Interim Financial Report

Kirk Beauty One GmbH

as at December 31st 2015

Content

The consolidated statements have been prepared in millions of Euro (EUR m). Rounding differences may arise when individual amounts or percentages are added together.

Important Notice

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Disclosure Regarding Forward-Looking Statements

This financial report includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "aims," "targets," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this financial report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate, other statements relating to our future business performance and general economic, regulatory and market trends and other circumstances relevant to our business.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity and the development of the industry in which we operate may differ materially from those made in or suggested by the forward- looking statements contained in this financial report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this financial report, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to:

- our future financial position and developments in international financial markets;
- our ability to implement our strategic plans and the impact of those plans on our financial position and results of operations;
- macroeconomic trends and developments in the markets in which we operate;
- our ability to successfully compete in our markets;
- our ability to obtain quality selective and exclusive products from our suppliers;
- risk of rising labor costs, as well as work stoppages, strikes or other collective actions, supply shortages and interruptions in our supply chain;
- developments in the distribution of our products, including acceptance of internet retailing, user behavior on mobile devices, our ability to attract more internet traffic and translate such traffic into purchases;
- the risk of interruption to our operations as a result of failures in our information technology systems;
- technological advances and our ability to successfully expand our multi- and cross-channel capabilities;
- our ability to effectively integrate acquired businesses, including Nocibé, and achieve expected synergies as well as manage unexpected liabilities;
- our ability to anticipate and effectively respond to consumer tastes and trends and to offer our customers an inspirational and attractive purchasing experience online and in our stores;
- changes in the strength of our brands, the brands of our suppliers, our private label products or our reputation;
- our ability to identify suitable sites for our future stationary stores and our ability to negotiate, terminate or extend store leases on acceptable terms;
- demographic changes;
- changes in the competitive environment;
- changes in law and regulations and compliance with laws;
- protection of our and our suppliers' intellectual property rights, including trademarks and domain names;
- currency effects;
- our ability to attract and retain key management and personnel;
- misappropriation of funds and products in our stores, warehouses and logistics centers and of customer data;
- the availability of consumer credit;

- the impact of changes in credit and debit card provider requirements or applicable regulations;
- legal proceedings;
- seasonality;
- our substantial leverage and ability to generate sufficient cash to service our debt and to refinance these borrowings upon maturity and restrictive covenants in current and any future indebtedness; and
- risks associated with our structure and our other borrowings.

We urge you to read the section of this financial report entitled *"Management's Discussion and Analysis of Financial Condition and Results of Operations" and the section "Risk Factors" of our Financial Report as at September 30, 2015* for a more detailed discussion of the factors that could affect our future performance and the industry in which we are operating.

We undertake no obligation, and do not expect, to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this financial report.

Presentation of the Financial Information Used in this Financial Report

The results of operations and related cash flows are presented for two periods: the previous year (Beauty Holding Zero GmbH, "Predecessor") and the reporting year (Kirk Beauty One GmbH, "Successor"). The Interim Consolidated Financial Statements include the Unaudited Financial Statements of Kirk Beauty One GmbH for the three month period ending on December 31, 2015 as the *Successor* and the three month Financial Statements of Beauty Holding Zero GmbH for the period ending on December 31, 2014 as the *Predecessor*.

In order to give a better understanding and to present the economic development of the Predecessor and Successor group both sets of Financial Statements will be compared in the management's discussion and analysis. The reporting period from October 1, 2015 through December 31, 2015 is referred to as "financial year 2015/2016" or "2015/2016". The previous period from October 1, 2014 through December 31, 2014 is referred to as "financial year 2014/2015" or "2014/2015". When comparing both financial years it should be noted that the consolidated financial statements 2015/2016 are affected by the new financing structure, whereas in the previous year the old financing structure was in place. For further information on the Interim Consolidated Financial Statements for the periods from October 1, 2015 through December 31, 2015 and from October 1, 2014 through December 31, 2014 please refer to the section *"Interim Consolidated Financial Statements"* in this financial report.

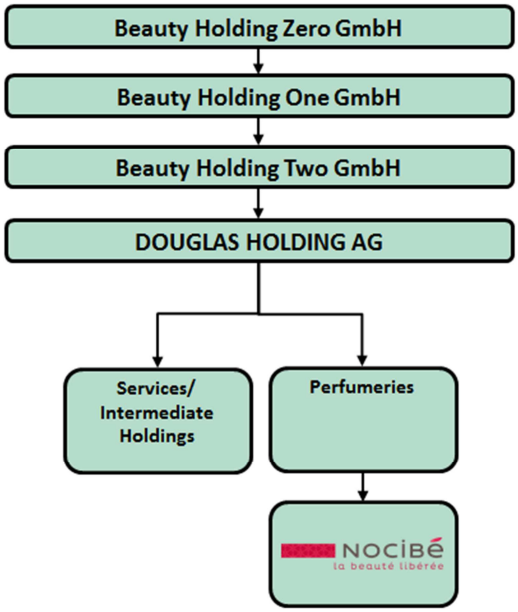
Kirk Beauty One GmbH and its subsidiary, Douglas GmbH (former Kirk Beauty Zero GmbH), were formed for the purpose of acquiring 100.0 percent of the equity interests of Beauty Holding Zero GmbH. Accordingly, the selected financial data presented in the Interim Consolidated Financial Statements has been derived from the data of Kirk Beauty One GmbH as of December 31, 2015 and for the period from October 1, 2015 through December 31, 2015 (the "Successor Period") and the data of the Predecessor, Beauty Holding Zero GmbH as of December 31, 2014 and for the period from October 1, 2014 through December 31, 2014 ("the Predecessor Period").

As part of the transactions in August 2015, the entire share capital of Beauty Holding Zero GmbH was transferred to Kirk Beauty Zero GmbH on the Completion Date. Douglas GmbH (formerly Kirk Beauty Zero GmbH) the Senior Secured Notes Issuer is a direct subsidiary of Kirk Beauty One GmbH, the Senior Notes Issuer. This Interim Financial Report in respect of the financial quarter ending December 31, 2015 is reported at the Senior Notes Issuer level. For more detailed information please refer to the section "*Description of Certain Financing Arrangements*" of our Financial Report as at September 30, 2015.

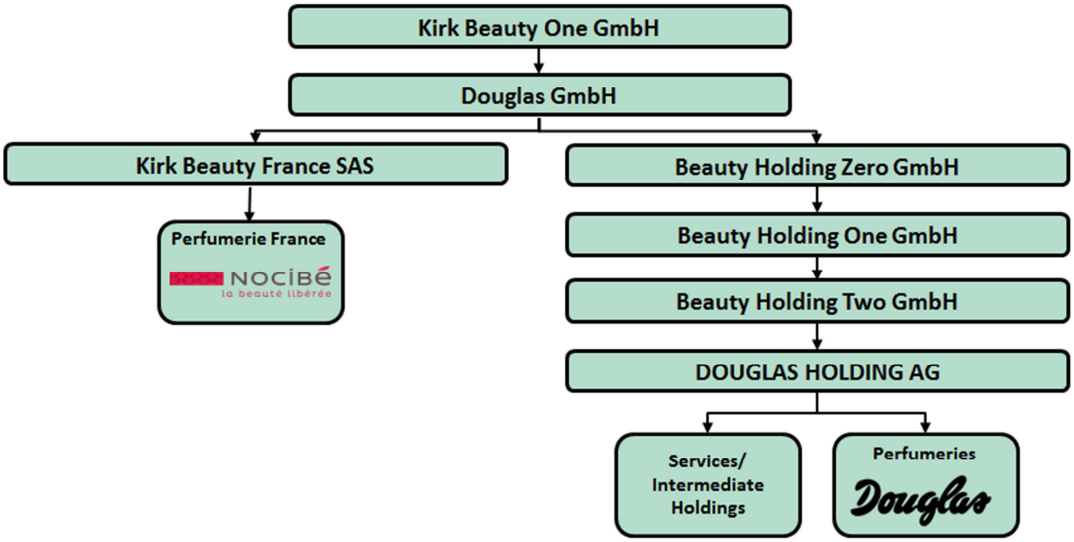
The acquisition was accounted for using the purchase method according to IFRS. Under IFRS 3 "Business Combinations" the cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair market values at the acquisition date. The excess of the consideration transferred exceeding the fair value of the acquirer's share of the identifiable net assets acquired is recorded as goodwill. For further information please refer to Note *"Consolidation Principles"* of the section *"Interim Consolidated Financial Statements"*.

The diagrams below show the entities included within the scope of the Unaudited Interim Consolidated Financial Statements for the first quarter of 2015/2016 and the first quarter of 2014/2015, respectively:

- First Quarter of the Financial Year 2014/2015 (Continued business of Predecessor)



- First Quarter of the Financial Year 2015/2016 (Successor)



Our Unaudited Interim Consolidated Financial Statements have been prepared in accordance with IFRS as adopted by the European Union taking into account the basis of preparation as described in the notes thereto.

For further information on the preparation of our Unaudited Interim Consolidated Financial Statements including the determination of income taxes and several assumptions and estimates made in preparing our Unaudited Interim Consolidated Financial Statements, refer to "*Accounting and valuation principles*" of our Unaudited Interim Consolidated Financial Statements included in this financial report.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Investors should read the following "Management's Discussion and Analysis of Financial Condition and Results of Operations" together with the additional financial information contained elsewhere in this financial report including the financial statements and the related notes thereto. Our historical results are not necessarily indicative of the results that should be expected in the future, and our interim results are not necessarily indicative of the results that should be expected for the full year or any other period.

All of the financial data presented in the text and tables below are shown in millions of Euro, except as otherwise stated. Certain financial data (including percentages) in the following tables have been rounded according to established commercial standards, whereby aggregate amounts (sum totals, sub-totals, differences or amounts put in relation) are calculated based on the underlying unrounded amounts. As a result, the aggregate amounts in the following tables may not correspond in all cases to the corresponding rounded amounts contained in the following tables. Furthermore, in those tables, these rounded figures may not add up exactly to the totals contained in those tables. In respect of financial data set out in this financial report, a dash ("—") signifies that the relevant figure is not available or not applicable, while a zero ("0") signifies that the relevant figure is available but has been rounded to or equals zero.

As explained in the section "Presentation of the Financial Information Used in this Financial Report", the following text and tables refer to the first quarter of the financial year 2015/2016, i.e. from October 1, 2015 to December 31, 2015 of Kirk Beauty One GmbH ("Successor") compared to the first quarter of the financial year 2014/2015, i.e. from October 1, 2014 to December 31, 2014 of the Beauty Holding Zero GmbH ("Predecessor"). It should be noted that the financial result 2015/2016 is affected by the new financing structure, whereas in the previous year the old financing structure was in place. As a result, the financial statements of the Predecessor and the Successor are not directly comparable. For further information please refer to the section "Interim Consolidated Financial Statements".

The Company

The Douglas Group ("Douglas", "Kirk Beauty One GmbH", the "Company", the "Group") is a German limited liability company (Gesellschaft mit beschränkter Haftung) incorporated on April 10, 2015, and has its registered office at Kabeler Straße 4, 58099 Hagen/Germany.

On August 13, 2015 Kirk Beauty Zero GmbH acquired all shares in Beauty Holding Zero GmbH, a German limited liability company that owns all shares in the Douglas Group.

Douglas is a European specialist retailer of selective beauty and personal care products. It generates the vast majority of its sales in the selective beauty distribution channel, which requires the formal approval by a supplier to carry a selective product, as opposed to the mass market channel. As of the date of this financial report, we operate in 19 European countries with approximately 1,700 stores (including franchised stores) and have e-commerce operations in 15 countries. The head office of Douglas is located in Hagen/Germany.

The Douglas Group has a complex financial history consisting of a series of divestitures and acquisitions. On October 1, 2014 the following three operating businesses were sold and deconsolidated:

- Book retail ("Thalia");
- Jewelry retail ("Christ"); and
- Fashion retail ("AppelrathCüpper").

In the course of the financial year 2014/2015, Douglas acquired 43 perfumeries in France from Clin d'Oeil in February 2015. In addition, Douglas acquired the German perfumery chain Himmer with 5 perfumeries in Munich, Germany, effective on January 1, 2015 and the perfumery Mooi in Wassenaar, The Netherlands, on November 11, 2014.

After the year-end of the reporting period 2014/2015 we have had further changes in management. Dr. Henning Kreke has been appointed chairman of the supervisory board. The managing directors Claudia Reinery and Isabelle Parize have been nominated to the executive board of Douglas Holding AG and appointed as managing directors of Douglas GmbH and Kirk Beauty One GmbH. As of February 16, 2016 the supervisory board of Douglas Holding AG has appointed Isabelle Parize the new CEO. Thus, the executive board of Douglas Holding AG, Douglas GmbH and Kirk Beauty One GmbH comprises three members: Isabelle Parize (CEO), Erika Tertilt (CFO) and Claudia Reinery who is responsible for the business in Germany, Austria and Switzerland.

In order to accelerate growth, the Douglas Group has announced a reinvestment program over € 100 million. The investments will be focused on the growth drivers, in particular the Douglas brand, private label, customer experience and omni-channel. Furthermore, we will move the headquarter in Germany to Düsseldorf in autumn 2016, merging all customer-facing functions of the stationary business and the online business.

Result of Operations

The following table summarizes our financial performance for the periods indicated:

		Successor	Predecessor
		10/01/2015 - 12/31/2015 (in EUR m)	**10/01/2014 - 12/31/2014 (in EUR m)**
1.	Sales	950.0	906.5
2.	Cost of raw materials, consumables and supplies and merchandise	-542.5	-523.8
3.	Gross profit from retail business	407.5	382.7
4.	Other operating income	54.4	63.3
5.	Personnel expenses	-147.2	-139.4
6.	Other operating expenses	-193.7	-190.4
7.	EBITDA	121.0	116.2
	Non-recurring effects/adjustments	37.9	32.4
	Adjusted EBITDA	158.9	148.6
8.	Amortization/depreciation	-24.5	-20.4
9.	EBIT	96.5	95.8
10.	Financial income	1.7	0.2
11.	Financial expenses	-40.6	-24.0
12.	Financial result	-38.9	-23.8
13.	Earnings before tax (EBT)	57.6	72.0
14.	Income taxes	-19.4	-32.4
15.	Result from continued operations	38.2	39.6
16.	Result from discontinued operations	0.0	143.2
17.	Profit attributable to non-controlling interests	0.0	-0.3
18.	**Profit attributable to group shareholders**	**38.2**	**182.5**

Segment Reporting

The segment reporting of the Group, prepared in conformity with the provisions of IFRS 8, reflects the internal management and reporting structure which is based on geographical regions. For the purposes of segment reporting, the individual countries in which Douglas operates are allocated to the regions Germany (including as of October 30, 2014, Norway), France (including Monaco), South-Western Europe (including Austria, Italy, The Netherlands, Portugal, Spain and Switzerland) and Eastern Europe (including Bulgaria, Croatia, The Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania and Turkey). Service and regional holding entities are allocated to the segments based on the region of their place of business. Transfers between our segments are conducted on an arm's length basis.

Segment sales (net) reflect the sales generated with third parties outside the Douglas Group while intersegment sales reflect any sales between our four regional segments. The key segmental performance indicators are Adjusted EBITDA and adjusted net income. EBITDA and net income are adjusted for either non-recurring or one-off items or impacts limited to a certain period of time. Non-recurring and one-off items include, but are not limited to, purchase price allocation ("PPA") effects, consulting fees, restructuring costs, extraordinary financing costs such as fees, costs incurred from the integration of the Nocibé Group and other extraordinary costs. Further adjustments concern ongoing, disputed lease contracts, revaluation effects of inventories and trade receivables and credit card fees. Revaluation effects of inventories as well as on trade receivables are considered as depreciations and are therefore included in net income. Credit card fees are considered as financial expenses and are therefore included in net income. Furthermore, net income is adjusted for impairment losses, one-off financing expenses and fees as well as tax effects on the aforementioned adjustments. Segment inventory comprises finished goods and merchandise, raw materials, consumables and supplies as well as advances to suppliers for merchandise. Capital expenditure shown under segment reporting relates to additions made to intangible assets and property, plant and equipment. Segment assets generally comprise non-current assets. Segment assets do not include non-current tax positions.

Sales

The following table shows the external sales of our segments, which excludes sales between segments, for the periods indicated:

		Successor	Predecessor
		10/01/2015 - 12/31/2015	10/01/2014 - 12/31/2014
Sales	EUR m	950.0	906.5
Segments			
Germany			
Sales (net)	***EUR m***	**413.3**	**392.9**
Intersegment sales	*EUR m*	9.2	5.6
Sales	*EUR m*	422.5	398.5
France			
Sales (net)	***EUR m***	**268.2**	**264.3**
Intersegment sales	*EUR m*	0.0	0.6
Sales	*EUR m*	268.2	264.9
South-Western Europe			
Sales (net)	***EUR m***	**179.3**	**169.0**
Intersegment sales	*EUR m*	0.0	0.0
Sales	*EUR m*	179.3	169.0
Eastern Europe			
Sales (net)	***EUR m***	**89.2**	**80.3**
Intersegment sales	*EUR m*	0.0	0.0
Sales	*EUR m*	89.2	80.3

EBITDA and Adjusted EBITDA

We evaluate each of our business segments using a measure that reflects all the segment's income and expenses. We believe the most appropriate measure in this regard is Adjusted EBITDA as it is helpful for investors as a measurement of the segment's ability to generate cash and to service financing obligations. EBITDA and Adjusted EBITDA are non-IFRS measures. To obtain Adjusted EBITDA, we adjust our EBITDA for non-recurring, one-off items and impacts limited to a certain period of time. Non-recurring and one-off items include, but are not limited to, PPA effects, consulting fees, restructuring costs, extraordinary financing costs such as fees, costs incurred from the integration of the Nocibé Group and other extraordinary costs.

Because not all companies that publish financial information calculate EBITDA and Adjusted EBITDA on a consistent basis, our presentation of these measures may not be comparable to measures under the same or similar names used by other companies. Accordingly, undue reliance should not be placed on these measures.

The following table shows our EBITDA and Adjusted EBITDA separated by segments for the periods indicated:

		Successor	Predecessor
		10/01/2015 - 12/31/2015	10/01/2014 - 12/31/2014
EBITDA	EUR m	121.0	116.2
EBITDA margin	%	12.7	12.8
Non-recurring effects/adjustments	EUR m	37.9	32.4
Adjusted EBITDA	EUR m	158.9	148.6
Adjusted EBITDA margin	%	16.7	16.4
Segments			
Germany			
EBITDA	*EUR m*	36.2	55.0
EBITDA margin	*%*	8.8	14.0
Non-recurring effects/adjustments	*EUR m*	21.4	4.1
Adjusted EBITDA	*EUR m*	57.6	59.1
Adjusted EBITDA margin	*%*	13.9	15.1
France			
EBITDA	*EUR m*	48.7	24.0
EBITDA margin	*%*	18.2	9.1
Non-recurring effects/adjustments	*EUR m*	7.3	27.2
Adjusted EBITDA	*EUR m*	56.1	51.1
Adjusted EBITDA margin	*%*	20.9	19.3
South-Western Europe			
EBITDA	*EUR m*	24.2	23.7
EBITDA margin	*%*	13.5	14.0
Non-recurring effects/adjustments	*EUR m*	4.4	0.7
Adjusted EBITDA	*EUR m*	28.6	24.4
Adjusted EBITDA margin	*%*	15.9	14.4
Eastern Europe			
EBITDA	*EUR m*	11.9	13.6
EBITDA margin	*%*	13.3	16.9
Non-recurring effects/adjustments	*EUR m*	4.9	0.5
Adjusted EBITDA	*EUR m*	16.8	14.1
Adjusted EBITDA margin	*%*	18.8	17.6

Three Months Ended December 31, 2015 Compared to Three Months Ended December 31, 2014

Sales (net)

Sales (net) (i.e. sales generated from third parties) increased by €43.5 million, or 4.8 percent, to €950.0 million in the three months ended December 31, 2015, from €906.5 million in the three months ended December 31, 2014. Sales (net) increased in all our segments, especially due to a very successful Christmas business in stores and online in Germany as well as in South-Western and Eastern Europe. Also the business of the French Christmas season developed positively despite the Paris terrorist attacks in November.

On a like-for-like basis, sales (net) grew by 6.0 percent. This like-for-like sales increase was driven by organic growth of both our stationary and online businesses. While our stationary sales increased by 3.5 percent on a like-for-like basis, our online business grew by 26.3 percent. Overall, online sales accounted for 11.8 percent of sales in the three months ended December 31, 2015. Sales in our segments developed as follows:

Sales in our **Germany** segment increased €20.4 million, or 5.2 percent, to €413.3 million (43.5 percent of total sales) in the three months ended December 31, 2015 from €392.9 million (43.3 percent of total sales) in the three months ended December 31, 2014. The increase was primarily driven by significant customer growth which led to both higher stationary sales as well as increased online sales. Like-for-like sales growth in Germany was 4.9 percent.

Sales in our **France** segment increased by €3.9 million to €268.2 million (28.2 percent of total sales) in the three months ended December 31, 2015 from €264.3 million (29.2 percent of total sales) in the three months ended December 31, 2014. The prior financial year was positively impacted by sales of our wholesale operations of Douglas-Passion Beauté Achats S.A.S. ("DPB Achats") which was terminated on December 31, 2014. On a like-for-like basis, sales in France increased by 6.8 percent.

Sales in our **South-Western Europe** segment increased by €10.3 million, or 6.1 percent, to €179.3 million (18.9 percent of total sales) in the three months ended December 31, 2015 from €169.0 million (18.6 percent of sales) in the three months ended December 31, 2014. On a like-for-like basis sales grew by 6.1 percent. In particular our operations in the Netherlands, Austria and Italy contributed to the increase.

Sales in our **Eastern Europe** segment increased by €8.9 million, or 11.1 percent, to €89.2 million (9.4 percent of total sales) in the three months ended December 31, 2015 from €80.3 million (8.9 percent of total sales) in the three months ended December 31, 2014. Like-for-like sales growth was 9.1 percent. The increase was driven by improved sales in Poland, Czech Republic, Romania, Lithuania and Hungary.

Cost of raw materials, consumables and supplies and merchandise

Cost of raw materials, consumables and supplies and merchandise increased to €542.5 million in the three months ended December 31, 2015 compared to €523.8 million in the three months ended December 31, 2014, but slightly decreased as a percentage of total sales (net) from 57.8 percent to 57.1 percent. The costs of raw materials, consumables, supplies and merchandise for the first three months of the financial years 2014/2015 and 2015/2016 are both impacted by PPA, the financial year 2014/2015 was affected by the PPA of the Nocibé acquisition; the financial year 2015/2016 includes the PPA effect of the CVC acquisition. Adjusted for those PPA effects, the costs of raw materials, consumables and supplies and merchandise for the three months ended December 31, 2015 were €512.4 million (53.9 percent of total sales) compared to €499.6 million

(55.1 percent of total sales) for the three months ended December 31, 2014. The decrease of 1.2 percentage points as a percentage of total sales is mainly attributable to the technical improvement of gross margin as the operation of DPB Achats in France has been terminated in December 31, 2014.

Other operating income

Other operating income decreased by €8.9 million to €54.4 million in the three months ended December 31, 2015 from €63.3 million in the three months ended December 31, 2014. As a percentage of sales, other operating income decreased from 6.9 percent to 5.7 percent. This decrease results mainly from lower income from energy costs which related to sublease agreements with former subsidiaries (discontinued business) and from lower promotional allowances with suppliers due to different timing of marketing campaigns. This has been almost offset by lower respective other operating expenses.

Personnel expenses

Personnel expenses increased by €7.8 million to €147.2 million in the three months ended December 31, 2015 from €139.4 million in the three months ended December 31, 2014. This translates into an increase of 5.6 percent. As a percentage of total sales personnel expenses accounted for 15.5 percent as compared to 15.3 percent in the three months ended December 31, 2014. This increase is mainly a result of higher salaries, higher employee bonuses due to better sales performances as well as overtime hours due to a specific legal ruling in France relating to work on Sundays in retail stores.

Other operating expenses

Other operating expenses increased by €3.3 million to €193.7 million in the three months ended December 31, 2015 from €190.4 million in the three months ended December 31, 2014. A majority of this increase is attributable to higher delivery and distribution costs due to the positive sales growth of the online business as well as higher consulting fees due to the CVC acquisition.

EBITDA and Adjusted EBITDA

In the three months ended December 31, 2015, EBITDA increased by €4.8 million, or 4.1 percent, to €121.0 million compared to €116.2 million in the three months ended December 31, 2014. As a percentage of sales (net), EBITDA decreased insignificantly from 12.8 percent in the three months ended December 31, 2014 to 12.7 percent in the three months ended December 31, 2015. The slight decrease was mainly due to higher PPA effects in the financial year 2015/2016. Adjusted EBITDA increased by €10.3 million, or 6.9 percent, to €158.9 million in the three months ended December 31, 2015 from €148.6 million in the three months ended December 31, 2014. As a percentage of sales (net), Adjusted EBITDA increased from 16.3 percent in the three months ended December 31, 2014 to 16.7 percent in the three months ended December 31, 2015. Total adjustments for non-recurring or non-operating items as well as credit card fees increased by €5.5 million to €37.9 million (thereof €30.1 million related to PPA gross profit effects) in the three months ended December 31, 2015 compared to €32.4 million (thereof €24.3 million related to PPA gross profit effects) in the three months ended December 31, 2014.

On segment level, EBITDA in **Germany** decreased by €18.8 million, or 34.2 percent, to €36.2 million in the three months ended December 31, 2015 from €55.0 million in the three months ended December 31, 2014. Adjusted EBITDA of the German segment slightly decreased by €1.5 million to €57.6 million in the three months ended December 31, 2015 from €59.1 million in the three months ended December 31, 2014. This minor decrease mainly originates from slightly higher purchase prices due to different timing of sell-in volumes with certain suppliers as well as from lower promotional allowances with suppliers, as already mentioned above. Adjustments relating to

the segment Germany totaled €21.4 million in the three months ended December 31, 2015 and primarily consisted of PPA gross profit effects related to the CVC acquisition.

EBITDA of the **French** segment increased by €24.7 million to €48.7 million in the three months ended December 31, 2015 from €24.0 million in the three months ended December 31, 2014. Adjusted EBITDA of the French segment increased by €5.0 million to €56.1 million in the three months ended December 31, 2015 from €51.1 million in the three months ended December 31, 2014, primarily driven by sound sales performance as well as an improvement in gross margin. The adjustments of €7.3 million in the three months ended December 31, 2015 mainly consist of €6.0 million PPA gross profit effects in connection with the CVC acquisition. The previous year was affected by a PPA gross profit effect of €24.3 million related to the Nocibé acquisition. Other adjustments relate to restructuring costs, consulting fees and credit card fees.

EBITDA of the **South-Western Europe** segment grew by €0.5 million to €24.2 million in the three months ended December 31, 2015 from €23.7 million in the three months ended December 31, 2014. Adjusted EBITDA of that segment increased by €4.2 million to €28.6 million in the three months ended December 31, 2015 from €24.4 million in the three months ended December 31, 2014. This increase was mainly a result of the growing e-commerce business and positive effects of efficiency programs implemented in the previous two fiscal years, improving the structural profitability of this segment across all relevant countries. Adjustments in the three months ended December 31, 2015 totaled €4.4 million and related primarily to the PPA gross profit effect from the CVC acquisition.

EBITDA of the **Eastern Europe** segment decreased by €1.7 million from €13.6 million in the three months ended December 31, 2014 to €11.9 million in the three months ended December 31, 2015. Adjusted EBITDA of the Eastern Europe segment increased by €2.7 million or 19.1 percent to €16.8 million in the three months ended December 31, 2015 from €14.1 million in the three months ended December 31, 2014. The positive performance was mainly driven by an improvement in stationary and e-commerce sales, margin improvements as well as by a continued store network expansion. Adjustments in the three months ended December 31, 2015 amounted to €4.9 million and primarily reflect PPA gross profit effects related to the CVC acquisition in August 2015.

Amortization/Depreciation

Amortization and Depreciation expense increased by €4.1 million to €24.5 million in the three months ended December 31, 2015 from €20.4 million in the three months ended December 31, 2014. This increase was mainly due to higher amortization of intangible assets. As part of the PPA exercise, intangible assets like customer relationships were recognized at fair value and are now amortized over a period of 5 years.

Financial result

The financial result increased by €15.1 million to €38.9 million in the three months ended December 31, 2015 from €23.8 million in the three months ended December 31, 2014. The increase is mainly due to a change in the financing structure in connection with the acquisition of the Douglas Group by CVC. Please see the section "Liquidity and Capital Resources" for a description of the financing structure.

Income taxes

Income taxes decreased from €32.4 million in the three months ended December 31, 2014 to €19.4 million in the three months ended December 31, 2015, partly driven by the decrease of pre-tax income in connection with higher interest expenses.

Earnings from continued operations

As a result of the foregoing, our earnings from continued operations amounted to €38.2 million in the three months ended December 31, 2015, compared to €39.6 million in the three months ended December 31, 2014. Adjusted net profit in the three months ended December 31, 2015 increased by €3.1 million to €62.3 million, comparable to €59.2 million in the three months ended December 31, 2014. Adjustments totaled €24.1 million in 2015/2016, of which €37.9 million corresponded to the adjustments made with respect to EBITDA described above offset by income tax effects of -€11.3 million and minor other effects of -€2.5 million.

Earnings from discontinued operations

Earnings from discontinued operations which relate to our former subsidiaries Thalia, AppelrathCüpper and Christ amounted to €143.2 million in the previous year.

Liquidity and Capital Resources

Overview

The main sources of liquidity on an ongoing basis are the operating cash flows and drawings under our €200.0 million senior secured multi-currency revolving credit facility (the "Revolving Credit Facility") entered into in connection with the financing of the CVC acquisition. The proceeds from the offering of the Notes, borrowings under our €1,220.0 million Term Loan B Facility (the Term Loan B Facility together with the Revolving Credit Facility, the "Senior Secured Credit Facilities") and drawings under our Revolving Credit Facility were used to fund the purchase price for the CVC acquisition, consummate the related transactions and pay related fees and expenses. Our ability to generate cash depends on our operating performance which in turn depends to some extent on general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond our control. We believe that, based on our current level of operations as reflected in our results of operations for the three months ended December 31, 2015, our cash flows from operating activities, cash on hand and the availability of borrowings under our Revolving Credit Facility will be sufficient to fund our operations, capital expenditures and debt service for at least the next twelve months.

We have access to a Revolving Credit Facility under our Senior Secured Credit Facilities. As of December 31, 2015 this Revolving Credit Facility was not drawn[1].

The ability of the subsidiaries to pay dividends and make other payments to us may be restricted by, among other things, legal prohibitions on such payments or otherwise distributing funds to us, including for the purpose of servicing debt.

We are and will be highly leveraged in the foreseeable future. Our high level of debt may have important negative consequences. There are also limitations regarding our ability to obtain additional debt or equity financing. In addition, any additional indebtedness that we do incur could reduce the amount of our cash flow available to make payments on our then existing indebtedness, and increase our leverage.

[1] Available amount for borrowings is reduced by €9.9 million of outstanding letters of credit.

Net Working Capital

We define our net working capital as the sum of the sub-line items (i) inventories, (ii) trade accounts receivable, (iii) trade accounts payable, as well as (iv) other receivables and liabilities related to supplier receivables for rebates/bonuses and marketing subsidies, outstanding voucher liabilities, provisions for deliveries and services not yet invoiced. Our net working capital shows seasonal patterns with investments in inventory generally reaching a peak in October and November while our trade payables typically peak in December. The development of our net working capital is a key factor for our operating cash flow.

The following table summarizes our working capital as at the dates indicated:

	Successor	**Predecessor**
	as of 12/31/2015 (in EUR m)	**as of 12/31/2014 (in EUR m)**
Inventories	611.0	545.3
Trade accounts receivable	53.5	84.5
Trade accounts payable	-440.8	-362.8
Others	-19.2	-68.5
Working Capital	**204.5**	**198.5**

Working capital increased by €6.0 million to €204.5 million at December 31, 2015. As a consequence of the PPA related to the CVC acquisition our inventories have been revaluated to fair value resulting in higher inventories. The sale of the inventories in the normal course of the business led to a decline in gross profit. Without this PPA effect inventories on December 31, 2015 would have a value of €540.6 million representing a comparable figure to the value of inventories in the previous year's financial statements. Excluding the effects of the PPA our Working Capital decreased despite a substantial increase in sales. Reasons for this decrease are an improved category management for our inventories and tight management of receivables and payables as well as the termination of our wholesale operations of DPB Achats in France. Furthermore, timing effects at the cut-off date have influenced our working capital.

Investments in non-current assets

The investments made in the three months ended December 31, 2014 and in the three months ended December 31, 2015 mainly relate to the expansion of our store network by way of acquisitions, new store openings and investments in the refurbishment, maintenance, design and re-design of existing stores.

The main source of funding for these investments has been and is expected to continue to be the positive cash flow from operating activities and additional acquisition financing under the Senior Facilities Agreement.

Our payments for investments were largely stable with payments of €17.1 million in the three months ended December 31, 2015 and €17.4 million in the three months ended December 31, 2014. The investments in the three months ended December 31, 2015 of €17.1 million consist of €10.9 million additions in tangible and intangible assets (CAPEX) as well as the realization of provisions for outstanding invoices on fixed assets of €5.6 million and payments for acquisitions of €0.6 million. We focused on payments for investments in the three months ended December 31, 2015 on the segments Germany and France with €6.3 million and

€6.4 million, respectively (€8.7 million and €6.5 million, respectively in the three months ended December 31, 2014). Compared to the first three months of the prior financial year our payments for investments decreased by €2.4 million in Germany, whereas the payments for investments in France were largely stable. The decrease of payments for investments in Germany is mainly related to a modernization campaign in our German stores in the three months ended December 31, 2014. The segments South-Western Europe and Eastern Europe accounted for €1.7 million and €2.7 million, respectively in the three months ended December 31, 2015 (€1.1 million and €1.1 million, respectively in the three months ended December 31, 2014). The increase of investments in Eastern Europe is related to the opening of 7 stores in Poland. Overall in the first three months of the financial year 2015/2016 we opened 14 new stores, 1 store was acquired and 7 stores were closed.

Historical Consolidated Cash Flow Data

			Successor	Predecessor
			10/01/2015 - 12/31/2015 (in EUR m)	**10/01/2014 - 12/31/2014 (in EUR m)**
1.		EBITDA	121.0	116.2
2.	+/-	Increase/decrease in provisions	-19.9	-16.8
3.	+/-	Other non-cash income/expense	-0.3	-1.2
4.	+/-	Profit/loss on the disposal of non-current assets	-0.4	0.0
5.	+/-	Changes in net working capital	115.7	108.4
6.	+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	67.6	72.0
7.	-/+	Paid/reimbursed taxes	-13.2	-15.4
8.	**=**	**Net cash flow from operating activities**	**270.5**	**263.2**
9.	+	Proceeds from the disposal of non-current assets and the disposal of stores	9.2	0.2
10.	-	Investments in non-current assets	-16.5	-17.4
11.	-	Payments for the acquisition of consolidated companies and other business units	-0.6	0.0
12.	-	Payments for investments in associated companies	-0.2	0.0
13.	-	Net cash flow from investing activities in discontinued operations	0.0	-64.7
14.	**=**	**Net cash flow from investing activities**	**-8.1**	**-81.9**
15.		**Free cash flow (sum of 8 and 14)**	**262.4**	**181.3**
16.	-	Payments for the repayment of financial liabilities	-25.2	-13.9
17.	+	Proceeds from borrowings	1.3	7.9
18.	-	Payments for the granting of borrowings	-2.7	0.0
19.	-	Interest paid	-28.1	-15.3
20.	+	Interest received	0.0	0.2
21.	**=**	**Net cash flow from financing activities**	**-54.7**	**-21.1**
22.	=	Net change in cash and cash equivalents (total of 8, 14 and 21)	207.7	160.2
23.	+/-	Net change in cash and cash equivalents due to currency translation	-0.1	-0.3
24.	+	Cash and cash equivalents at the beginning of the fiscal year	68.1	283.5
25.	**=**	**Cash and cash equivalents at end of period**	**275.7**	**443.4**

Three Months Ended December 31, 2015 Compared to Three Months Ended December 31, 2014

Cash Flow from operating activities

Cash generated by operating activities increased by €7.3 million, or 2.8 percent, to €270.5 million in the three months ended December 31, 2015 from €263.2 million in the three months ended December 31, 2014. This increase was mainly due to an increase in EBITDA by €4.8 million in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 and higher cash generated by changes in net working capital in the amount of €7.3 million.

Cash Flow from investing activities

Cash used for investing activities decreased by €73.8 million, to €8.1 million in the three months ended December 31, 2015 from €81.9 million in the three months ended December 31, 2014. This decrease was mainly related to the net cash-flow from investing activities in discontinued operations in the three months ended December 31, 2014 which reflects the liquidity of the former Thalia, AppelrathCüpper and Christ subsidiaries that were sold during the three months ended December 31, 2014. Proceeds of €9.2 million from the disposal of non-current assets and the disposal of stores in the first three months of the reporting year are mainly related to the sale of a building in Hagen, Germany.

Cash Flow from financing activities

In the three months ended December 31, 2015 our net cash flow from financing activities amounted to -€54.7 million compared to -€21.1 million in the first three month ended December 31, 2014. The additional payment of €33.6 million was primarily driven by the repayment of the Revolving Credit Facility in December 2015 and higher interest payments due to higher debt and a higher interest level.

Liquidity as at December 31, 2015

As at December 31, 2015 the actual cash balance amounted to €275.7 million. Our net debt position includes the nominal values of the Term Loan B Facility, the Revolving Credit Facility and the Notes on December 31, 2015.

	as of 12/31/2015
	(in EUR m)
Term Loan B	-1,220.0
Senior Secured Notes	-300.0
Senior Notes	-335.0
Accrued Interests	-23.0
Other financial indebtedness	-6.3
Total Debt	-1,884.3
Cash and cash equivalents	275.7
Net Debt	-1,608.6

Interim Consolidated Financial Statements

of Kirk Beauty One GmbH (Successor) for the period from October 1, 2015 through December 31, 2015 and Beauty Holding Zero GmbH (Predecessor) for the period from October 1, 2014 through December 31, 2014

Consolidated Statement of Comprehensive Income

of Kirk Beauty One GmbH (Successor) for the period from October 1, 2015 through December 31, 2015 and Beauty Holding Zero GmbH (Predecessor) for the period from October 1, 2014 through December 31, 2014

Income Statement

		Successor	Predecessor
		10/01/2015 - 12/31/2015 (in EUR m)	**10/01/2014 - 12/31/2014 (in EUR m)**
1.	**Sales**	**950.0**	**906.5**
2.	Cost of raw materials, consumables and supplies and merchandise	-542.5	-523.8
3.	**Gross profit from retail business**	**407.5**	**382.7**
4.	Other operating income	54.4	63.3
5.	Personnel expenses	-147.2	-139.4
6.	Other operating expenses	-193.7	-190.4
7.	**EBITDA**	**121.0**	**116.2**
8.	Amortization/depreciation	-24.5	-20.4
9.	**EBIT**	**96.5**	**95.8**
10.	Financial income	1.7	0.2
11.	Financial expenses	-40.6	-24.0
12.	Financial result	-38.9	-23.8
13.	**Earnings before tax (EBT)**	**57.6**	**72.0**
14.	Income taxes	-19.4	-32.4
15.	**Result from continued operations**	**38.2**	**39.6**
16.	Result from discontinued operations	0.0	143.2
17.	Profit attributable to non-controlling interests	*0.0*	*-0.3*
18.	**Profit attributable to group shareholders**	**38.2**	**182.5**

Reconciliation of Income to Comprehensive Income

	Successor	Predecessor
	10/01/2015 - 12/31/2015 (in EUR m)	**10/01/2014 - 12/31/2014 (in EUR m)**
Result from operations	38.2	182.8
Components that may subsequently be reclassified to the income statement		
Foreign currency translation differences arising from translating the financial statements of a foreign operation	-0.1	-1.8
Effective portion of cash flow hedges		0.5
Components that will not be reclassified to the income statement		
Actuarial gains/losses from pension provisions		0.3
Other comprehensive income for the period	-0.1	-1.0
Total comprehensive income	38.1	181.8
Total comprehensive income attributable to non-controlling interests		0.3
Total comprehensive income attributable to group shareholders	38.1	181.5

Consolidated Balance Sheet

of Kirk Beauty One GmbH (Successor) as of December 31, 2015 and Beauty Holding Zero GmbH (Predecessor) as of December 31, 2014

		Successor		Predecessor
		12/31/2015 (in EUR m)	09/30/2015 (in EUR m)	12/31/2014 (in EUR m)
Assets				
A.	**Non-current assets**			
I.	Intangible assets	2,575.5	2,583.0	1,253.7
II.	Property, plant and equipment	250.5	265.0	251.4
III.	Tax receivables	2.5	2.5	3.7
IV.	Financial assets	10.5	11.1	9.5
V.	Shares in associated companies	0.2		0.0
VI.	Deferred tax assets	45.2	44.8	41.5
		2,884.4	2,906.4	1,559.8
B.	**Current assets**			
I.	Inventories	611.0	613.4	545.3
II.	Trade accounts receivable	53.5	33.4	84.5
III.	Tax receivables	61.0	42.8	51.7
IV.	Financial assets	144.2	91.8	135.2
V.	Other assets	18.9	20.7	27.2
VI.	Cash and cash equivalents	275.7	68.1	443.4
		1,164.3	870.2	1,287.3
C.	**Assets held for sale**	**0.0**	**0.1**	**1.7**
Total		**4,048.7**	**3,776.7**	**2,848.8**

		Successor		Predecessor
		12/31/2015 (in EUR m)	09/30/2015 (in EUR m)	12/31/2014 (in EUR m)
Equity and Liabilities				
A.	Equity			
I.	Capital stock	0.0	0.0	0.0
II.	Additional paid-in capital	1,125.1	1,125.1	639.7
III.	Reserves	-65.1	-103.0	-142.1
IV.	Non-controlling interests	0.0	0.1	0.6
		1,060.0	1,022.2	498.2
B.	Non-current liabilities			
I.	Pension provisions	38.8	38.9	32.7
II.	Other non-current provisions	23.3	23.7	16.5
III.	Financial liabilities	1,822.1	1,817.7	1,210.9
IV.	Other liabilities	0.7	0.7	0.8
V.	Deferred tax liabilities	244.3	257.7	238.7
		2,129.2	2,138.7	1,499.6
C.	Current liabilities			
I.	Current provisions	68.8	88.3	114.7
II.	Trade accounts payable	440.8	290.5	362.8
III.	Tax liabilities	129.0	37.4	136.1
IV.	Financial liabilities	26.0	44.6	23.3
V.	Other liabilities	194.9	155.0	214.1
		859.5	615.8	851.0
Total		**4,048.7**	**3,776.7**	**2,848.8**

Statement of Changes in Group Equity

of Kirk Beauty One GmbH (Successor) for the period from October 1, 2015 through December 31, 2015 and Beauty Holding Zero GmbH (Predecessor) for the period from October 1, 2014 through December 31, 2014

	Successor							
			Reserves					
	Capital stock (in EUR m)	Additional paid-in capital (in EUR m)	Reserves (in EUR m)	Reserves for pension provisions (in EUR m)	Results from cash flow hedges (in EUR m)	Differences from currency translation (in EUR m)	Non-controlling interests (in EUR m)	Total (in EUR m)
10/01/2015	0.0	1,125.1	-100.5	-0.8	0.0	-1.7	0.1	1,022.2
Currency translation						-0.1		-0.1
Other comprehensive income				0.0	0.0	0.0		0.0
Net result for the period			38.2				0.0	38.2
Total comprehensive income	0.0	0.0	38.2	0.0	0.0	-0.1	0.0	38.1
Transactions with shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of non-controlling interests			-0.2				-0.1	-0.3
12/31/2015	**0.0**	**1,125.1**	**-62.5**	**-0.8**	**0.0**	**-1.8**	**0.0**	**1,060.0**

	Predecessor							
			Reserves					
	Capital stock (in EUR m)	Additional paid-in capital (in EUR m)	Other reserves (in EUR m)	Reserves for pension provisions (in EUR m)	Results from cash flow hedges (in EUR m)	Differences from currency translation (in EUR m)	Non-controlling interests (in EUR m)	Total (in EUR m)
10/01/2014	0.0	639.7	-314.7	-2.2	-3.2	-3.6	0.3	316.3
Currency translation						-1.8		-1.8
Other comprehensive income				0.3	0.5	0.0		0.8
Net result for the period			182.5				0.3	182.8
Total comprehensive income	0.0	0.0	182.5	0.3	0.5	-1.8	0.3	181.8
Capital increase	0.0	0.0						0.0
Dividends paid			0.0				-0.1	-0.1
Transactions with shareholders	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1
Change in the scope of consolidation						0.2		0.2
12/31/2014	**0.0**	**639.7**	**-132.2**	**-1.9**	**-2.7**	**-5.2**	**0.5**	**498.2**

Consolidated Cash Flow Statement

of Kirk Beauty One GmbH (Successor) for the period from October 1, 2015 through December 31, 2015 and Beauty Holding Zero GmbH (Predecessor) for the period from October 1, 2014 through December 31, 2014

			Successor	Predecessor
			10/01/2015 - 12/31/2015 (in EUR m)	**10/01/2014 - 12/31/2014 (in EUR m)**
1.		EBITDA	121.0	116.2
2.	+/-	Increase/decrease in provisions	-19.9	-16.8
3.	+/-	Other non-cash income/expense	-0.3	-1.2
4.	+/-	Profit/loss on the disposal of non-current assets	-0.4	0.0
5.	+/-	Changes in net working capital	115.7	108.4
6.	+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	67.6	72.0
7.	-/+	Paid/reimbursed taxes	-13.2	-15.4
8.	**=**	**Net cash flow from operating activities**	**270.5**	**263.2**
9.	+	Proceeds from the disposal of non-current assets and the disposal of stores	9.2	0.2
10.	-	Investments in non-current assets	-16.5	-17.4
11.	-	Payments for the acquisition of consolidated companies and other business units	-0.6	0.0
12.	-	Payments for investments in associated companies	-0.2	0.0
13.	-	Net cash flow from investing activities in discontinued operations	0.0	-64.7
14.	**=**	**Net cash flow from investing activities**	**-8.1**	**-81.9**
15.		**Free cash flow (sum of 8 and 14)**	**262.4**	**181.3**
16.	-	Payments for the repayment of financial liabilities	-25.2	-13.9
17.	+	Proceeds from borrowings	1.3	7.9
18.	-	Payments for the granting of borrowings	-2.7	0.0
19.	-	Interest paid	-28.1	-15.3
20.	+	Interest received	0.0	0.2
21.	**=**	**Net cash flow from financing activities**	**-54.7**	**-21.1**
22.	=	Net change in cash and cash equivalents (total of 8, 14 and 21)	207.7	160.2
23.	+/-	Net change in cash and cash equivalents due to currency translation	-0.1	-0.3
24.	+	Cash and cash equivalents at the beginning of the fiscal year	68.1	283.5
25.	**=**	**Cash and cash equivalents at end of period**	**275.7**	**443.4**

Segment Reporting

of Kirk Beauty One GmbH (Successor) for the period from October 1, 2015 through December 31, 2015 and Beauty Holding Zero GmbH (Predecessor) for the period from October 1, 2014 through December 31, 2014

		Germany		France		South-Western Europe	
		Successor	Predecessor	Successor	Predecessor	Successor	Predecessor
		10/01/2015 - 12/31/2015	10/01/2014 - 12/31/2014	10/01/2015 - 12/31/2015	10/01/2014 - 12/31/2014	10/01/2015 - 12/31/2015	10/01/2014 - 12/31/2014
Sales (net)	EUR m	413.3	392.9	268.2	264.3	179.3	169.0
Intersegment sales	EUR m	9.2	5.6	0.0	0.6	0.0	0.0
Sales	EUR m	422.5	398.5	268.2	264.9	179.3	169.0
EBITDA	EUR m	36.2	55.0	48.7	24.0	24.2	23.7
EBITDA margin	%	8.8	14.0	18.2	9.1	13.5	14.0
Non-recurring effects/adjustments	EUR m	21.4	4.1	7.3	27.2	4.4	0.7
Adjusted EBITDA	EUR m	57.6	59.1	56.1	51.1	28.6	24.4
Adjusted EBITDA margin	%	13.9	15.1	20.9	19.3	15.9	14.4
Inventories	EUR m	235.2	218.3	156.1	124.4	133.1	128.9
Capital expenditure	EUR m	3.9	9.0	2.6	6.2	1.7	1.1
Number of stores (owned) as of December 31		440	436	486	467	350	359

		Eastern Europe		Consolidation		Kirk Beauty One Group	
		Successor	Predecessor	Successor	Predecessor	Successor	Predecessor
		10/01/2015 - 12/31/2015	10/01/2014 - 12/31/2014	10/01/2015 - 12/31/2015	10/01/2014 - 12/31/2014	10/01/2015 - 12/31/2015	10/01/2014 - 12/31/2014
Sales (net)	EUR m	89.2	80.3			950.0	906.5
Intersegment sales	EUR m	0.0	0.0	-9.2	-6.2	0.0	0.0
Sales	EUR m	89.2	80.3	-9.2	-6.2	950.0	906.5
EBITDA	EUR m	11.9	13.6			121.0	116.2
EBITDA margin	%	13.3	16.9			12.7	12.8
Non-recurring effects/adjustments	EUR m	4.9	0.5			37.9	32.4
Adjusted EBITDA	EUR m	16.8	14.1			158.9	148.6
Adjusted EBITDA margin	%	18.8	17.6			16.7	16.4
Inventories	EUR m	91.4	75.6	-4.8	-1.8	611.0	545.3
Capital expenditure	EUR m	2.7	1.1			10.9	17.5
Number of stores (owned) as of December 31		282	274			1,558	1,536

Non-current assets

(in EUR m)	Successor as of 12/31/2015	Predecessor as of 12/31/2014
Germany	1,656.6	815.3
Other countries	1,180.1	699.3
Total	**2,836.7**	**1,514.6**

Reconciliation segment income

(in EUR m)	Successor 10/01/2015 - 12/31/2015	Predecessor 10/01/2014 - 12/31/2014
EBITDA	121.0	116.2
One-off items/adjustments	37.9	32.4
Adjusted EBITDA	158.9	148.6
Amortization/depreciation	-24.5	-20.4
One-off items/adjustments	-0.4	-0.3
Adjusted EBIT	134.0	127.9
Financial result	-38.9	-23.8
One-off items/adjustments	-2.2	-3.4
Adjusted EBT	92.9	100.7
Taxes	-19.3	-32.3
Taxes on one-off items/adjustments	-11.3	-9.2
Adjusted net income continued operations	**62.3**	**59.2**

Notes to the Interim Consolidated Financial Statements

of Kirk Beauty One GmbH (Successor) for the period from October 1, 2015 through December 31, 2015 and Beauty Holding Zero GmbH (Predecessor) for the period from October 1, 2014 through December 31, 2014

General principles

Kirk Beauty One GmbH (thereafter Kirk Beauty One), the parent company of Douglas GmbH (formerly Kirk Beauty Zero GmbH) was incorporated on April 10, 2015. Douglas GmbH represents the business of Beauty Holding Zero GmbH (thereafter Beauty Holding Zero) acquired by Douglas GmbH effective August 13, 2015. Kirk Beauty One and Douglas GmbH issued Senior Secured Notes and Senior Notes at GEM segment of the Irish Stock Exchange in July 2015.

Kirk Beauty One is referred to as **Successor** and **Beauty Holding Zero** is referred to as **Predecessor.** Both companies together are referred to as **The Companies**.

The Interim Consolidated Financial Statements include the unaudited financial statements of Kirk Beauty One for the three month period from October 1, 2015 through December 31, 2015 as the Successor and the three month figures of Beauty Holding Zero Group for the period from October 1, 2014 through December 31, 2014 as the Predecessor.

In order to give a better understanding of the development of the Group`s business the Interim Consolidated Financial Statements of Beauty Holding Zero as the Predecessor are incorporated in this set of financial statements.

As Kirk Beauty One and Beauty Holding Zero predominantly use the same accounting and valuation principles based on the unchanged group accounting guideline, we believe that the presentation of both financial statements (Successor and Predecessor) in one document increases transparency of information and helps the reader to better understand the development of the Group`s business. However, it should be noticed that the consolidated financial statements of the Successor are influenced by the purchase price allocation which has been conducted on August 1, 2015, the acquisition date and by the new financing structure which have replaced the Predecessor`s financing.

The Successor`s financial statements as well the Predecessor`s financial statements have been prepared in conformity with the International Financial Reporting Standards (IFRS). The accounting and valuation principles as well the consolidation principles for the first three month of the financial year 2015/16 from October 1, 2015 through December 30, 2015 are consistent with those applied for the Kirk Beauty One GmbH Group financial statements as of September 30, 2015. All sales-related, seasonal or cyclical issues have been deferred during the financial year in accordance with sound business judgement.

At the end of financial year 2013/14, management decided to restrict the operations of the Beauty Holding Zero GmbH to the perfumery division. The discontinued businesses Books (Thalia), Jewelry (Christ) and Fashion (AppelrathCüpper) were sold with effect of October 1, 2014. The Predecessor`s financial statements include the profit from the disposal of the discontinued operations.

The financial statements of the subsidiaries included in the consolidated financial statements were prepared uniformly according to the applicable IFRS classification, accounting and measurement principles, subject to IAS 21.40.

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

New IAS accounting standards

The consolidated financial statements of Kirk Beauty One GmbH have been prepared taking into account all published standards and interpretations which have been adopted as part of the European Union (EU) endorsement process and for which application is mandatory for the financial year 2015/16.

Consolidation principles

Group of consolidated companies

All of the German and foreign companies over which Kirk Beauty One as the Successor has direct or indirect control and all of the subsidiaries over which Beauty Holding Zero as the Predecessor had direct or indirect control are fully consolidated. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. Control is obtained when Kirk Beauty One obtains power over an investee, when Kirk Beauty One is exposed to variable returns from its investments with the investee and when it is able to influence these returns by using its power. They are deconsolidated on the date on which control ceases.

Group of Consolidated Companies

	Germany	Other countries	Total
as of September 30, 2015	24	41	65
deconsolidated companies		1	1
as of December 31, 2015	24	40	64

In order to strengthen the branch network and to extend the market share the group acquired one perfumery store in Dresden as of October 1, 2015. The acquisitions were conducted as asset purchases. The assets acquired primarily include inventories (€0.2 million). Preliminary goodwill of €0.4 million has been capitalized. The purchase price for these acquisitions totaled €0.6 million. The sales of the newly acquired store contributed €0.2 million to Group sales and generated EBT of €0.0 million.

The equity method was not applied for five companies with different reporting dates as these are of minor importance for the Group's net assets, financial position and result of operations. These companies are carried at cost. Due to the business volume, these companies do not prepare interim financial statements. Therefore, information on assets, liabilities, revenues and earnings are not available as of the balance sheet date. These investments encompass companies whose services are used by group companies in limited cases. The Fair value of these companies cannot be measured reliably. The carrying amount of these entities is €0.8 million as of December 30, 2015.

Consolidation methods

Capital consolidation is conducted by offsetting acquisition costs against the Group’s interest in the consolidated subsidiary’s net assets at Fair value on the acquisition date. Any positive differences that result are capitalized as goodwill and tested annually for impairment. Any negative differences

are recognized directly in profit or loss. Any identifiable net assets including hidden reserves and liabilities due to minority shareholders are carried as non-controlling interests.

Receivables from and corresponding payables to consolidated companies are eliminated. Material interim profits from intercompany goods and service transactions within the Group were eliminated in the consolidated financial statements to the extent that these are not related to sales with third parties. Sales and other income from intercompany transactions of goods and services are offset against corresponding expenses.

Currency translation

The financial statements of the subsidiaries are translated to the Group currency according to the functional currency concept. The functional currency of the subsidiaries is the respective national currency. The functional currency of the parent company is the Euro.

The assets and liabilities of foreign companies whose functional currency is equivalent to the local currency and who are based in countries that do not participate in the European Monetary Union are translated to Euros using the exchange rate on the balance sheet date. Income and expenses are converted at the average exchange rate for the period. The resulting currency translation differences are recognized directly in equity under the currency translation line item. The following exchange rates have been used for currency conversion for the foreign subsidiaries:

Exchange Rates

		Average exchange rate	Closing rate	Average exchange rate	Closing rate
		10/01/2015 - 12/31/2015 (in EUR)	12/31/2015 (in EUR)	10/01/2014 - 12/31/2014 (in EUR)	12/31/2014 (in EUR)
BGN	Bulgarian Lev	0.5123	0.5138	0.5120	0.5114
CHF	Swiss Franc	0.9362	0.9238	0.8304	0.8315
CZK	Czech Koruna	0.0367	0.0370	0.0362	0.0361
HRK	Croatian Kuna	0.1315	0.1315	0.1306	0.1306
HUF	Hungarian Forint	0.0032	0.0032	0.0032	0.0032
PLN	Polish Zloty	0.2395	0.2348	0.2374	0.2328
RON	Romanian Lei	0.2254	0.2214	0.2258	0.2235
TRL	Turkish Lira	0.3303	0.3142	0.3542	0.3544
USD	U.S. Dollar	0.9005	0.9169	0.8007	0.8227

Receivables and liabilities denominated in currencies other than the functional currency are translated to the functional currency by being recognized in profit or loss in the income statement.

Accounting and valuation principles

Intangible assets

Goodwill arising from capital consolidation, which represents the excess of acquisition cost over the fair value of identifiable net assets acquired, is recognized according to the requirements of IFRS 3 and tested for impairment annually or upon occurrence of a triggering event. For the purposes of the impairment test, goodwill is allocated to the groups of cash-generating units (CGU) that are expected to profit from synergies arising from the acquisition. Within the Companies, a cash-generating unit (CGU) is defined as an individual retail store or an online shop. The ceiling for

goodwill allocation is generally determined by operating segments, which are Germany, France, South-Western Europe and Eastern Europe for both Companies. If as part of this impairment test, the company ascertains that the recoverable amount of the CGU is less than its carrying amount, goodwill allocated to the CGUs is written down and recognized in profit or loss. An impairment loss in respect of goodwill is not reversed.

Other intangible assets are carried at cost. Borrowing costs are not included when calculating acquisition costs, because the Companies have no qualifying assets. Intangible assets with definite useful lives are subject to straight line amortization over their useful life. If intangible assets have an indefinite useful life, these intangible assets are not subject to scheduled amortization. Indefinite useful life assets are reviewed for impairment at least once a year. If the recoverable amount of the asset is less than its carrying amount, the asset is written down to its recoverable amount based on its value in use. If the reasons for write-downs made in prior years no longer apply, the impairments are reversed. Intangible assets that are subject to scheduled amortization are only subject to an impairment test if a triggering event occurs. Intangible assets with an indefinite useful life are the trademarks “Douglas” and “Nocibé” and leasehold rights in France.

Property, plant and equipment

Items of property, plant and equipment used for longer than one year are carried at cost less scheduled straight-line depreciation. Investment subsidies received reduce the asset’s cost for which the subsidy was granted. As a rule, borrowing costs are not included when calculating acquisition costs for property, plant and equipment but are immediately expensed to profit and loss, because the Companies have no qualifying assets. Based on experience, the Companies do not utilize restoration obligations. Thus these obligations are generally not recognized in the acquisition costs of the leasehold improvements. In the year of purchase, property, plant and equipment are depreciated on a pro rata basis. An impairment test is conducted for the corresponding asset if indications of an impairment exist. Items of property, plant and equipment are derecognized when removed or further economic benefits are no longer expected from the asset’s use. The gain or loss from the disposal of the asset arises from the difference between its net realizable value and carrying amount.

The amortization and depreciation for intangible assets and property, plant and equipment are based on their useful lives as follows:

Useful Lives

	Years
Software	3-5
Leasehold rights that do not have indefinite useful lives	5-15
Customer relationships	5-10
Buildings	10-50
Store fittings, office and operating equipment	3-10

Leases

The economic ownership of a leased asset is classified to the contractual party that bears substantially all the risks and rewards incident to ownership of the leased asset. Material lease arrangements predominantly relate to the leasing of retail stores of the Companies. Leases are recognized in the balance sheet according to the requirements of IAS 17. In order to ensure the greatest possible flexibility, the Group generally aims to enter rental agreements with a fixed rental period of no more than ten years and single or multiple exercisable options to extend the lease. In classifying lease agreements, consideration is given to the base lease term and the exercise of any renewal options on the basis of best practice, which means that these agreements regularly qualify

as operating leases as the fixed lease term plus one renewal option does not exceed the significant part of the economic useful life of the rented premises.

If, in cases of exception, the economic ownership of leased assets can be allocated to The Companies, the leased assets are capitalized at the inception of the lease and are subject to scheduled straight-line depreciation in subsequent periods. At the commencement of the lease, the leased asset is recognized at the fair value of the asset or, if lower, the present value of the minimum lease payments. On the other hand, the financial obligations that result from future lease payments are recognized as a liability in the same amount. Depreciation is conducted over the estimated useful life or the shorter lease term. The liability is amortized proportionately over the lease term according to the effective interest rate method plus accrued interest. At December 31, 2015 and at December 31, 2014 the Companies did not account for any finance leases.

Financial assets

Financial assets, including investments (equity participations), contractual receivables and derivatives are accounted for according to IAS 39. The Group does not hold any financial instruments that require a classification as “held-for-trading” or “held-to-maturity”. Investments (equity participations) are classified as “available-for-sale”, trade accounts receivable and other contractual receivables are classified as “loans and receivables”. Depending on their classification, the financial assets are either measured at fair value (financial assets from derivative financial instruments) or amortized cost (investments, trade accounts receivable and other contractual financial receivables). Financial assets are initially measured at fair value, transaction costs—with the exception of financial instruments measured at fair value and recognized to profit or loss—are included in the acquisition costs.

Financial assets are derecognized either upon settlement or when substantially all risks and rewards are transferred.

Financial assets denominated in a foreign currency are translated to the functional currency at the date of acquisition. An adjustment is then made to the respective closing rate on each balance sheet date and recognized in profit or loss. Interest income and expense are matched to the period in the financial result.

Trade accounts receivable and other receivables are capitalized at fair value at the time of revenue recognition. Recognizable risks are reflected by write-downs based on the ageing structure of the receivables. A major portion of receivables that is overdue more than 60 days is transferred to a collection agency. Necessary write-downs are conducted by using bad debt accounts.

Cash and cash equivalents

Cash and cash equivalents, which include money accounts and short term money deposits with banks, are stated at amortized cost.

Deferred taxes

Deferred taxes are recognized for temporary differences between the carrying amounts in the consolidated financial statements and the tax base to the extent that these differences will lead to tax refunds or charges in future. Deferred taxes are measured taking into account the tax rates and tax regulations that have been enacted on the balance sheet date or which are expected to be enacted when the differences are reversed. Deferred tax assets are only recognized to the extent that there is taxable income expected on the date the difference is reversed against which the difference can be offset.

If the future tax advantage from loss carryforwards can be utilized with sufficient certainty in future periods, deferred tax assets are capitalized. Deferred tax assets and liabilities are netted to the extent that the tax claims and tax liabilities are for the same tax authority.

Inventories

Merchandise is recognized at the lower of cost and net realizable value. In some minor businesses, acquisition costs are identified using the retail method based on the selling price using reasonable valuation allowance deductions. Interest on borrowings is not included in the acquisition costs as inventories are not qualifying assets. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to sell the inventory. Ageing as well as fashion and other risks were taken into account, to the extent needed, as part of measurement at the net realizable value. Raw materials, consumables and supplies are recognized at their acquisition costs.

Provisions

Provisions are recognized if there is a legal or constructive obligation to third parties arising from past events and if the future cash outflow to fulfill this commitment can be estimated reliably. The carrying amount of the provision is based—for individual risks—on the best estimate of the settlement taking into account all recognizable risks, or—for a large population of risks—the amount computed according to the expected value method. Non-current provisions are carried on the balance sheet at their present value as of the balance sheet date. The maturity of long-term human resources commitments is based on the date of dismissal of the employee or forecasted cash outflows. The maturity of long-term real estate commitments is based on the duration of the lease contract or the estimated date of an early termination of the lease contract. Provisions for restructuring measures are recognized if a constructive obligation to restructure was formalized by means of the adoption of a detailed restructuring plan and its communication vis-à-vis those affected as of the closing date. Restructuring provisions comprise only obligatory restructuring expenses.

Provisions for pensions are accounted for in line with the requirements of IAS 19. Actuarial calculations of provisions for defined benefit plans use the projected unit credit method. As part of this measurement, the pensions and entitlements known on the balance sheet date are taken into account as well as the increase in salaries and pensions to be expected in future. For funded pension plans, the same interest rate chosen to determine interest expenses resulting from the measurement of obligations is also used to calculate interest income from plan assets. If changes to these calculation assumptions result in differences between the identified pension obligations and the pension obligations determined as of the balance sheet date, actuarial gains or losses will be incurred. These actuarial gains or losses as well as other actuarial valuation changes are recognized directly in equity under other comprehensive income.

Plan assets designated at fair value and liabilities from pension plans are presented in a net amount. Plan assets are maintained in qualified policies that are pledged to the employees. The interest portion included in the pension expense is presented as interest expense within the financial result. Obligations similar to pension provisions such as part-time work schemes and termination benefits are also disclosed according to the requirements of IAS 19.

Financial liabilities

Financial liabilities are initially recognized at fair value and subsequently measured at amortized costs. Transaction costs are included in the recognition of financial liabilities. Differences between the amount paid and the amount to be paid upon final maturity are amortized over the term according to the effective interest rate method. Income and expenses from non-derivative financial liabilities arise from interest income or expenses or from currency translation adjustments.

Financial liabilities are derecognized when the obligation is extinguished or expired (limitation of time). Within the Group financial liabilities recognized at amortized costs mainly comprise liabilities to banks, liabilities from senior notes and trade accounts payable. All trade accounts payable have a maturity of less than one year and are non-interest bearing. The option to initially recognize financial liabilities at fair value through profit or loss was not applied by the Companies.

Derivative financial instruments and hedging relationships

Derivative financial instruments are in place to reduce Cash Flow fluctuations that result from interest rate risks. Derivative financial instruments are neither used nor issued for speculative purposes. Derivative financial instruments are recognized at fair value, which corresponds to market value, both upon initial and subsequent measurement in accordance with IAS 39 and can result in a positive or negative figure. Gains and losses from fair value measurement, to the extent that these are designated derivative financial instruments qualifying as hedged items to hedge against Cash Flow risks, are recognized directly in equity under a separate equity item in line with the rules for hedge accounting. Derivative financial instruments that do not qualify as hedged items are measured at fair value and recognized in the income statement. The amounts recorded under equity increase or reduce profit or loss as soon as the hedged Cash Flows from the underlying transaction are recognized in the income statement.

The fair value of derivative financial instruments corresponds to the amount either paid or received by the Group company upon termination of the financial instrument on the balance sheet date. The calculation of the fair value takes into account the interest rates and forward rates in effect as of the balance sheet date. The Companies implement derivative financial instruments as hedging instruments only as part of Cash Flow hedges. By way of such Cash Flow hedges, the Beauty Holding Zero (Predecessor) hedged the exposure to future variability in Cash Flows attributable to interest rate risks. Within the Kirk Beauty One (Successor) hedge accounting based on Cash Flow hedges is not applied. With regard to currency rate risks non-derivative financial liabilities as part of a net investment hedge are implemented to cover currency rate risks arising from net investments in non-group foreign currencies. Accounting for net investment hedges generally follows the rules of Cash Flow hedges.

Fair value measurement

The input factors used to determine fair value are divided into three categories. Fair value measurements based on input factors of the first category relate to price quotations in active markets that can be determined for the valuation object—such as quoted prices. Fair value measurements based on factors whose value can be derived directly or indirectly from observable market data fall into the second category. The measurement of the third category is based on pricing models, which are based on inputs that cannot be observed in the market. The Companies measure interest rate swaps and interest rate caps and floors only at fair value. The fair value measurement of these instruments fall into the second category as the valuation of interest rate swaps, caps and floors is based on observable market interest rates.

Revenue recognition

Sales are recognized on delivery of goods or after performance of a service is complete. Claims from customer loyalty programs are measured at fair value and offset directly against sales. Sales arising therefrom are first recognized upon redemption of the bonus points. Deferred sales are reversed or utilized in line with the way customers redeem their gift vouchers and are also reported under sales. Interest income and interest expenses are recognized in the financial result on an accrual basis.

Segment reporting

Segment reporting covers the four geographical segments whose financial key performance indicators are presented to the top management of the Group as the chief operating decision-maker. The financial key performance indicators are presented on a regular basis as part of the internal reporting and are used by the management to make decisions and allocate resources. These four operating segments correspond to the regionally structured divisions of the Companies and at the same time represent the highest limit for the allocation of goodwill. Service and holding companies are allocated to the regional segments according to their place of registered business. The segments comply with the management reporting structure. The prior year disclosed in the segment reporting has also been adapted to this structure.

The earnings of the segments are determined in compliance with the accounting and valuation methods applied to the consolidated financial statements. Transfers between segments are generally performed at the same prices that would apply as if the transaction would have been executed with third parties (arm's length transactions).

Segment sales correspond to sales with non-group third parties. Internal sales represent sales between the individual Douglas segments.

The segment performance indicator is Adjusted EBITDA. EBITDA is adjusted for one-off items and items which have an impact limited to a certain period of time determined by Kirk Beauty management. The adjustments mainly comprise effects from purchase price allocations, costs in connection with restructuring and efficiency programs as well as ongoing consulting costs in connection with financing agreements. Further adjustments concern ongoing, disputed lease contracts, revaluation effects of inventories and of trade receivables and credit card fees. Revaluation effects of inventories as well as of trade receivables are considered as depreciations. Credit card fees are considered as financial expenses and therefore are adjusted in EBITDA. Furthermore one-off effects related to the financing of the group, impairments of fixed and intangible assets and tax effects on the aforementioned effects are adjusted.

Inventories presented in segment reporting include purchased raw materials, consumables and supplies and advances to suppliers for inventories.

Capital expenditure presented in the segment reporting relate to additions made to intangible assets and property, plant and equipment.

Segment assets generally comprise non-current assets. Non-current tax items are not allocated to the segments.

Use of assumptions and estimates

Assumptions and estimates have been made in the preparation of the consolidated financial statements that impact the disclosure and amount of assets and liabilities as well as income and expenses. These assumptions and estimates were used, in particular, in the determination of useful lives, classifying operating or financing leases, valuing restoration obligations, assessing the impairment of goodwill, measuring provisions and uncertain tax positions and estimating the probability that future tax refunds will be realized. In addition, assumptions and estimates are of significance in determining the fair values and acquisition costs associated with business combinations. Actual values may vary in individual cases from the assumptions and estimates made. Changes are recognized in income as soon as better information is available.

Financial liabilities

	Successor				Predecessor			
		as of 12/31/2015 Remaining items				as of 12/31/2014 Remaining items		
		< 1 year (in EUR m)	1 to 5 years (in EUR m)	> 5years (in EUR m)		< 1 year (in EUR m)	1 to 5 years (in EUR m)	> 5years (in EUR m)
Liabilities to banks	1,125.6	2.3	0.6	1,122.8	1,080.5	14.0	245.3	821.2
Financial liabilities from the valuation of options from minority interests	2.6	0.2	2.4	0.0	2.6	0.6	2.0	0.0
Derivative financial instruments	74.7	0.0	0.0	74.7	4.4	0.0	0.0	4.4
Liabilities to third-party shareholders	0.0	0.0	0.0	0.0	137.9	0.0	0.0	137.9
Senior bonds	635.1	22.7	0.0	612.4	0.0	0.0	0.0	0.0
Other financial liabilities	0.9	0.8	0.0	9.2	8.8	8.7	0.1	0.0
Total	**1,848.1**	**26.0**	**3.0**	**1,819.1**	**1,234.2**	**23.3**	**247.4**	**963.5**

On August 13, 2015, Kirk Beauty Zero acquired the shares of Beauty Holding Zero following the approval of the antitrust authorities. Kirk Beauty One and Douglas GmbH entered into new financing agreements for a total of €2,055.0 million. These agreements comprise a €1,220.0 million Term Loan B Facility, a €200.0 million Revolving Credit Facility, €300.0 million Senior Secured Notes and €335.0 million Senior Notes. The existing loans were replaced by the new financing on August 13, 2015. A portion of the Group`s cash and cash equivalents were also used to repay existing loans. The interest rate for the Term Loan B Facility agreement is based on EURIBOR plus a margin of 5.0 percent. The Senior Secured Notes and the Senior Unsecured Notes bear fixed interest rates of 6.25 percent and 8.75 percent respectively. The Term Loan B Facility agreement contains a 1.0 percent EURIBOR floor as an embedded derivative.

The Term Loan B Facility and Revolving Credit Facility have a maturity until August 2022. The Senior Secured Notes mature in July 2022 and the Senior Notes mature in July 2023.

The Senior Secured Notes as well the Senior Facility Agreement are secured by collaterals. Following assets are pledged as collaterals: shares of certain subsidiaries, certain bank accounts and intercompany accounts as well as assets from cap agreements.

As of December 31, 2015, the bank liabilities excluding current accounts and Revolving Credit Facility comprised the following tranches:

Financing liabilities (without current accounts and Revolving Credit Facility)

	as of 12/31/2015	
	Nominal amount (in EUR m)	Carrying amount (in EUR m)
Senior Secured Notes	300.0	298.6
Senior Unsecured Notes	335.0	336.4
Term Loan B Facility	1,220.0	1,123.6

The Group has also access to a Revolving Credit Facility in the amount of €200.0 million, of which €0.0 million had been utilized as of December 31, 2015. Individual companies also have access to bilateral credit lines, of which €3.0 million had been utilized as of December 31, 2015.

Kirk Beauty One and its subsidiaries have to meet certain obligations and key financial covenants, in the event that 40.0 percent of the Revolving Credit Facility are drawn. Besides these financial covenants the Group also has to meet certain qualitative covenants. If the obligations are not met, the lenders are entitled to cancel the loan agreements with immediate effect and call upon all pledged collateral. All agreed covenants were adhered to as of December 31, 2015.

Hedging of financing liabilities

Interest rate swaps and interest rate caps are in place to hedge against the risk of interest rate fluctuations over a total nominal volume of €843.5 million. The interest rate swaps with a nominal volume of €567.0 million have a term until March 30, 2016 or September 30, 2016 respectively. Thus the remaining Cash Flows from interest rate swaps will affect interest income during the period from October 1, 2015 through March 30, 2016 or September 30, 2016 respectively. Due to the new financing, which has been executed on August 13, 2015, the conditions of the hedge accounting according to IAS 39 are no longer met. Thus, the interest rate swaps are no longer part of a hedging relationship. Furthermore, interest rate caps with a nominal amount of €276.5 million and a term until August 31, 2021 were concluded. These amounts will increase up to €792.8 million within 2016 after the phase-out of the swap agreement. The interest rate caps reduce the risk of an inclining EURIBOR to a maximum of 1.0 percent. The Cash Flows will affect interest income during the period from October 1, 2015 through August 31, 2021. The Term Loan B Facility agreement contains an interest rate floor at 1.0 percent EURIBOR. These Cash Flows will affect the interest result until August 13, 2022.

	Successor			Predecessor		
	as of 12/31/2015			**as of 12/31/2014**		
	Reference amount (in EUR m)	**Fair values: Financial assets (in EUR m)**	**Fair values: Financial liabilities (in EUR m)**	**Reference amount (in EUR m)**	**Fair values: Financial assets (in EUR m)**	**Fair values: Financial liabilities (in EUR m)**
Interest rate swaps	567.0		1.5	567.0		4.4
of which within cash flow hedges				*567.0*		*4.4*
of which not part of a hedge relationship	567.0		1.5			
Interest rate caps	276.5	6.7				
of which not part of a hedge relationship	276.5	6.7				
Interest rate floor	1,220.0		73.1			
of which not part of a hedge relationship	1,220.0		73.1			

Events after balance sheet date

After the year-end of the reporting period 2014/2015 we have had further changes in management. Dr. Henning Kreke has been appointed as chairman of the supervisory board. The managing directors Claudia Reinery and Isabelle Parize have been nominated to the executive board of Douglas Holding AG and appointed as managing directors of Douglas GmbH and Kirk Beauty One GmbH. As of February 16, 2016 the supervisory board of Douglas Holding AG has appointed Isabelle Parize as new CEO. Thus, the executive board of Douglas Holding AG, Douglas GmbH and Kirk Beauty One GmbH comprises of three members: Isabelle Parize (CEO), Erika Tertilt (CFO) and Claudia Reinery who is responsible for the business in Germany, Austria and Switzerland. Furthermore, we will move the headquarter in Germany to Düsseldorf in autumn 2016, merging all customer-facing functions of the stationary business and the online business.