British Virgin Islands
Oppenheim Asset Management Services S.á.r.l., Luxembourg (Vice-Chairman)
Tertia Handelsbeteiligungsges. mbH, Düsseldorf
The Central European and Russia Fund, Inc., New York/U.S.A.
The European Equity Fund, Inc., New York/U.S.A.

Ulrike Grabe *

Head of section, Münster

Parfümerie Douglas Deutschland GmbH, Hagen

Isabelle Harth *

Secretary, Munich

Parfümerie Douglas Deutschland GmbH, Hagen

Solveig Hasse *

Bookseller, Hamburg

Thalia Buchhandlung Erich Könnecke GmbH & Co. KG

Boysen & Maasch, Hamburg

Henning R. Kreke

Merchant, Schwaig/Nuremberg

Petra Lügger*

Administration, Münster

Thalia Universitätsbuchhandlung GmbH, Hagen

Bernd M. Michael

Merchant, Düsseldorf

- a) Loyalty Partner Holding GmbH, Munich
12snap AG, Munich (Chairman)
- b) Duisport AG, Duisburg (Advisory Board)
Board of Directors WE Marketing Company Limited, Hong Kong

Dr. h.c. August Oetker

Chairman of Advisory Board of Dr. August Oetker KG, Bielefeld

- a) Damm S. A., Barcelona/Spain
B. Braun AG, Melsungen
Ebro Foods S.A., Madrid/Spain (since June 1, 2010)
- b) Dr. August Oetker KG, Bielefeld (Advisory Board)

Johann Rösch* (since April 28, 2010)

Trade union secretary, Nuremberg

ver.di Bundesverwaltung, Berlin

Dr. Ernst F. Schröder

General Partner at Dr. August Oetker KG, Bielefeld

- a) Gerry Weber International AG, Halle (Chairman)
S. A. S. Chateau du Domaine St. Martin, Vence/France (Chairman)
S. A. S. Hôtel du Cap Eden Roc, Antibes/France (Chairman)
S. A. S. Hôtel Le Bristol, Paris/France (Chairman)
Damm S.A., Barcelona/Spain
- b) Bankhaus Lampe KG, Düsseldorf (Chairman)

Malene Volkers* (until March 24, 2010)

Trade union secretary, Berlin

ver.di Bundesverwaltung, Berlin

- a) Danzas Deutschland Holding, Frankfurt a. M.

Dr. Ulrich Wolters

Corporate consultant, Mülheim a. d. Ruhr

- a) Bunzl PLC, London/Great Britain
Lenze SE, Hameln (Chairman)
Preventicum GmbH, Essen (Chairman)
Novotergum AG, Mülheim a. d. Ruhr
- b) Heinrich Deichmann-Schuhe GmbH & Co. KG, Essen

Prof. Dr. Mark Wössner

Entrepreneur, Member of Supervisory Board, Munich

- a) AEG Power Solutions BV, AH Zwanenburg/The Netherlands
(Vice-Chairman)
Heidelberger Druckmaschinen AG, Heidelberg (Chairman)
Loewe AG, Kronach (Vice-Chairman)
- b) Berger Lahnstein Middelhoff & Partners LLP., London/
Great Britain
Germany 1 Acquisition Limited, Guernsey/Great Britain

Christine Wrobel*

Deputy Director of Logistics, Hemer

Christ Juweliers und Uhrmacher seit 1863 GmbH, Hagen

Sabine Zimmer*

Trade union secretary, Berlin

ver.di, District Berlin, Berlin

- a) real,- SB Warenhaus-GmbH, Mönchengladbach

EXECUTIVE BOARD

Dr. Henning Kreke (President and CEO)

Dr. Burkhard Bamberger

Anke Giesen

DIVISION DIRECTORS

Michael Busch

Manfred Kroneder

Reiner Unkel

SUPERVISORY BOARD COMMITTEES

Executive Committee

Dr. Jörn Kreke (Chairman)

Margarete Pinkowski (Vice-Chairwoman)

Dr. h.c. August Oetker (Assessor)

Arbitration Committee

Dr. Jörn Kreke

Dr. h.c. August Oetker

Margarete Pinkowski

Petra Lügger

Audit & Finance Committee

Dr. Ernst F. Schröder (Chairman)

Detlef Bierbaum

Dr. Ulrich Wolters

Nomination Committee

Dr. Jörn Kreke

Dr. h.c. August Oetker

Dr. Ernst F. Schröder

Responsibility Statement

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

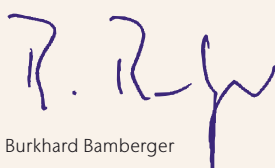
Hagen, December 30, 2010

DOUGLAS HOLDING AG

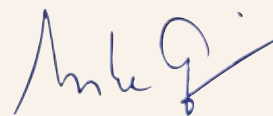
The Executive Board



Dr. Henning Kreke



Dr. Burkhard Bamberger



Anke Giesen

AUDITOR'S REPORT

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Company and the Group of DOUGLAS HOLDING AG, Hagen, for the business year from October 1, 2009 to September 30, 2010. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the management report of the Company and Group based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [Handelsgesetzbuch – German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting, and in the management report of the Company and Group are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and

records, the annual financial statements and management report of the Company and Group are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the annual financial statements and the management report of the Company and Group. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report of the Company and Group is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Hamburg, January 4, 2011

Susat & Partner oHG
Wirtschaftsprüfungsgesellschaft

Driesch
German Accountant

Schulz-Danso
German Accountant

Douglas

www.douglas.de

 **Thalia**

www.thalia.de · www.buch.de

CHRIST

www.christ.de

AppelrathCüpper

www.appelrath.de

HUSSEL

Confiserie

www.hussel.de

DOUGLAS  HOLDING

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