ARCANDOR

COMMITTED TO CREATING VALUE

INTERIM REPORT OF THE GROUP AS OF MARCH 31, 2008

FIRST HALF YEAR OF THE 2007/2008 FINANCIAL YEAR

AT A GLANCE

		01.10.2007 -31.03.2008*	01.10.2006 -31.03.2007*	Change in %
SALES (like-for-like pro forma basis)				
Thomas Cook[1)]	mill. €	4,207.4	4,240.8	-0.8
Primondo	mill. €	2,321.4	2,151.8	7.9
Karstadt	mill. €	2,260.5	2,370.0	-4.6
Operating segments[1)]	mill. €	**8,789.3**	**8,762.6**	0.3
Other segments[2)]	mill. €	124.7	144.8	-
Reconciliation account[1)]	mill. €	-44.0	-89.1	-
Sales (adjusted)[1)]	mill. €	**8,870.0**	**8,818.3**	0.6

		01.10.2007 -31.03.2008*	01.10.2006 -31.03.2007*	Change in mill. €
EARNINGS (like-for-like pro forma basis)				
Thomas Cook[1)]	mill. €	0.2	-148.9	149.1
Primondo	mill. €	37.4	0.9	36.5
Karstadt	mill. €	113.2	155.3	-42.1
Operating segments[1)]	mill. €	**150.8**	**7.3**	**143.5**
Other segments[2)], Reconciliation account/Holding company	mill. €	-36.5	-11.1	-25.4
EBITDA (adjusted)[1)]	mill. €	**114.3**	**-3.8**	**118.1**
EBITDA margin (adjusted)[1)]	*in %*	*1.3*	*0.0*	-

		01.10.2007 -31.03.2008*	01.10.2006 -31.03.2007*	Change in %
FINANCIAL SITUATION				
Cash and cash equivalents	mill. €	916.2	901.7	1.6
Investments	mill. €	158.0	112.9	39.9
Depreciation and amortization (not including amortization of goodwill)	mill. €	-217.3	-187.8	-15.7
Net financial liabilities	mill. €	1,576.4	152.9	-
Working capital	mill. €	-94.5	829.1	-111.4
FULL-TIME EMPLOYEES at the balance-sheet date (like-for-like pro forma basis)				
Thomas Cook	number	25,298	28,665	-11.7
Primondo	number	16,122	16,159	-0.2
Karstadt	number	23,467	24,804	-5.4
Operating segments	number	**64,887**	**69,628**	-6.8
Other segments[2)], Holding company	number	847	1,166	-27.4
Total	number	**65,734**	**70,794**	-7.1
ARCANDOR SHARE				
Earnings per share	€	-1.16	-1.38[3)]	15.9
Rate applying at the balance-sheet date	€	12.67	27.60	-54.1
Highest price (01.10. – 31.03.)	€	23.21	28.95	-19.8
Lowest price (01.10. – 31.03.)	€	9.80	17.94	-45.4

* The data has been adjusted. The adjustments relate to special factors and divestments as well as restructuring expenses in EBITDA.

1) In order to better illustrate the development of the business and to make figures comparable Arcandor compares a full half year (October 2007 to March 2008) for Thomas Cook Group plc with a full half year (October 2006 to March 2007) as if Thomas Cook Group plc had always existed. The October results for each year represent an Arcandor calculation consisting of the difference between the full year results and the September cumulative numbers of Thomas Cook Group plc. The October numbers of each year contain the usual year end bookings/adjustments and have not been readjusted for this pro forma exercise.

2) The Other segments comprise: Services and Real estate.

3) Information for the period 01.01.2007 to 30.06.2007.

PERFORMANCE IN THE FIRST AND SECOND QUARTER OF THE 2007/2008 FINANCIAL YEAR

(like-for-like pro forma basis)

Amounts shown in mill. €	Quarter I* 01.10.2007 -31.12.2007	01.10.2006 -31.12.2006	Change in %	Quarter II* 01.01.2008 -31.03.2008	01.01.2007 -31.03.2007	Change in %
SALES adjusted*						
Thomas Cook[1]	2,136.8	2,171.2	-1.6	2,070.6	2,069.6	0.0
Primondo	1,231.7	1,199.9	2.7	1,089.6	951.9	14.5
Karstadt	1,315.7	1,432.0	-8.1	944.7	938.0	0.7
Operating segments	**4,684.2**	**4,803.1**	-2.5	**4,104.9**	**3,959.5**	3.7
Other segments[2]	66.7	69.5	–	58.0	75.3	–
Reconciliation	-27.5	-43.1	–	-16.2	-46.1	–
	4,723.4	**4,829.5**	-2.2	**4,146.7**	**3,988.7**	4.0

Amounts shown in mill. €	Quarter I* 01.10.2007 -31.12.2007	01.10.2006 -31.12.2006	Change in mill. €	Quarter II* 01.01.2008 -31.03.2008	01.01.2007 -31.03.2007	Change in mill. €
ADJUSTED EARNINGS BEFORE FINANCIAL INCOME, INCOME TAXES AND DEPRECIATION AND AMORTIZATION (adjusted EBITDA)						
Thomas Cook[1]	32.3	-28.4	60.7	-32.1	-120.5	88.4
Primondo	35.7	32.8	2.9	1.7	-31.9	33.6
Karstadt	136.0	181.8	-45.8	-22.9	-26.5	3.6
Operating segments	**204.0**	**186.2**	**17.8**	**-53.3**	**-178.9**	**125.6**
Other segments[2], Reconciliation / Holding company	-20.6	-11.2	-9.4	-15.8	0.1	-15.9
	183.4	**175.0**	**8.4**	**-69.1**	**-178.8**	**109.7**

* The data has been adjusted. The adjustments relate to special factors and divestments as well as restructuring expenses in EBITDA.

1) In order to better illustrate the development of the business and to make figures comparable Arcandor compares a full half year (October 2007 to March 2008) for Thomas Cook Group plc with a full half year (October 2006 to March 2007) as if Thomas Cook Group plc had always existed. The October results for each year represent an Arcandor calculation consisting of the difference between the full year results and the September cumulative numbers of Thomas Cook Group plc. The October numbers of each year contain the usual year end bookings/adjustments and have not been readjusted for this proforma exercise.

2) The Other segments comprise: Services and Real estate.

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LETTER TO SHAREHOLDERS

Dear Shareholders,

In the first half year of the 2007/2008 financial year, Arcandor achieved a jump in earnings. The turnaround of your Group is thus becoming more and more evident as each quarter passes. This applies not only to the successful strategic realignment, but also increasingly to the positive operating trend. A group with a focus on mail order and over-the-counter retail has become a company with a focus on growth areas such as tourism, luxury, trading-up, e-commerce and sharply increasing internationalization.

The figures of the second quarter of the 2007/2008 financial year are good and give us cause for optimism. After half of the new financial year, we can say today with reasonable assurance that in the 2007/2008 financial year the Group will generate an EBITDA never before seen in its entire history. At the same time, the figures show that we are well on track for achieving our objectives for the 2008/2009 financial year.

Arcandor with earnings leap in the first half year of the 2007/2008 financial year

Adjusted EBITDA, the key ratio for the business trend of our three operating segments, Thomas Cook, Primondo and Karstadt, improved on a cumulative basis after the first six months of the 2007/2008 financial year against the previous year's pro forma figures to 151 mill. €. This is an improvement of 144 mill. €. In the second quarter the result was improved by 70% to minus 53 mill. €. In the equivalent period of the previous year, the result was still minus 179 mill. €. It is pleasing that all three operating segments improved their results and that the positive momentum of the first quarter was not only continued, but even stepped up. Posting a loss in the period between January 1 and March 31 is normal for the Arcandor Group and due entirely to seasonal reasons.

A key element of the successful realignment is that earnings are improving faster than sales growth. We have rigorously implemented our strategy of “margin instead of market share”. In the second quarter, adjusted group sales of the operating segments reached 4.1 bill. € (3.96 bill. € in the previous year). This equates to an upturn of 3.7%. On a cumulative basis in the first half year of 2007/2008, adjusted sales of the operating segments in the Arcandor Group rose by 0.3% to 8.79 bill. €.

Thomas Cook improves results in the second quarter by 73 % – half-year result up 149 mill. € year-on-year

The Thomas Cook Group is the largest business segment in the Arcandor Group with a share of almost 60 % of annual sales. In the first half of the current financial year, adjusted EBITDA already improved by 149 mill. € against the (pro forma) previous-year figure. A key factor here was good business development in the second quarter. In the period between January 1 and March 31, 2008 the tourism group achieved adjusted EBITDA of minus 32 mill. € (minus 121 mill. € in the previous year). This equates to an improvement of roughly 73 %. The increase was the result largely of improved margins and successful synergy management in the context of integrating Thomas Cook and MyTravel.

At 2.1 bill. €, sales of the tourism group were almost at the level of the previous year. Here it should be taken into account that Thomas Cook deliberately relinquished unprofitable sales by targeted capacity adjustments on its core markets. With this effective capacity management, the management pushed up the sales margin, while at the same time improving average selling prices and margins. This demonstrates the considerable earnings improvement of the tourism group. As in the first quarter, we secured comparability for Thomas Cook by showing the previous year in a pro forma fashion as if Thomas Cook Group plc had existed in the first three months of 2007.

Primondo confirms trend reversal with strong first half-year – strongly positive adjusted EBITDA

Primondo looks back at a strong quarter, with the turnaround increasingly firming. Primondo is growing again, and partly as a result of the rigorous realignment at Quelle, has achieved a trend reversal. Sales increased by 14.5 % to 1.1 bill. € (previous year: 0.95 bill. €). In Primondo's growth market of Central and Eastern Europe, sales growth of 44 % was achieved, with the business improving by 63 % in Russia. Specialty mail order gained 13 %, driven by the successful portfolio realignment. The home shopping channel HSE24 continues to grow in double-digit percentage terms. Quelle is stabilizing in Germany again. Declining sales in the classical catalogue business is increasingly being compensated by sustained growth in e-commerce.

The pleasing sales trend is also reflected in a strong upturn in earnings. In the first half-year of the financial year, Primondo improved adjusted EBITDA by 36 mill. € to 37 mill. €. For both of the two next quarters of the current financial year, Primondo is also planning a positive result. In the period between January 1 to March 31, 2008 (second quarter), Primondo also posted a positive adjusted EBITDA for the first time in years. It totaled plus 2 mill. € after minus 32 mill. € in the previous year. This represents earnings growth of 34 mill €.

Karstadt back in line – sales and results improvement in the second quarter

During the reporting period, the Karstadt department stores consistently continued their realignment. Karstadt is showing a considerable recovery against the previous quarter and is thus back in line. Adjusted sales totaled 0.94 bill. €. This equates to a slight upturn of 0.7%. The positive sales trend is underscored by the fact that in the course of the shift to the new business model, own sales in non-core product ranges were transferred to competent partners which are market leaders in their area. As is normal for department stores internationally, for the first time Karstadt reports not only its own sales, but also provides the gross transaction value figure (own and partner sales). In the second quarter, the gross transaction value increased year-on-year by 1.2% to 1.13 bill. €. Furthermore, the sales trend in the second quarter was held back due to the fact that part of the sales area was still not available in context of the realignment – due to conversions and temporary branch closures. In the first half-year of 2007/2008, Karstadt achieved a considerably positive result. Adjusted EBITDA totaled 113 mill. € (previous year: 155 mill. €). In the second quarter, Karstadt improved adjusted EBITDA by 13.6% to minus 23 mill. € (previous year: minus 27 mill. €). A key factor with a positive impact was the upturn in gross margin due to trading up. It should be noted that each year in the period between January and March, Karstadt posts a loss due to seasonal factors.

Largest property transaction in Europe concluded successfully – department store properties sold

On March 19, 2008, we sold our 49% stake in the Highstreet property company at a total value of 800 mill. €. We thus concluded the transaction, despite the bad news from international finance markets. Actually we had wanted to do this in the Fall of 2007. But then the US subprime crisis came and everything suddenly became complicated. However, we still made it and that at exactly the total value we had wanted to achieve. And ultimately that is what counts. The transaction is by far the largest sales project in the property sector in Europe. As a result of the disposal of our department store properties in two tranches, we were able to generate a total figure of 4.5 bill. €.

Today it is clear that the strategic decision to sell the property was right and was made at the right time. What would be the position of your company today, laden with debt of 4 bill. €? What is more, the debt would have been secured with property assets. In the current situation on the capital markets, a disposal in line with the real value would not have been possible. We have since successfully reinvested the proceeds from the property disposal for reducing debt and restructuring our retail segments. But in particular we invested in Thomas Cook, increasing the value by a considerable factor and developed it to become the largest earnings generator in our Group.

Thomas Cook share buyback program started –
Arcandor benefits from cash inflows of almost 200 mill. €

The Arcandor Group benefits from the Thomas Cook share buyback program which was resolved at the Thomas Cook extraordinary general meeting in March. This totals approximately 375 mill. € and results in cash inflows of almost 200 mill. € at Arcandor, without any change to our 52 % stake in Thomas Cook.

Clear growth strategy for all three operating segments

Arcandor AG is committed to increasing value and aims to be No. 1 or No. 2 in all its core operating segments. In addition to its already listed tourism segments, Karstadt and Primondo are also to be made viable for the capital market. Today the Group has a good positioning. With almost 60 % of Group sales and an even higher share of results, Thomas Cook is the most important business unit. After the successful trend reversal, in terms of sales Primondo has since become the second-largest unit in the Group. With all the operating areas, we are currently working on a range of strategic projects which have value-enhancing potential.

Thomas Cook: Second-largest tourism company world-wide

As majority shareholder, we are managing the second largest tourism company in the world and will rapidly realize its huge growth potential world wide. Tourism is a mega-trend. For years this industry has been growing at approximately 5 % per year and according to all experts will continue to do so in the future. At the same time, the industry is relatively independent of economic fluctuations. We are optimizing the quality of our profitable businesses in Europe and are developing new ones on the growth markets in Asia and the Middle East. To do this, we bought Thomas Cook India, the second largest national player. For the development in the Middle East we bought Thomas Cook in Egypt. We thus secured global control of the Thomas Cook brand. Now market entry in China and Russia is on the agenda.

Currently business in our core European markets is excellent and we have the realistic target with Thomas Cook of generating an EBITDA of considerably more than 800 mill. € in the 2009/2010 financial year.

Primondo: The leading European home shopping-provider

With Primondo we own a leading European home shopping provider. We have considerably changed the market positioning at Primondo. The sales share of Universal Mail Order in Germany was reduced from 80% to 50%, while increasing the e-commerce share. At the same time, the share of the growth areas of internationalization, home shopping and high-margin specialty mail order has increased from 20% to 50%. For the future, we see great potential, both on an operating and strategic basis, not only in Germany, but especially on an international basis.

Quelle Germany benefits from monthly catalogues, gaining new customers and an ongoing increase of e-commerce results. The triumphal march of e-commerce cannot be halted. At Quelle alone we now generate 40% of total demand via Internet. By the number of online visits, we are the clear No. 3 in Germany after eBay and Amazon! And we want to consolidate this position further. In the countries of Central and Eastern Europe, Quelle now has an excellent market position. We see further great growth potential in Russia. Here our sales have been increasing enormously for years. In recent years, we have rigorously invested in the Quelle brand and have achieved a high level of brand awareness.

Our Primondo segment is growing again. The realignment has been successful. Our communicated earnings target for 2008/2009 is at 170 to 200 mill. €. We are now expecting a figure which is slightly higher. Our realistic expectations are now at 210 mill. €.

Karstadt: The leading German department store

With Karstadt we have the leading German department store in our portfolio. We are taking rigorous advantage of the trend in the German retail industry. This includes trading up, i.e. the focus on higher-margin product ranges combined with good service and high quality interior design of our stores. This also includes an extended range of strong brands, especially in the fashion area, the optimization of our Karstadt exclusive brands and innovative marketing concepts.

We have clear ideas how the department store model should look like in the future and since March 13, 2008 we also have a store which demonstrates the prototype of the new department store generation. The ideal Karstadt store is located in Essen in the new Limbecker Platz shopping center. We took a look around the world and implemented the best here. With this concept we will successfully extend our leadership in Germany.

In the Premium segment we are targeting stores which exercise a lighthouse function, have a large catchment area and also attract international visitors. As of now, they are KaDeWe, the Alsterhaus in Hamburg, the Oberpollinger in Munich, Frankfurt/Main Zeil and the department store in Dresden.

The German department store market is currently in a state of flux. For this reason, we will not remain inactive in strategic terms. For we see this as a great opportunity to establish the department store business in a much more profitable fashion again. In the process we are moving in several directions and may cooperate with partners. And it is precisely for this reason that we have begun our strategic considerations not only with METRO announcement that it wishes to sell its department stores. We now have a series of options in Germany and on an international basis and are currently examining all of them thoroughly. One thing you can be sure of – we are operating with the objective of increasing value. One thing we will not do is to take on additional economic risks or pay excessive prices, enter into anti-trust risks or make decisions under time pressure.

With our clear strategy, we will significantly increase the result. For Karstadt we have stated an EBITDA target of 260 to 300 mill. €. As with Primondo, where we currently are expecting earnings above the planned figures, we have also integrated our latest knowledge at Karstadt. Here we are currently expecting an EBITDA which is towards the lower end of the range.

Continuity secured in the Management Board

To secure management continuity, several decisions were taken by the Supervisory Board:

Marc Sommer, who has headed Primondo since January 1, 2006 and who stands for the successful turnaround was appointed as Vice Chairman of the Management Board with effect from April 23, 2008.

Manny Fontenla-Novoa, the best tourism manager according to prevailing opinion, was appointed as a new member of the Arcandor AG Management Board, also effective from April 23, 2008.

I had planned to leave the Arcandor Management Board to the end of the year to return to the Supervisory Board. We are currently in the process of preparing and realizing several important strategic options in the department store and home shopping areas. For this reason, I was requested, particularly by investors, to accompany this important stage personally. This influenced my decision and I agreed to extend my contract by a year to the end of 2009. To do this I will also put back my own personal planning. I will thus be able to take operating responsibility for achieving the objectives in 2008/2009. And I am also certain to be able to reach these goals.

Earnings forecast for the 2007/2008 financial year in excess of 800 mill. €.
At our Annual General Meeting on April 23, we gave an earnings forecast for the current financial year. In the 2007/2008 financial year, we are planning a considerable upturn in terms of earnings and an adjusted EBITDA exceeding 800 mill. €.

Targets for the 2008/2009 financial year confirmed
On the basis of the clear growth strategy, the management is convinced of being able to achieve its objectives in the 2008/2009 financial year. On sales of at least 23 bill. €, we want to achieve an EBITDA of at least 1.3 bill. €. And it should be stated, this is on the basis of our current portfolio. Further earnings potential which may result from strategic options has not been included here.

For the Management Board
Yours,

Dr. Thomas Middelhoff
Chairman of the Management Board

ARCANDOR SHARE

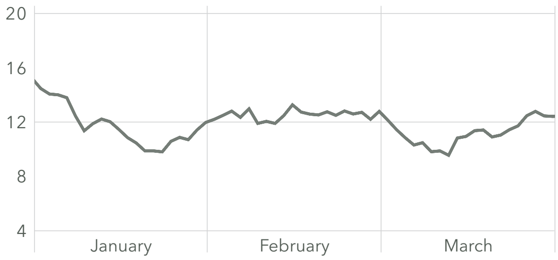
Performance impacted by ongoing financial market crisis
On January 2, 2008, the Arcandor share started into the second quarter of the financial year with a price of 15.42 €. As a result of the global crisis on financial markets and a correspondingly difficult stock market environment in Germany, the share came under strong pressure in the reporting period, as happened to many other stocks. After a low of 9.80 € was posted on March 10, 2008, the price rose to 12.67 € by the end of the quarter.

In contrast to the negative external factors, company news from Arcandor impacted positively. Thus the financial releases, the announcements on the disposal of the 49 % stake in the High-street property company and the cash inflows resulting from the Thomas Cook share buyback program resulted in price increases.

To the reporting date, the Arcandor market capitalization totaled 2.92 bill. €. With an average daily trading volume of approximately 1.7 million shares, liquidity for the Arcandor share remained high in the second quarter of 2008.

The main shareholder is the “Madeleine Schickedanz” pool with a share of 53.3 % (acc. to German Securities Trading Act). More than 44 % of Arcandor shares are in the free float. This includes shares held by several large American funds. Of a totaled of 230.2 million issued shares, Arcandor holds 5.70 million shares or 2.5 % as Treasury shares.

Share price performance in €
January 1 bis March 31, 2008



PRO FORMA CONSOLIDATED INCOME STATEMENT

For a better presentation of the business trend, Arcandor compares a complete half year of the 2007/2008 financial year (October to March) of Thomas Cook Group plc with a complete half year of the previous year (2006/2007) as if Thomas Cook Group plc had already existed in its present form at that point in time. The results for the October of the respective financial year were calculated by Arcandor as the difference between the whole year result and the cumulated September figures of Thomas Cook Group plc. October contains the normal annual deferral bookings/adjustments which were not adjusted for the pro forma accounts.

The following pro forma consolidated income statement shows the earnings situation of the Arcandor Group on a comparable basis including Thomas Cook with a period presentation adjusted to the other segments of the Group (6-month presentation). In this process, Thomas Cook is consolidated for the comparable reporting period in the retail segments – from October 1 to March 31 of the respective year.

Here depreciation and amortization for the period from October 1, 2006 to March 31, 2007 was adjusted for non-recurring impairment. Depreciation and amortization for the October 1, 2007 to March 31, 2008 period do not include any fair value adjustments in the context of the acquisition of MyTravel Group plc and the further 50 % stake in Thomas Cook AG.

Pro forma consolidated income statement
for the period between October 1, 2007 and March 31, 2008

Amounts shown in mill. €	**01.10.2007 -31.03.2008**	01.10.2006 -31.03.2007	Change in %
Sales	**9,085.8**	**9,188.4**	-1.1
Sales *(adjusted)*	***8,870.0***	***8,818.3***	*0.6*
Cost of sales and expenses for tourism services	-5,757.4	-6,053.8	4.9
Gross income	**3,328.4**	**3,134.6**	6.2
Operating income and expenses	-1,939.1	-1,762.7	-10.0
Staff costs	-1,457.4	-1,523.4	4.3
EBITDA	**-68.1**	**-151.5**	55.0
EBITDA *(adjusted)*	***114.3***	***-3.8***	–
EBITDA margin in % (adjusted)	*1.3*	*0.0*	–
Depreciation and amortization (not including goodwill)	-160.6	-170.0	5.5
Amortization of goodwill	–	-12.3	–
EBIT	**-228.7**	**-333.8**	31.5

THE OPERATING SEGMENTS

THOMAS COOK

Successful capacity management and improved earnings

In the current 2007/2008 financial year, on the basis of efficient capacity management Thomas Cook flexibly adjusted its capacity to the booking situation and reduced unprofitable capacity in a targeted fashion. At 2.07 bill. € in the second quarter, sales were at the level of the previous year (previous year: 2.07 bill. €). In the first half year of 2007/2008, sales at 4.21 bill. € were just under the previous-year figure of 4.24 bill. €. In the regions of Great Britain, Continental Europe and Northern Europe, average sales prices and margins were improved. Thomas Cook improved its earnings and thus the sales margin.

In the first half-year of the financial year, adjusted EBITDA improved to plus 0.2 mill. € (previous year: minus 148.9 mill. €), an improvement of 149.1 mill. €. In the second quarter, the business trend was also good. Adjusted EBITDA improved by 88.4 mill. € year-on-year. Due to seasonal factors, it reached a negative figure of minus 32.1 mill. € (previous year: minus 120.5 mill. €).

Integration in record time

The integration of the former MyTravel Group plc and Thomas Cook AG was completed in record time and is largely completed today. Synergies of at least 200 mill. € can be achieved from the successful merger. These effects will already positively impact the earnings in the current financial year.

Key figures

		Half year I			Quarter II		
		01.10.2007 -31.03.2008	01.10.2006 -31.03.2007	Change in %	**01.01.2008 -31.03.2008**	01.01.2007 -31.03.2007	Change in %
Sales*	mill. €	**4,207.4**	**4,240.8**	-0.8	**2,070.6**	**2,069.6**	0.0
Earnings*							
EBITDA (adjusted)	mill. €	**0.2**	**-148.9**	-	**-32.1**	**-120.5**	-
EBITDA margin (adjusted)	*in %*	*0.0*	*-3.5*	-	*-1.6*	*-5.8*	-
Full-time employees at the balance sheet date	number	**25,298**	**28,665**	-11.7	**25,298**	**28,665**	-11.7

* On a like-for-like pro forma basis.

Acquisitions in important growth markets strengthen the global alignment

Thomas Cook aims to become the leading global tourism group. In strategic terms, Thomas Cook has a focus not only on organic growth, but also on extending the four growth areas of e-commerce, independent travel, new markets and financial services. To this end, three important acquisitions were made in the second quarter:

In March 2008, Thomas Cook announced the acquisition of a majority stake in Thomas Cook India. With annual growth rates of 14 %, India is one of the fastest growing tourism markets. As the largest company in the money exchange business and second-largest tourism provider, Thomas Cook India is now moving to the starting low with one of the most well known brands, 2,500 employees and 180 travel agencies in 40 cities. Thomas Cook also acquired a 100 % stake in branded business run under its name in Egypt and licenses for its brand in 15 Middle East countries. The Group thus controls the Thomas Cook brand worldwide.

In February 2008, Thomas Cook acquired the online portal Hotels4U.com. Hotels4U operates its business exclusively via Internet and is the largest independent hotel portal in Great Britain. Every year Hotels4U provides accommodation and resort transfers to more than 500,000 customers and has access to over 30,000 partner hotels internationally. This acquisition both enhances the position of Thomas Cook in the independent travel sector as well as strengths its mainstream business.

On the highly attractive market for independent travel, Thomas Cook strengthened its position with the acquisition of Elegant Resorts Limited, the leading British provider of luxury tours in the premium segment. Elegant Resorts was founded in 1988 and is the market leader in Great Britain. The focus of the company is on exotic travel destinations such as the Caribbean, the Indian Ocean, the Gulf region and Western European luxury resorts.

Share buyback program started

In December 2007, Thomas Cook Group plc announced a share buyback program of 375 mill. €, which was approved at an extraordinary general meeting on March 12, 2008. As of the reporting date, 13,210,000 shares were acquired on the London Stock Exchange. As a result of the share buyback program, Arcandor will make no material change to its holding in Thomas Cook Group plc. Accordingly, parallel to the acquisition of own shares on the stock exchange, Thomas Cook is also buying back Arcandor shares on a pro rata basis.

Hedging the oil price and foreign exchange risks

The oil price rose strongly over the last few months. To provide protection against movements in fuel prices and foreign currencies, Thomas Cook hedges its fuel requirements 18 to 24 months before the relevant season. The same is done for foreign exchange requirements.

Outlook

The Thomas Cook Management Board is confident of achieving the targets for the 2007/2008 financial year. The result in the winter was in line with expectations, bookings for the summer business remain good. Before the start of the summer season, the Group posted brisk sales on its most important markets. Thomas Cook thus has an optimum positioning for the start of the season. A key element at Thomas Cook is efficient capacity management in favor of profitable margins. Thus capacity was pared back by 10% in Great Britain and the number of holidays left to sell by 20%. Bookings from European consumers continue to be stable, with the average selling prices up in all European markets of the Group.

In line with its strategy of expanding its presence in growing new markets, Thomas Cook is planning its market entry in China and Russia. Tourism markets in these countries are exhibiting annual growth of approximately 10% and with a large population have correspondingly high market potential.

In the medium term, the current business trend and the synergies generated by the merger of at least 200 mill. € offer a solid foundation to achieve an EBITDA before non-recurring factors exceeding 800 mill. € in the 2009/2010 financial year.

PRIMONDO

Primondo confirms turnaround: High sales growth and strong earnings upturn

In the first half year of the current financial year (October 1, 2007 to March 31, 2008), Primondo developed extremely well, posting sales of 2.32 bill. € (previous year: 2.15 bill. €). This is an increase of 7.9%. In the same period, Primondo achieved adjusted EBITDA of 37.4 mill. € (previous year: 0.9 mill. €). This represents an improvement of 36.5 mill. €.

After the successful conclusion of the restructuring, in the second quarter of the 2007/2008 financial year, the Primondo Group achieved huge growth momentum, achieving a considerable improvement in both sales and earnings. Adjusted sales increased by 14.5% to 1.09 bill. € (previous year: 0.95 bill. €). Primondo achieved adjusted EBITDA of 1.7 mill. €. This is an improvement of 33.6 mill. € (previous year: minus 31.9 mill. €). For the first time in many years, Primondo thus posted a positive result in the January to March quarter and as announced will generate positive adjusted EBITDA in all quarters of the current financial year.

The profitable sales growth in the second quarter is the result of the strategic realignment of the Primondo Group and the operating improvements in all business areas. High sales growth was posted particularly in the e-commerce business, the specialty mail order (12.6%) and the companies in Central Eastern Europe and in Russia (63.1%). HSE24, the home shopping channel, also posted a very pleasing result (11%). Since being integrated into the Primondo Group in the middle of 2007 it has generated double-digit growth rates, good results and high market share gains.

Key figures*

		Half year I			Quarter II		
		01.10.2007 -31.03.2008	01.10.2006 -31.03.2007	Change in %	**01.01.2008 -31.03.2008**	01.01.2007 -31.03.2007	Change in %
Sales (adjusted)	mill. €	**2,321.4**	**2,151.8**	7.9	**1,089.6**	**951.9**	14.5
Earnings							
EBITDA (adjusted)	mill. €	**37.4**	**0.9**	–	**1.7**	**-31.9**	–
EBITDA margin (adjusted)	*in %*	*1.6*	*0.0*	–	*0.2*	*-3.3*	–
Full-time employees at the balance sheet date	number	**16,122**	**16,159**	-0.2	**16,122**	**16,159**	-0.2

* The figures has been adjusted. The adjustments relate to special factors and divestments.

Quelle Germany gains market share – ongoing strong e-commerce growth

With sales almost at the level of the previous year, Quelle in Germany developed better than the classical competition which posted a 5.6% decline. It was particularly the number of orders where a considerable increase was posted, of 9%. The sustained positive trend in the ratio of active customers with an upturn of 12% and in e-commerce also continued in the second quarter. With targeted offers, Quelle successfully extended its position as the leading multi-channel provider with a clear alignment to families. In the main catalogue for the 2008 Spring/Summer season, Quelle introduced a family bonus for the first time. The fashion expertise was reinforced by two new catalogues of the Quelle brands YOU (young fashion) and Explorer (leisure wear).

Steady increase in the share of online business – quelle.de continues to grow strongly

quelle.de reaches new milestones on the way to being the leading shopping portal in the German internet. In the first half-year of the current financial year, Quelle continued to post high growth in online demand and online visits. The strong position in German e-commerce was consolidated, with the advance to the classical competition being extended. After the pure-play Internet providers – eBay und Amazon – Quelle has been the number three of online shops in German e-commerce since the beginning of 2007. The foundation of the success is the rigorous implementation of the online strategy, targeting particularly a targeted expansion of the product range and the integration of numerous brands and distribution partners: With Görtz, s.Oliver and Baby-Walz, three further well-known providers were integrated in the first quarter of 2008, generating additional traffic and demand. With over 700,000 articles which can be ordered and roughly 50 million visitors a month, the on-line presence has developed to be the growth engine of multi-channel provider Quelle.

Specialty mail order: Portfolio realignment concluded – focus on growth

Within twelve months, Primondo has aligned specialty mail order to its three growth segments, “Communities”, “Golden Ager” and “Premium”. In these three segments, which are supplemented with targeted acquisitions (e.g. Planet Sports), with its twelve specialty mail order companies Primondo in Europe is generating double-digit growth with high profitability. Strong sales growth is being posted particularly by the Walz Group and the Bon’A Parte brand. In March 2008, the specialty mail order company Mode & Preis Versandhandels GmbH, Lörrach, and its subsidiaries in Slovakia, Slovenia, the Czech Republic and Switzerland was sold. This concludes as planned the portfolio realignment of specialty mail order announced by Primondo at the end of 2006.

High growth rates in Central Eastern Europe – Quelle industry leader in Russia since 2007

The ten Quelle country companies in Central Eastern Europe, each one of which is No. 1 or No. 2 on its market and by far the market leader in e-commerce, also developed in a very pleasing fashion with growth rates remaining in double-digits. The plans for market entry into the Ukraine for the beginning of 2009 are well advanced. In addition, Quelle will expand its investment in the entire region. In planning are the extension of the successful e-commerce range and the establishment of further distribution channels via group ordering points. In addition, the options for using home shopping offers in the region are being examined.

In 2007, Quelle Russia became the leading textile mail order company in the country. In the first half of the current financial year, sales expanded by over 80 %. Within the Primondo Group, with the current growth momentum being maintained, Quelle Russia will become the largest country company by the end of 2009. In the medium term, Primondo is targeting sales of 1 bill. € in Russia.

Realignment almost concluded: Primondo retains Service Group

In the first quarter of 2008, Primondo restored the competitive advantage of the Service Group – logistics and call centers. In the logistics centers in Leipzig and Nuremburg as well as in the call centers in Berlin, Magdeburg und Cottbus, after its restructuring the Service Group renders competitive services for its main customer, Quelle. Restructuring of the two areas is being concluded as planned. In the first quarter of 2008, the decision was thus taken to retain the remaining logistics and customer care units in the group. At the end of 2006, a disposal or partial sale of the Service Group was considered.

In the course of restructuring, the logistics and customer care locations achieved competitive positions over the last twelve months, with the support of the employees. At the locations in Berlin, Magdeburg and during the first half-year of 2007/2008 also in Cottbus, 25 mill. € was invested in developing state-of-the-art customer centers with a total of 2,500 jobs. In Leipzig and Nuremburg, the logistics centers are being retained with a total of over 1,300 employees. In the course of the realignment, roughly 3,000 workplaces were cut, six customer centers closed, cost structures adjusted and new communication systems deployed. In Nuremburg, servicelogiQ, the logistics services provider, will gradually discontinue its operations to the end of 2009. Fox Markt, the marketing chain operating across Germany is to close by the middle of 2008.

The successful restructuring was an important condition for the turnaround of the entire Primondo Group, thus securing the strategic realignment and the course of sustained profitable growth.

Outlook

Primondo is continued down its profitable growth track. This includes the further rigorous expansion of the Internet as a leading distribution channel in Germany and pushing expansion in Central Eastern Europe and Russia. In addition to the growth opportunities in the Internet and on international markets, the specialty mail order companies are taking advantage of existing growth potential in Germany. Opportunities for new companies and acquisitions are also being exploited. HSE24 is continuing its successful growth.

KARSTADT

Karstadt with recovery – gross transaction value increased by 1.2 % in the second quarter
In the second quarter, the Karstadt department and sports stores achieved a recovery in their business development. Adjusted sales increased by 0.7 % to 944.7 mill. € (previous year: 938.0 mill. €). This positive trend shows the initial successes in implementing the new business model. Here Karstadt is focusing more strongly on the higher-margin profiling product lines. The slight sales upturn is all the more pleasing as certain sales space was temporarily unavailable due to large-scale branch conversions.

What is more, as part of its realignment Karstadt transferred sales of non-core product ranges to partners in a targeted fashion. This has several advantages: To begin with the relevant product ranges become more attractive for Karstadt customers, while at the same time profitability at Karstadt is increased, in part due to rental income. As is normal on an international level, Karstadt will report not only its own sales, but will also provide the gross transaction value figure (own and partner sales). In the second quarter, gross transaction value at Karstadt increased year-on-year by 1.2 % to 1.13 bill. €.

Karstadt is taking rigorous advantage of trends in the German retail industry. With its trading-up strategy, it also promotes the integration of highly demand labels in brand shops. Over 50 % of the 2,000 brand shops planned for the 2007/2008 financial year have already been established in the Karstadt department stores. The focus on higher-margin product ranges combined with good service and a high quality interior design of the department stores effects a considerable performance upturn.

Key figures*

		Half year I			Quarter II		
		01.10.2007 –31.03.2008	01.10.2006 –31.03.2007	Change in %	**01.01.2008 –31.03.2008**	01.01.2007 –31.03.2007	Change in %
Sales (adjusted)							
Core department store	mill. €	**1,910.9**	**2,009.1**	-4.9	**782.0**	**777.6**	0.6
Karstadt sports	mill. €	122.1	128.6	-5.1	59.1	60.1	-1.7
Segment total [1]	mill. €	**2,260.5**	**2,370.0**	-4.6	**944.7**	**938.0**	0.7
Gross transaction value	mill. €	**2,618.8**	**2,712.3**	-3.4	**1,133.2**	**1,119.7**	1.2
Earnings							
EBITDA (adjusted)	mill. €	**113.2**	**155.3**	–	**-22.9**	**-26.5**	–
EBITDA margin (adjusted)	*in %*	*5.0*	*6.6*	–	*-2.4*	*-2.8*	–
Full-time employees at the balance sheet date	number	**23,467**	**24,804**	-5.4	**23,467**	**24,804**	-5.4

* The figures have been adjusted. The adjustments apply to special factors and divestments as well as restructuring expenses in EBITDA.
[1] Including Karstadt fine food and LeBuffet.

The new business model not only evidences a stronger range of well-known brands and innovative marketing concepts, but also optimizes the company's own exclusive brands. The first holistic implementation of the new business model, located in the new shopping center at Limbecker Platz in Essen, opened its doors on March 13, 2008. This ideal house has a model function for Karstadt stores.

The positive trend generated by the new business model was particularly evident with the core department stores. Here Karstadt generated a sales upturn of 0.6 % in the second quarter. Despite conversions at the five best-selling stores which lasted into March, Karstadt sports achieved virtually the same sales as in the equivalent period of the previous year. In the second quarter, karstadt.de posted the highest number of visitors ever. With the optimization of its business processes and additional marketing thrusts, it obtained a strong plus of 38 %.

New business model brings positive earnings trend

In the first half year of 2007/2008, Karstadt achieved considerably positive earnings. Adjusted EBITDA totaled 113.2 mill. €. In the second quarter of 2007/2008, adjusted EBITDA in the Karstadt department and sports stores improved by 3.6 mill. € to minus 22.9 mill. €. This equates to a 13.6 % improvement. It should be noted that in every year in the period between January and March, Karstadt posts a loss due to seasonal reasons. Despite the conversion measures, the positive impact on income from the new business model was already clearly evident in the higher gross profit margin. In the second quarter, as a result of further decreasing inventory levels, working capital improved by 70 mill. €, more than scheduled. The number of employees was 1,337 lower year-on-year to 23,467 full-time equivalents. This is reflected in a corresponding decline of staff costs.

Other information

		31.03.2008	31.03.2007
Branches			
Premium	number	4	4
Karstadt			
Boulevard Plus	number	62	62
Boulevard	number	25	25
Department stores	number	**91**	**91**
Karstadt sports	number	28	29
Project branches	number	9	13
Total	number	**128**	**133**
Sales space			
Group-operated space	th. sq. m.	1,600.3	1,644.0

Successful start to the ideal store in Essen – blueprint for Karstadt stores

The outstanding event in the reporting period was the opening of the new Karstadt store in the Limbecker Platz shopping center in Essen. On roughly 20,000 sq. m., the new strategy was implemented across all departments and product ranges. The store design captivates with its premium quality, brightness and clarity, thus creating a new department store experience. The entire structure of the product range and the presentation of the goods are based on product line management implemented rigorously on a customer-oriented basis. The new layout creates considerably more space for customer aisles, without reducing the sales area. What is more, it creates a more attractive presentation of goods on the same sales area. The positive effect is higher space productivity. Supported by the new visual merchandising concept, the fashion trends of the product ranges are more strongly accented. The Karstadt store in Essen places the focus on the Fashion, Beauty und Accessories product areas, giving them an approximately 75% share of space. What is outstanding is the brand portfolio with over 130 brand shops. One focus of the business model is a high level of service and advisory quality. Additional training measures helped to prepare the highly motivated sales staff for the higher demands for advice in what are predominantly higher-margin product ranges. From the very start, the store was taken up enthusiastically by customers, in its opening month achieving sales which were more than 20% than planned. Currently the new business model is being implemented in 20 stores.

Increased competitive edge with strategic partnerships

To the end of the reporting quarter, the German Competition Authority (Bundeskartellamt) granted the anti-trust approval for DBH Warenhaus Medienvertriebs GmbH to manage Karstadt's book departments. As a result from July 1, 2008 the retail book chains Hugendubel and Weltbild will operate the book business in 44 Karstadt department stores. With their specialist competency, they will considerably increase the competitive advantage at Karstadt. In the other stores, Karstadt is offering its customers a location-related range of books. In addition, the first shops in cooperation with Gravis, the largest Apple retailer in Germany, have started successfully. Further shops are being planned.

Considerable expansion of the Fashion expertise – focus on trading-up

To the start of the season, in February Karstadt placed the theme "The city in full bloom" center stage. Top model, Eva Padberg, the new face of Karstadt, presented the current collections of the Karstadt exclusive brands. The trading up across the product ranges and in visual merchandising introduced with the start of the new business model is being supported by the introduction of designer fashion shops at 20 selected Karstadt stores. In the so-called "concept by" brand shops, Karstadt presents designer fashions from young labels such as Kaviar Gauche and from the innovative designer Kostas Murkudis on an exclusive basis. From the Fall, there is to be the launch and marketing of men's fashion from q.e.d., the winner of the Karstadt New Generation Award.

Reinforced management

In the wake of the realignment of the company, the management of Karstadt Warenhaus GmbH has been extended. Since March 1, 2008, Stefan W. Herzberg has headed the Sales area. Most recently Herzberg was Vice Chairmen at neckermann.de GmbH and previously the Management Board member at Kaufhof Warenhaus AG responsible for sales. The management team at Karstadt Warenhaus GmbH is now as follows: Peter Wolf (CEO), Stefan W. Herzberg (Sales), Jan-Christoph Maiwaldt (CFO), Dr. Emmanuel Siregar (Human Resources and Organization) und Heinz Thünemann (Purchasing and Category Management).

Outlook – rigorous further implementation of the new business model

With the new concept, Karstadt will extend and secure market leadership in Germany. In the form of the Premium Group, a pan-European chain of luxury department stores is to be established. Karstadt sports will expand the market leadership in the sport segment, considerably broadening its Sport Fashion und Lifestyle. After the opening of the ideal store in Essen, the implementation of the new business model will be pushed over the next months. This includes the further launch of brand stores and stores with own exclusive brands. Each individual Karstadt store will benefit from the total of 2,000 shops which are to be established in the current financial year.

The ideal store concept will be expanded in the current year with the opening of the Karstadt store in the Forum Duisburg and the new opening of the converted Hamburg-Mönckebergstraße store. In the Premium Group the Munich Oberpollinger will be further upgraded by September 2008, especially in the Fashion area, with new luxury brands such as Christian Dior, Gucci und Prada.

INTERIM GROUP MANAGEMENT REPORT

GENERAL ECONOMIC CONDITIONS

After gross domestic product increased by 1.6% in real terms in the fourth quarter of 2007, a further economic upturn is forecast for the first three months of 2008. According to the Spring assessment of the six leading German economic institutes (RWI) released in April 2008, the German economy started into 2008 with great vigor. It is true the export momentum is expected to decline considerably during the rest of the year. On the other hand, private consumer spending is expected to increase significantly.

Retail sales have developed positively since the beginning of 2008. After retail sales (excluding motor vehicles and garages) fell in nominal terms by 1.7% in the fourth quarter of 2007 – according to the German Federal Statistical Office – a nominal sales upturn of 2.4% was generated to February 2008.

In the area of large stores and department stores relevant for the Group, nominal sales posted a minimal upturn of 0.2%. Mail order started into 2008 with increased sales. For January 2008, the German Federal Statistical Office calculated a nominal year-on-year sales upturn of 4.7%.

For the tourism area, in Great Britain, the largest market of Thomas Cook, a 9% increase in international travel is expected between 2007 and 2012. According to the data provided by the UK International Passenger Survey, the number of package tours booked in Great Britain in 2007 remained unchanged at 19 million. Thomas Cook is forecasting average sales growth in its core markets of 4.6%, from 132 bill. € in 2005 to 165 bill. € in 2010. This represents an average growth rate of 4.6%. Within this segment, average annual growth of the package holiday market of 2.1% to 55 bill. € is projected, while individual travel is expected to grow by 6.0% to 110 bill. €.

According to the Spring expertise of the RWI, higher wages, monetary social benefits and income on investments, will result in nominal disposable/available income increasing by 2.9%. On the other hand, consumer prices are expected to rise by approximately 2.6%. Even so, with the increase in disposable income, stronger private consumption is expected in 2008. As the savings ratio will decline slightly, private consumption will rise more than disposable income. Overall, the real gross domestic product will increase by 1.8% in 2008. In 2009, the upturn will be 1.4%.

BUSINESS PERFORMANCE OF THE FIRST HALF-YEAR OF THE 2007/2008 FINANCIAL YEAR

Important events

Primondo sells NeBus to Andlinger & Company

In October 2007, the NeBus Group was sold to the investment and management group Andlinger & Company. The NeBus Group, which is domiciled in the Netherlands, is a specialist provider of customer retention and sales incentive programs in its home country as well as in Belgium, Germany, France, Italy, the Czech Republic, Switzerland, Slovakia and Spain.

Sale of 51 % interest in neckermann.de

In a further measure, Arcandor AG entered into an agreement on the sale of 51 % of the shares of neckermann.de on December 21, 2007. The buyer is the financial investor Sun Capital Partners, Florida/U.S. The operational management of neckermann.de was transferred to the new majority shareholder as planned. The agreement was closed in March 2008.

Convertible bonds

On December 27, 2007, Arcandor AG exercised the option right to discharge the convertible bond. All the outstanding 1,585 convertible bonds were converted. As a result subscribed capital rose by 23.6 mill. € and the Arcandor AG capital reserve increased by 50.7 mill. €.

Acquisition of Hotels4U.com Limited

On February 14, 2008, the Thomas Cook Group plc closed a purchase agreement with Centurion Holiday Group Limited on the acquisition of a 77.5 % stake in the hotel room provider Hotels4U.com Limited. Thomas Cook Group plc holds 100 % of the voting rights. The remaining 22.5 % stake was acquired by the management of the company. Hotels4U.com Limited operates the largest independent hotel portal in the U.K.

Acquisition of Thomas Cook Egypt, Thomas Cook (India) Limited and brand licenses

With a contract dated March 7, 2008, Thomas Cook Group plc acquired full ownership in Thomas Cook Egypt, brand licenses for 15 countries in the Near East as well as a 54.9 % stake in the listed Thomas Cook (India) Limited from the Dubai Financial Group. In connection with the acquisition of the stake in Thomas Cook (India) Limited, a public takeover offer for the acquisition of a further 20 % in the company was made. The offer of 107 rupees per share is expected to run to the end of May 2008. The contracts for the acquisition of Thomas Cook Egypt and the brand licenses had not been closed as of March 31, 2008.

Primondo sells Mode & Preis to AURELIUS

On March 7, 2008, the specialty mail order company Mode & Preis Versandhandels GmbH and its subsidiaries in Slovakia, Slovenia, the Czech Republic and Switzerland were sold to the AURELIUS AG industry holding, subject to anti-trust approval.

Thomas Cook share buy-back program

On March 12, 2008, at an extraordinary general meeting, the shareholders of the Thomas Cook Group plc resolved a share buy-back program totaling 375 mill. €. In the context of this program, Thomas Cook plc will acquire own shares on the London Stock Exchange. Parallel to the acquisition of own shares on the stock exchange, own shares will be bought back by Arcandor AG on a pro rata basis. To the reporting date, a total of 13,210,000 shares at an overall price of 47.5 mill. € including attributable costs were acquired by Thomas Cook Group plc on the London Stock Exchange.

Sale of 49 % interest in Highstreet

On March 19, 2008, Arcandor AG sold its 49 % stake in the Highstreet real estate company. The buyer is a consortium made up of DB RREEF (a Deutsche Bank AG investment subsidiary), Pirelli Real Estate, Generali Real Estate Fund S.A. and the Borletti Group. The sale still requires approval from the anti-trust authorities.

Continuing and discontinued operations

In 2006, the Arcandor Group announced the planned sale of its neckermann.de and Quelle Region West (France, Spain and Belgium) divisions, as well as some non-core specialty mail order operations and various mail order-related service companies. In accordance with IFRS 5, the results of the neckermann.de and Quelle Region West divisions and the Specialty Mail Order companies no longer forming part of the Group's core business were only reported under "Results from discontinued operations" in the income statements for 2006, 2007 and 2007/2008. In addition to discontinued operations, noncurrent assets and liabilities classified as disposal groups and held-for-sale noncurrent assets are reported under "Assets classified as held for sale" and "Liabilities relating to assets classified as held for sale" in the balance sheet.

The criteria for the classification of non-current assets, disposal groups and discontinued operations are assessed at each reporting date.

In the course of the restructuring of the Primondo segment, the NeBus Group was sold to the investment and management group Andlinger & Company in October 2007, the majority in the Neckermann Group to the financial investor Sun Capital Partners in December 2007 and the specialty mail order company Mode & Preis to the industry holding AURELIUS AG in March 2008. The transaction had not been closed on the reporting date. There were no material changes against the previous year in addition to the scheduled disposals implemented.

Sales and earnings performance

In addition to the separate disclosure of discontinued operations and non-current assets classified as held for sale/disposal groups, the figures for the 2006/2007, 2007 and 2007/2008 periods were impacted by non-recurring factors relating to the restructuring and reorientation of the Arcandor Group, the change to the reporting date of September 30 and various transactions (in particular the acquisition of the 50% stake in Thomas Cook from Deutsche Lufthansa AG and the merger of Thomas Cook with MyTravel).

For a better presentation of the sales and earnings performance, the period between October 1, 2006 and March 31, 2007 has been used as the comparable period for the first half-year in 2007/2008.

As a result of the change in the annual reporting date at Thomas Cook Group plc to the groupwide date of September 30, the income and expenses of Thomas Cook for the half-year accounts to March 31, 2008 are consolidated for the five-month period from November 1, 2007 to March 31, 2008. In the half-year of the comparative period ending on March 31, 2007, the income and expenses of Thomas Cook are consolidated pro forma (100% Thomas Cook and 100% MyTravel) for the comparable period from November 1, 2006 to March 31 2007.

These pro forma figures are used only for the presentation of the sales and earnings performance.

SALES PERFORMANCE

Adjusted sales by business segment

	Half year I			Quarter II		
Amounts shown in mill. €	**01.10.2007 -31.03.2008**	01.10.2006 -31.03.2007	Change in %	**01.01.2008 -31.03.2008**	01.01.2007 -31.03.2007	Change in %
Thomas Cook	3,310.9	3,300.3 [1]	0.3	2,070.6	2,069.6 [1]	0,0
Primondo	2,321.4	2,151.8	7.9	1,089.6	951.9	14.5
Karstadt	2,260.5	2,370.0	-4.6	944.7	938.0	0.7
Operating segments	**7,892.8**	**7,822.1** [1]	0.9	**4,104.9**	**3,959.5** [1]	3.7
Services	124.7	144.8	-	58.0	75.3	-
Reconciliation	-44.0	-89.1	-	-16.2	-46.1	-
	7,973.5	**7,877.8** [1]	1.2	**4,146.7**	**3,988.7** [1]	4.0

[1] Pro forma.

In the second quarter of 2007/2008, adjusted sales of the operating segments increased by 3.7% from 3.96 bill. € to 4.10 bill. €, thus compensating the sales decline in the first quarter of 2007/2008. Overall, in the first half-year of 2007/2008, adjusted sales of the operating segments in the Arcandor Group rose slightly from 7.82 bill. € in the previous year to 7.89 bill. €, an increase of 0.9%.

In the second quarter of 2007/2008, sales at **Thomas Cook** were almost at the level of the previous year. In the first half-year of 2007/2008 (November 1, 2007 to March 31, 2008), sales at 3.31 bill. € were virtually unchanged against the comparative period of the previous year. This development reflects the deliberate reduction of capacity while at the same time improving average prices and margins, especially in Great Britain and Northern Europe. Overall capacity utilization was at the level of the previous year.

In the U.K. and Ireland, the average sales prices and margins were improved. With the flexible business model, capacity for the Winter 2007/2008 season was reduced, which lead to lower booking figures as planned.

In Northern Europe, there was strong demand for the Winter 2007/2008 season. Bookings and capacity in the mass-market each increased by 7%, with the average sale prices up by more than 8% against the previous year. The average margin was also improved.

In Continental Europe, for the Winter 2007/2008 season booking figures and capacity also declined slightly against the previous year. At the same time, the average sales price across the period was increased, resulting in a higher margin.

In the Airlines segment, business in the second quarter of 2007/2008 was pleasing. Here in comparison to the first half-year of 2006/2007, the passenger load factor increased by 3% for the Winter season. Capacity was reduced more strongly then bookings, resulting in an improved margin.

In the second quarter of the 2007/2008, **Primondo** increased adjusted sales from 951.9 mill. € to 1.09 bill. €, thus continuing on from the growth in 2007. This represents 14.5% year-on-year growth. In the first half-year of the 2007/2008 financial year, adjusted sales totaled 2.32 bill. € (previous year: 2.15 bill. €), an increase of 7.9%.

Key factors driving this positive trend were ongoing good growth of the specialty mail order companies which achieved a sales upturn of 9.0% for the first six months of the 2007/2008 financial year, the international business of the Quelle Group with growth of 19.5% and sales at HSE24. Thus in the first six months of the 2007/2008 financial year, sales in Russia rose year-on-year by 83.8%, in Romania by 90.1% and in Slovenia by 42.6%. Of the specialty mail order companies, a good development was achieved particularly by the Walz Group and the Bon'A Parte Group.

In the German Universal Mail Order, Quelle pushed up the number of active customers strongly in comparison to the first six months of the previous year to reach 12.0%. Quelle also achieved good growth for online demand. A top position in German e-commerce was thus further consolidated. However, Quelle sales for Universal Mail Order Germany lagged slightly behind the first half of the previous year. The key factor was the higher previous-year basis with product purchases being brought forward into the fourth quarter of 2006 due to the subsequent increase in sales tax, especially for products with a high average basket (hardware and electronics). Sales in the home shopping developed in a pleasing fashion in the first half-year of 2007/2008. The home shopping channel, HSE24, thus gained further market share, pushing sales in the first half year of 2007/2008 to 179.8 mill. €.

At **Karstadt** the repositioning of the department and sports stores were continued on schedule. In the second quarter of the 2007/2008 financial year, Karstadt increased adjusted sales year-on-year, despite large-scale branch conversions and fewer sales days in March by 0.7 %, thus partially compensating the sales decline in the first quarter of 2007/2008. Overall, in the first half year of 2007/2008, Karstadt achieved adjusted sales of 2.26 bill. €, a decline of 4.6 % against the very successful previous-year period. Thus, the durables purchases brought forward before the sales tax increase and the high anniversary sales in 2006 had a strong negative impact on the comparison on a half-yearly basis.

Development in the Karstadt stores which have already been realigned and particularly in the Premium Group remained positive. In the half-year, karstadt.de generated sales considerably above the level of the previous period, up over 20 %. Reinforced online marketing, market growth and pushing multimedia products drove this positive trend at karstadt.de.

Non-recurring factors and adjustments: Sales of the first half-year 2007/2008 include adjustments of 215.8 mill. € (previous year: 370.1 mill. €). In the reporting period, sales of 68.8 mill. € (previous year: 104.9 mill. €) were corrected for disinvestments and closures in the Primondo segment (Happy Size, thirty and more, servicelogiQ und Fox-Markt). In the current period, Karstadt recorded sales adjustments of 121.8 mill. € (previous year: 259.5 mill. €), largely for wholesale sales, closures and project stores. Due to the disposal of the real estate, sales in the Real Estate segment in the amount of 85.7 mill. € (previous year: 89.1 mill. €) were eliminated in full. Sales in the Thomas Cook and Services segments were not adjusted in the reporting period.

EARNINGS PERFORMANCE

EBITDA adjusted by segments

	Half year I			Quarter II		
Amounts shown in mill. €	**01.10.2007 -31.03.2008**	01.10.2006 -31.03.2007	Change in %	**01.01.2008 -31.03.2008**	01.01.2007 -31.03.2007	Change in %
Thomas Cook	-111.1	-234.3 [1]	52.6	-32.1	-120.5 [1]	73.4
Primondo	37.4	0.9	-	1.7	-31.9	105.3
Karstadt	113.2	155.3	-27.1	-22.9	-26.5	13.6
Operating segments	**39.5**	**-78.1** [1]	150.6	**-53.3**	**-178.9** [1]	70.2
Other segments [2], Reconciliation account/Holding	-36.5	-11.1	-	-15.8	0.1	-
	3.0	**-89.2** [1]	103.4	**-69.1**	**-178.8** [1]	61.4

[1] Pro forma.
[2] The Other segments comprise the segments Services and Real estate.

In the second quarter of 2007/2008, adjusted EBITDA for the **operating segments** increased by 70.2 % from minus 178.9 mill. € to minus 53.3 mill. €. In the first half-year 2007/2008, overall adjusted EBITDA was 39.5 mill. € (previous year: minus 78.1 mill. €).

In the second quarter of 2007/2008, in the **Thomas Cook** segment, adjusted EBITDA was minus 32.1 mill. €, a year-on-year improvement of 73.4 %. In the first half year of the 2007/2008 financial year (period from November 1, 2007 to March 31 2008), adjusted EBITDA was minus 111.1 mill. €, up year-on-year by 123.2 mill. € (52.6 %). The increase was the result largely of improved margins and successes in integrating Thomas Cook and MyTravel.

In the second quarter of 2007/2008, **Primondo** increased adjusted EBITDA by 33.6 mill. € to 1.7 mill. €. In the first half of the 2007/2008 financial year, adjusted EBITDA was improved from 0.9 mill. € by 36.5 mill. € to 37.4 mill. €. The considerable rise is due primarily to the Quelle Group, the home shopping channel HSE24 and the mail order service companies. In the Universal Mail Order Germany, increases of more than 21 mill. € were achieved in the first half year of 2007/2008. The international activities at Quelle also contributed to the EBITDA improvement.

Overall, in the first half year of 2007/2008, Primondo improved gross income year on year by 137.5 mill. € to 1.24 bill. €. Thus especially on the back of increasing sales, the gross margin was improved due to the changed product mix.

At **Karstadt** the trend stabilized in the second quarter of 2007/2008. While the downturn in adjusted EBITDA was still at 45.8 mill. € in the first quarter, in the second quarter an earnings improvement of 3.6 mill. € was achieved. In the first half year of 2007/2008, adjusted EBITDA for the segment was 113.2 mill. €, 42.1 mill. € below that of the previous year. The scheduled implementation of the conversions for the radical repositioning of the Karstadt department stores and the anniversary and sales tax effects of the previous year negatively impacted earnings in a year-on-year comparison.

Despite the increase in sales tax, the gross margin was improved by 0.9 percentage points. Concentration on more profitable consumer areas positively impacted the margin. Savings were achieved in the human resources areas and in respect to expenses for temporary labor.

In the area of the core department stores, the new business model already evidenced a pleasing trend. The earnings trend in the Premium area was also positive. In the first quarter of 2007/2008, it also benefited from the successful 100th anniversary of KaDeWe. In the Karstadt sports area the result was only slightly down year on year, despite conversions in five stores.

Non-recurring factors and adjustments: In the first half of the 2007/2008 financial year, restructuring and the implementation of realignment measures generated non-recurring effects of 118.2 mill. € (previous year: 123.0 mill. €). At Thomas Cook there were adjustments for redundancy payments and other restructuring costs of 29.8 mill. € (previous year: income of 9.0 mill. €). In the Primondo segment, corrections were made for restructuring and closure expenses of 18.8 mill. € in the reporting year (previous year: 164.4 mill. €). At Karstadt, eliminations of 43.2 mill. € were made in the current period (previous year: 15.6 mill. €). These resulted from staff costs, closure costs and other restructuring expenses. In the first half of the 2007/2008 financial year, corrections of 26.4 mill. € (previous year: 48.0 mill. €) were made for restructuring from the result of Other segments, Reconciliation account and Holding.

Comments on the consolidated income statement

Preliminary remarks

Due to the shift of the financial year to the common date of September 30 across the Group, Thomas Cook Group plc also prepared interim financial statements as of March 31, 2008. Thus the conversion to a uniform reporting period from a Group perspective was completed as was the case in the first quarter of 2007/2008. In this context, the Thomas Cook Group was consolidated in the current period and the given comparative periods as follows:

In the half-year of the 2007/2008 financial year which ended on March 31, 2008, the Thomas Cook Group plc was consolidated with an income statement for the five month period from November 1, 2007 to March 31, 2008. In the second quarter of the 2007/2008 financial year, the Thomas Cook Group plc was consolidated with an income statement for the three month period from January 1, 2008 to March 31, 2008.

In the comparable half-year of the preceding period ending on June 30, 2007, the Thomas Cook AG income statement was 50% consolidated for the five-month period from November 1, 2006 to April 1, 2007 and fully consolidated for the three-month period from April 2, 2007 to June 30, 2007. Accordingly the consolidation in the second comparative previous period took place on the basis of the income statement from April 1, 2007 to June 30, 2007.

Due to the changes in the Group structure described above and the consolidation of periods with different seasonality, comparison is possible only to a very limited extent and for this reason is not useful.

Abbreviated consolidated income statement

	Half year I			Quarter II		
Amounts shown in mill. €	**01.10.2007 -31.03.2008**	01.01.2007 -30.06.2007	Change in %	**01.01.2008 -31.03.2008**	01.04.2007 -30.06.2007	Change in %
Sales	8,189.3	7,126.8	14.9	4,232.8	4,494.1	-5.8
Cost of sales and expenses for tourism services	-5,154.8	-4,644.5	-11.0	-2,746.6	-3,074.5	10.7
Gross income	3,034.5	2,482.4	22.2	1,486.2	1,419.5	4.7
Gross income margin in %	*37.05*	*34.83*	–	*35.11*	*31.59*	–
Operating income	382.2	452.2	-15.5	202.2	269.9	-25.1
Operating expenses	-2,234.9	-1,942.2	-15.1	-1,148.1	-1,071.6	-7.1
Staff costs	-1,294.1	-1,231.7	-5.1	-691.8	-709.8	2.5
Share of sales in %	*15.80*	*17.28*	–	*16.34*	*15.80*	–
Net interest income	-133.6	-83.4	-60.2	-82.6	-47.5	-73.9
Tax on income	129.6	147.1	-11.9	101.4	54.2	87.1
Results from continuing operations	-332.5	-300.0	-10.8	-246.8	-163.8	-50.7
Results from discontinued operations	-33.0	-8.5	–	-10.6	-2.8	–
Net profit attributable to minority interests	109.9	27.9	–	54.1	26.9	101.1
Net profit/loss after minority interests	-255.7	-280.5	8.8	-203.3	-139.6	-45.6

Notes

The key element in gross income is the complete consolidation of Thomas Cook Group plc in the first half year of 2007/2008. The gross profit margin for the first half year of 2007/2008 was 37.1 % (previous year: 34.8 %). The strategic decision to take a positioning on higher-margin sales impacted positively on the gross margin of all segments.

Operating income for the first half year of 2007/2008 was 382.2 mill. € (previous year: 452.2 mill. €) and was due primarily to lower profits from the disposal of assets, particularly in the Real Estate segment.

In the first half of the 2007/2008 financial year, operating expenses were 2.23 bill. € (previous year: 1.94 bill. €). As a ratio of sales, the figure was 27.3 % (previous year: 27.3 %). In addition to the full consolidation of Thomas Cook Group plc, the key driver for this development was lower expenses for restructuring.

Staff costs in the period under review amounted to 1.29 bill. € (previous year: 1.23 bill. €), with there being a slight decline of 18.0 mill. € in the second quarter of the 2007/2008 financial year. Staff costs include costs of partial retirement arrangements and redundancy payments amounting to 19.6 mill. € (previous year: 51.6 mill. €). The development of staff costs was impacted primarily by the increase in the number of employees in connection with the merger of Thomas Cook and MyTravel. The staff costs ratio in the first half of the 2007/2008 financial year was 15.8 % (previous year: 17.3 %).

The net interest result of minus 133.6 mill. € (previous year: minus 83.4 mill. €) is largely due to financing the acquisition of the Thomas Cook stake.

Taxes on income amounted to 129.6 mill. € in the first half of the 2007/2008 financial year (previous year: tax income of 147.1 mill. €). The tax rate in the current period is 28.0 % and in the previous year was 32.9 %. The change resulted predominately from the reform of corporation taxes in Germany in 2008 and from the higher international share resulting from the consolidation of Thomas Cook Group plc.

Due to seasonal factors, earnings from continuing operations amounted to minus 332.5 mill. € in the first six months of the 2007/2008 financial year (previous year: minus 300.0 mill. €).

In the first half year of the 2007/2008 financial year, results from discontinued operations mainly included income and expenses of the Neckermann Group and in the previous year also the income and expenses for the Quelle Region West and the specialty mail order companies which are not part of the core business whose disposal was resolved in the fourth quarter of the 2006 calendar year. As of March 31, 2008, all companies in discontinued operrations were sold. The closing for the disposal of Mode & Preis Group is expected in the second quarter of the 2008 calendar year. In the first half-year 2007/2008, results from discontinued operations was minus 33.0 mill. € (previous year: minus 8.5 mill. €).

In the first half of the 2007/2008 financial year, the Arcandor Group reported overall consolidated earnings after minority interests in the amount of minus 255.7 mill. € (previous year: minus 280.5 mill. €).

Investments and financing

Investments by segment*

Amounts shown in mill. €	Half year I 01.10.2007 -31.03.2008	01.01.2007 -30.06.2007	Change in %	Quarter II 01.01.2008 -31.03.2008	01.04.2007 -30.06.2007	Change in %
Thomas Cook	48.6	41.0	18.5	26.7	37.1	-28.0
Primondo	53.3	48.1	10.8	25.6	26.8	-4.5
Karstadt	53.7	33.2	61.7	32.4	15.1	114.4
Operating segments	**155.6**	**122.3**	27.2	**84.7**	**79.0**	7.2
Other segments	2.1	3.5	-40.0	1.0	1.9	-47.4
Holding	0.3	2.8	-89.3	0.2	1.2	-83.3
	158.0	**128.6**	22.9	**85.9**	**82.1**	4.6

* Investments in intangible assets (not including goodwill) and tangible fixed assets.

Depreciation and amortization (not including amortization of goodwill)

Amounts shown in mill. €	Half year I 01.10.2007 -31.03.2008	01.01.2007 -30.06.2007	Change in %	Quarter II 01.01.2008 -31.03.2008	01.04.2007 -30.06.2007	Change in %
Thomas Cook	129.0	63.0	104.8	76.2	45.2	68.6
Primondo	36.7	21.2	73.1	19.8	10.2	94.1
Karstadt	43.3	48.8	-11.3	21.3	24.5	-13.1
Operating segments	**209.0**	**133.0**	57.1	**117.3**	**79.9**	46.8
Other segments	7.0	15.7	-55.4	3.5	11.2	-68.6
Holding/Reconciliation	1.3	1.3	–	0.6	0.7	–
	217.3	**150.0**	44.9	**121.4**	**91.8**	32.2

INVESTMENTS TOTAL 158.0 MILL. €

The investment volume in the Arcandor Group in the first six months of the 2007/2008 financial year (excluding financial assets) totaled 158.0 mill. € (previous year: 128.6 mill. €).

At Thomas Cook, investments were 48.6 mill. € and related primarily to adjustments and new developments of the IT systems. Investments were also made in aircraft (general inspections) and technology to a lesser extent.

Depreciation and amortization of the Thomas Cook segment also include amortisation of the fair value adjustments of the purchase price allocation.

In the first half of the 2007/2008 financial year, Primondo invested 53.3 mill. €, largely in the further developments of systems and the infrastructure of mail order service companies. Due to the restructuring measures being predominantly completed, investments in the second quarter of the 2007/2008 financial year declined slightly year-on-year.

Higher depreciation and amortization of the Primondo segment in comparison to the equivalent period of the previous year is due largely to the increased investment volume of the previous period, as well as an impairment on the assets held for sale of MultiBus Aktiengesellschaft Gesellschaft für Verbundmarketing, Filderstadt, of 6.1 mill. €.

Investments in the Karstadt segment related primarily to the product line presentation and store modernization. Thus in March 2008 the Limbecker Platz shopping mall in Essen was opened. As anchor tenant, Karstadt operates a state-of-the-art department store. Further investments were also made in the FORWARD enterprise resource planning system.

NET FINANCIAL LIABILITIES

Amounts shown in mill. €	31.03.2008	30.09.2007	Change in %	30.06.2007
Non-current financial liabilities	1,057.0	1,204.0	-12.2	1,544.5
thereof from discontinued operations	–	13.0	–	210.2
Current financial liabilities	1,607.8	1,276.7	25.9	1,175.6
thereof from discontinued operations	1.2	0.5	–	15.9
Gross financial liabilities	**2,664.8**	**2,480.7**	7.4	**2,720.1**
Cash & cash equivalents and securities	925.0	1,516.4	-39.0	1,930.9
thereof from discontinued operations	8.8	10.7	-17.8	27.5
Other financial instruments*	163.4	335.4	-51.3	288.7
thereof from discontinued operations	0.9	4.6	-80.4	0.6
Net financial liabilities	**1,576.4**	**628.9**	150.7	**500.5**

* Other financial instruments include purchase price receivables and issued loans.

Net financial liabilities of the Arcandor Group amounted to 1.58 bill. € at the reporting date (September 30, 2007: 628.9 mill. €). Decisive for the increase in net financial liabilities was the higher level of utilization of the credit facility from 2007 and the seasonally driven decline of cash and cash equivalents in the Thomas Cook segment. In addition, the share buy-back program and the acquisitions (e.g. Hotels4U.com Limited and Thomas Cook (India) Limited) at Thomas Cook effected a reduction of the cash and cash equivalents position. A contrary effect was generated from exercising the option right to discharge the convertible bond by delivering shares in December 2007.

The Arcandor Group defines net financial liabilities as the balance of interest-bearing liabilities, other financial instruments, securities and cash and cash equivalents. This does not include silent partnerships under the terms of contractual trust arrangements (CTA) which are reported under other liabilities, as the interest from these partnerships is profit-based and they are available to the relevant beneficiaries among the Group's employees.

CASH FLOW STATEMENT
abridged

Amounts shown in mill. €	01.10.2007 -31.03.2008	01.01.2007 -30.06.2007
Cash flow from operating activities	-399.0	156.8
Cash flow from investing activities	-308.7	-59.1
Cash flow from financing activities	153.9	629.1
Changes in cash and cash equivalents affecting cash flow	**-553.8**	**726.8**
Changes in the flow of cash due to changes in exchange rates or other changes in cash and cash equivalents caused by the consolidated companies	-37.5	0.4
Cash and cash equivalents at the beginning of the period	1,516.4	1,203.7
Cash and cash equivalents at the end of the period	**925.1**	**1,930.9**

In the first half-year of the 2007/2008 financial year, cash flow from operating activities was minus 399.0 mill. €. Cash flow from operating activities was positively impacted, especially by the higher operating result in comparison to the first half-year of the previous year. The changes in other assets/liabilities and working capital are primarily attributable to seasonal fluctuations in advance payments received and trade payables in the Tourism segment.

In the first half-year of the 2007/2008 financial year, cash flow from investing activities was minus 308.7 mill. €. This figure was offset by investments in intangible assets and property, plant and equipment in the amount of 27.7 mill. € (previous year: 164.8 mill. €). In addition, 167.2 mill. € was paid largely for acquiring subsidiaries.

Cash flow from financing activities of 153.9 mill. € was largely due to assuming loans.

Asset and capital structure

BALANCE SHEET STRUCTURE

Amounts shown in mill. €	**31.03.2008**	30.09.2007	Change in %	**31.03.2008 in %**	30.09.2007 in %
Balance sheet total	**13,330.7**	**14,210.0**	-6.2	**100.00**	**100.00**
Assets					
Intangible and tangible assets	6,226.2	6,395.4	-2.6	46.71	45.01
Other non-current assets	1,649.7	1,406.8	17.3	12.38	9.90
Inventories	1,257.5	1,288.7	-2.4	9.43	9.07
Trade receivables	722.4	685.9	5.3	5.42	4.83
Other current assets	2,869.8	3,229.2	-11.1	21.52	22.72
Assets classified as held for sale	605.1	1,204.0	-49.7	4.54	8.47
Equity and liabilities					
Equity	2,024.8	2,478.1	-18.3	15.19	17.44
Pension provisions	991.6	1,024.6	-3.2	7.44	7.21
Non-current financial liabilities	1,057.0	1,191.0	-11.3	7.93	8.38
Other non-current liabilities	1,866.6	1,977.2	-5.6	14.00	13.91
Current financial liabilities	1,606.6	1,276.2	25.9	12.05	8.98
Trade payables	2,182.6	2,671.1	-18.3	16.37	18.80
Other current liabilities	3,557.1	3,011.7	18.1	26.69	21.20
Liabilities relating to assets classified as held for sale	44.4	580.1	-92.3	0.33	4.08

In comparison to the end of the short financial year, total assets in the Arcandor Group declined by 6.2 % to 13.33 bill. € (September 30, 2007: 14.21 bill. €). This is due primarily to the disposal of the Neckermann Group in the second quarter of the 2007/2008 financial year.

Assets

Non-current assets amounted to 7.88 bill. € at the balance sheet date (September 30, 2007: 7.80 bill. €). The 0.9 % increase is due primarily to the capitalization of the 49 % stake in the Neckermann Group. Additions to intangible assets (particularly goodwill) in connection with the acquisitions of Hotels4U.com Limited and Thomas Cook (India) Limited by Thomas Cook Group plc were compensated for by negative translation differences (particularly GBP/EUR) for capitalized intangible assets (goodwill, trademarks, customer bases, order books and other intangible assets).

Current assets declined by 354.1 mill. € to 4.85 bill. € (September 30, 2007: 5.20 bill. €) The decline was due mainly to seasonal factors relating to the low level of cash and cash equivalents in the Thomas Cook segment during the winter quarter and payment for the acquisitions of Hotels4U.com Limited, Thomas Cook (India) Limited and the Thomas Cook Group plc share buy-back program.

The reduction in assets classified as held for sale is due to the disposals of the Neckermann Group and the NeBus Group.

Liabilities

Equity amounted to 2.02 bill. € at the balance sheet date (September 30, 2007: 2.48 bill. €). As against September 30, 2007, the equity ratio declined to 15.2 %. Equity as of March 31, 2008 is negatively impacted mainly due to negative differences resulting from foreign currency translation (GBP/EUR). Equity as of March 31, 2008 contains additions of 74.3 mill. € from exercising the option right to discharge the convertible bond.

In comparison to September 30, 2007, due to reporting date reasons, non-current liabilities (including pension provisions) declined by 6.6 %, while current liabilities increased by 5.6 %. A key factor reducing the non-current financial liabilities was exercising the option right to discharge the convertible bond. The increase of short-term financial liabilities is due mainly to a further utilization of the credit facility from 2007.

The reduction in liabilities related to assets classified as held for sale is due to the disposals of the Neckermann Group and the NeBus Group.

WORKING CAPITAL

Working capital

Amounts shown in mill. €	31.03.2008	30.09.2007	Change in %	30.06.2007
Inventories	1,257.5	1,288.7	-2.4	1,190.0
Trade receivables[1)]	935.6	932.4	0.3	992.3
Trade payables[2)]	-2,287.6	-2,788.6	-18.0	-2,952.5
	-94.5	**-567.5**	–	**-770.2**

1) Including non-current trade receivables.
2) Including non-current trade payables.

Working capital amounted to minus 94.5 mill. € at the balance sheet date (September 30, 2007: minus 567.5 mill. €). This development was driven by the seasonal decline in trade payables in the Tourism segment together with lower levels of inventories.

Employees

Full-time employees at the balance sheet date*

Number	31.03.2008	30.09.2007	Change in %	30.06.2007
Thomas Cook	25,298	29,070[1)]	-13.0	31,743
Primondo	16,122	16,837	-4.2	16,343
Karstadt	23,467	24,304	-3.4	24,320
Operating segments	**64,887**	**70,211**	-7.6	**72,406**
Other segments	847	426	98.8	441
Total	**65,734**	**70,637**	-6.9	**72,847**

* Including trainees, excluding discontinued operations.
1) Balance sheet date October 31, 2007.

In the operating segments, the number of full-time equivalents declined against September 30, 2007 by 5,324 to 64,887. This equates to a 7.6 % decline. Overall, to the reporting date, the number of full-time equivalents declined by 4,903.

The collective agreements entered into with the works councils and the ver.di union for the restructuring of Primondo and Karstadt Warenhaus GmbH expired on December 31, 2007 as planned. The costs incurred as a result of these agreements were planned at an early stage and neutralized by way of corresponding measures where possible.

Risk report

The risk report analyses and discusses the “material” risks and “risks requiring monitoring” that are currently identifiable within the Arcandor Group. This is done in an abbreviated form in comparison to the Risk Report published in the Group Annual Report for the short 2007 financial year. It has been prepared on the basis of the legal Group structure at the reporting date. For a more detailed presentation, please refer to the Annual Report as of September 30, 2007.

The Group wide and uniform risk management system creates a basis for the implementation of measures aimed at preventing or minimizing risk which the Arcandor Group is subject to in its business segments. The timely monitoring of economic and strategic targets is ensured through standardized key indicators for income, expenses and strategy. The Group's medium-term strategic and financial planning is based on an annual process with a three-year planning horizon. All operational business units independently manage the risks arising in their own area of responsibility, providing that this is not cumulated within the Group.

The Arcandor Group and its business units have taken varied measures aligned specifically to the respective risks suitable for limiting or preventing these risks. The individual measures are shown in detail in the Annual Report of the Arcandor Group as of September 30, 2007. The business risks of the Arcandor Group consist of risks resulting from the general economic situation and industry risks, risks relating to the realignment of the business segments and restructuring, finance risks, litigation risks, IT risks and tax risks.

In respect to the general economic situation and industry risks, the strategic realignment of the Arcandor Group has resulted in increased internationalization and stronger weighting of tourism risks in connection with terror, war, environmental disasters and specific domestic demand. There are also risks in the lack of availability of goods. Errors in macro-economic forecasts can result in incorrect planning targets on sales, results or operating cash flow.

The realignment of business fields and their restructuring naturally brings with it risks from complex integration processes e.g. the merger of Thomas Cook and My Travel, which can also impact on the targets and assumptions on which the planning is based.

Financial risks relate especially to interest rate and currency risks, particularly in view of the further internationalization of the Group activities and rights of termination by lenders should financial covenants not be observed. There are also risks in optimizing and securing the necessary liquidity requirements in the case of financing peaks during the year which are cushioned by the extension of short-term credit facilities. The Arcandor Group is currently negotiating on a partial restructuring of Group financing with the objective of increasing the share of funds available on a long-term basis. There are tax risks from possible repayments of taxes as a result of external tax audits and from unplanned tax payments due to changes in legislation and court rulings.

In addition, risks result from those financial instruments which the Group uses to limit other financial risks. These relate primarily to transactions in order to hedge current risks and to hedge the fuel price risk at Thomas Cook for the current flight timetable. Financial risks also include risks from balance sheet measurements, e.g. of intangible assets if business performance does not develop as planned or of receivables against the background of the counterparty credit assessment.

As at March 31, 2008, the Arcandor Group was not subject to any material litigation risks. IT risks exist to the extent that all central delivery and service processes in the Arcandor Group are provided largely with IT support. The outage of the technologies used can result in data loss or disruptions of the process flows. As a result of the growing importance of e-commerce, dependency on functioning Internet platforms is also rising.

In comparison to the 2007 Annual Report, the changes to the individual risks as of March 31, 2008 have resulted largely from the ongoing realization of the disinvestments of Neckermann and Highstreet, and the resulting restructuring of short-term credit facilities.

Report on expected developments

The opportunities for the future development of the Arcandor Group are provided in particular by the performance of its operating segments.

Thomas Cook is well positioned and looks into the future confidently. European consumers are displaying stable booking behavior. Despite the difficult general economic situation, there is little willingness to do without larger international travel. Good demand for both winter and summer vacations puts Thomas Cook in a strong position for the remainder of the financial year.

At **Primondo** improvements in sales and earnings are expected for the turnaround 2007/2008 financial year. In Universal Mail Order Germany, the recovery at Quelle will continue. All growth segments will continue to gain ground.

Over the rest of the 2007/2008 financial year, **Karstadt** will reinforce its fashion expertise and further advance its realignment. 1,000 shops are slated to start operations, in addition to the 1,000 brand shops which are already established. The own exclusive brands will also benefit from this, with new collections and shops being deployed from March 2008. After considerable conversion work in some 28 stores, two large projects (in Hamburg and Duisburg) will be concluded during the rest of the current financial year.

Parallel to operating improvements, the Arcandor management will actively advance market consolidation in its core business areas. In all of our segments, there are a wide range of options allowing us to increase the value of the Arcandor Group through targeted M&A activities.

Consolidated sales of more than 23 bill. € and adjusted EBITDA in excess of 1.3 bill. € are expected for the 2008/2009 financial year.

Report on post-balance sheet date events

On April 7, 2008, Thomas Cook Group plc acquired Elegant Resorts Limited, the British luxury travel operator. The acquisition was financed from liquid funds and targets expanding business with independent travel. Elegant Resorts Limited is market leader of luxury travel in Great Britain.

At the Arcandor AG Annual General Meeting on April 23, 2008 resolutions passed included the composition of the Supervisory Board and the Management Board. Furthermore, the Management Board was authorized to acquire and deploy own shares.

The Annual General Meeting elected the following persons to the Arcandor AG Supervisory Board for the period to the end of the Annual General Meeting which resolves on the discharge for the fourth financial year after the commencement of the period of office: Hero Brahms (Chairman), Wiesbaden, Udo Behrenwaldt, Hofheim, Leo Herl, Fürth-Dambach, Ulrich Hocker, Düsseldorf, Prof. Dr. h. c. Karlheinz Hornung, Munich, Dr. Hans Reischl, Cologne, Juergen Schreiber, Toronto, Canada, Michael Stammler, Bad Homburg, Dr. Klaus Zumwinkel, Cologne, and Prof. Dr. Utho Creusen, Ingolstadt.

Dr. Helmut Merkel, Niedernhausen, and Walther Schmidt-Lademann, Munich, were elected as substitute members.

With the end of the Annual General Meeting on April 23, 2008, the period of office commenced for the 10 members of the Supervisory Board elected by the employees on January 11, 2008. These are Andrea Beslmeisl, Roth, Peter Erb, Arnsberg, Rüdiger Metz, Nackenheim, Margret Mönig-Raane, Berlin, Hellmut Patzelt (Vice Chairman), Fulda, Wilfried Reinhard, Oberursel, Christa Schubert, Herten, Ernst Sindel, Nuremburg, Walter Strasheim-Weitz, Butzbach, and Gertrud Tippel-Kluth, Berlin.

The Annual General Meeting authorized the Management Board up to October 22, 2009 to acquire own shares at a proportionate amount of up to ten percent of the share capital or, if less, at the amount of the current authorization of the share capital at the time of exercise for any permitted purpose. The acquisition may take place via the stock exchange, on the basis of a public purchase offering to all shareholders or on the basis of a public invitation to all shareholders to making a selling offer.

The Management Board was also authorized to deploy the own shares acquired on the basis of the above authorization, in some cases with the approval of the Supervisory Board, for various purposes. This relates particularly to the sale of shares, the acquisition of companies and servicing warrant and/or convertible bonds. On this item of the agenda, the Management Board provided a written report on the exclusion of subscription rights.

At its meeting on April 23, 2008, the Supervisory Board appointed Manny Fontenla-Novoa, Chief Executive Officer of Thomas Cook Group plc, as a new member of the Arcandor AG Management Board. Marc Sommer was appointed as Vice Chairman of the Management Board.

CONSOLIDATED INTERIM FINANCIAL STATEMENT

REVIEW REPORT

RESPONSIBILITY STATEMENT

CONSOLIDATED INCOME STATEMENT

for the period between October 1, 2007 and March 31, 2008

Amounts shown in th. €	Half year I 01.10.2007 -31.03.2008	Half year I 01.01.2007 -30.06.2007	Change in %	Quarter II 01.01.2008 -31.03.2008	Quarter II 01.04.2007 -30.06.2007	Change in %
Sales	8,189,337	7,126,816	14.9	4,232,842	4,494,065	-5.8
Cost of sales and expenses for tourism services	-5,154,821	-4,644,455	-11.0	-2,746,636	-3,074,520	10.7
Gross income	**3,034,516**	**2,482,361**	22.2	**1,486,206**	**1,419,545**	4.7
Other capitalized own costs	1,664	26,761	-93.8	1,015	13,745	-92.6
Operating income	382,185	452,208	-15.5	202,159	269,901	-25.1
Staff costs	-1,294,146	-1,231,724	-5.1	-691,794	-709,843	2.5
Operating expenses	-2,234,854	-1,942,236	-15.1	-1,148,118	-1,071,551	-7.1
Other taxes	-4,571	-4,217	-8.4	-3,814	-2,679	-42.4
Earnings before interest, tax, depreciation and amortization (EBITDA)	**-115,206**	**-216,847**	46.9	**-154,346**	**-80,882**	-90.8
Depreciation and amortization (not including amortization of goodwill)	-217,282	-149,972	-44.9	-121,366	-91,764	-32.3
thereof impairment loss	-6,288	-7,756	18.9	-6,020	-6,106	1.4
Earnings before interest and tax (EBIT)	**-332,488**	**-366,819**	9.4	**-275,712**	**-172,646**	-59.7
Income from investments	6,483	-3,531	–	4,950	-1,626	–
Income from investments in associates	1,294	2,558	-49.4	-182	78	–
Net interest income	-133,641	-83,449	-60.1	-82,588	-47,482	-73.9
Other financial results	-3,772	4,170	-190.5	5,342	3,648	46.4
Earnings before tax (EBT)	**-462,124**	**-447,071**	-3.4	**-348,190**	**-218,028**	-59.7
Taxes on income	129,596	147,118	-11.9	101,367	54,241	86.9
Results from continuing operations	**-332,528**	**-299,953**	-10.9	**-246,823**	**-163,787**	-50.7
Results from discontinued operations	-33,011	-8,459	–	-10,598	-2,801	–
Group results before minority interests	**-365,539**	**-308,412**	-18.5	**-257,421**	**-166,588**	-54.5
Profit/loss due to minority interests	109,865	27,920	–	54,105	26,947	100.8
Group results after minority interests	**-255,674**	**-280,492**	8.8	**-203,316**	**-139,641**	-45.6
Earnings per share (basic) in €	**-1.16**	**-1.38**	–	**-0.91**	**-0.63**	–
thereof from continuing operations	-1.01	-1.34	–	-0.86	-0.62	–
thereof from discontinued operations	-0.15	-0.04	–	-0.05	-0.01	–

Important note:

Owing to the differing inclusion of Thomas Cook (acquisition of 50% interest of Deutsche Lufthansa AG in Thomas Cook AG and the acquisition of MyTravel Group plc) and the different periods due to the short financial year, a comparison with the prior-year half year for the period from January 1, 2007 to June 30, 2007 is not possible.

CONSOLIDATED BALANCE SHEET

for the period ended March 31, 2008

ASSETS

Amounts shown in th. €	31.03.2008	30.09.2007	Change in %	30.06.2007
Intangible assets	4,361,954	4,507,666	-3.2	4,245,803
Tangible assets	1,864,236	1,887,686	-1.2	1,806,002
Shares in associates	160,855	157,510	2.1	123,415
Other financial assets	515,033	407,631	26.3	497,293
thereof securities	11,910	12,643	-5.8	21,106
Non-current income tax receivables	5,414	5,410	0.1	21,607
Other non-current assets	157,977	159,863	-1.2	164,472
Deferred taxes	810,451	676,404	19.8	453,062
Non-current assets	**7,875,920**	**7,802,170**	0.9	**7,311,654**
Inventories	1,257,517	1,288,746	-2.4	1,190,042
Trade receivables	722,406	685,856	5.3	753,304
Current income tax receivables	66,647	54,105	23.2	48,417
Other receivables and other assets	1,886,878	1,669,461	13.0	1,782,339
Cash and cash equivalents and securities	916,203	1,505,643	-39.1	1,903,387
Current assets	**4,849,651**	**5,203,811**	-6.8	**5,677,489**
Assets classified as held for sale	605,144	1,204,040	-49.7	1,532,946
Balance sheet total	**13,330,715**	**14,210,021**	-6.2	**14,522,089**

EQUITY AND LIABILITIES

Amounts shown in th. €	31.03.2008	30.09.2007	Change in %	30.06.2007
Subscribed share capital	574,740	551,098	4.3	541,060
Reserves	928,784	1,205,783	-23.0	1,238,227
Minority interests	521,296	721,247	-27.7	252,279
Equity	**2,024,820**	**2,478,128**	-18.3	**2,031,566**
Non-current financial liabilities	1,057,005	1,191,000	-11.3	1,334,278
Other non-current liabilities	947,920	1,017,175	-6.8	1,064,094
Pension provisions	991,559	1,024,557	-3.2	956,381
Other non-current provisions	501,760	555,435	-9.7	364,211
Deferred taxes	416,889	404,622	3.0	86,896
Non-current liabilities	**3,915,133**	**4,192,789**	-6.6	**3,805,860**
Current financial liabilities	1,606,569	1,276,164	25.9	1,159,699
Trade payables	2,182,621	2,671,050	-18.3	2,747,092
Current tax liabilities	10,514	10,011	5.0	15,612
Other current liabilities	2,853,951	2,296,858	24.3	3,146,202
Current provisions	692,679	704,969	-1.7	609,410
Current liabilities	**7,346,334**	**6,959,052**	5.6	**7,678,015**
Liabilities related to assets classified as held for sale	44,428	580,052	-92.3	1,006,648
Balance sheet total	**13,330,715**	**14,210,021**	-6.2	**14,522,089**

STATEMENT OF CHANGES IN EQUITY

for the period between October 1, 2007 and March 31, 2008 (previous year: January 1 to June 30, 2007)

			Revenue reserves						
Amounts shown in th. €	Subscribed share capital	Additional paid-in capital	Other revenue reserves*	Reserve for intercompany profit and loss elimination	Revaluation reserve	Revaluation reserve for gradual acquisition	Cumulative foreign currency differences	Minority interests	**Group equity Total**
Opening balance 01.01.2007*	**514,592**	**639,630**	**-523,896**	**548,674**	**-15,475**		**-9,831**	**11,073**	**1,164,767**
Differences from foreign currency translation	–	–	–	–	–	–	489	–	489
Changes resulting from disposals and the measurement of primary and derivative financial instruments	–	–	–	–	-3,191	–	–	–	-3,191
Changes in group of consolidated companies	–	–	–	–	–	–	–	2,575	2,575
Addition from successive acquisition	–	–	–	–	–	165,920	–		165,920
Effects from share swap with MyTravel	–	–	554,698	–	–	–	–	269,912	824,610
Equity changes without effect for income	**–**	**–**	**554,698**	**–**	**-3,191**	**165,920**	**489**	**272,487**	**990,403**
Consolidated earnings	–	–	-280,492	–	–	–	–	-27,920	-308,412
Intercompany profit and loss elimination	–	–	–	9,052	–	–	–	–	9,052
	–	**–**	**274,206**	**9,052**	**-3,191**	**165,920**	**489**	**244,567**	**691,043**
Exercise of convertible bond/stock options	12,465	24,984	–	–	–	–	–	–	37,449
Issue of own shares	14,003	127,665	–	–	–	–	–	–	141,668
Dividends	–	–	–	–	–	–	–	-3,361	-3,361
	26,468	**152,649**	**–**	**–**	**–**	**–**	**–**	**-3,361**	**175,756**
Closing balance 30.06.2007	**541,060**	**792,279**	**-249,690**	**557,726**	**-18,666**	**165,920**	**-9,342**	**252,279**	**2,031,566**
Opening balance 01.10.2007	**551,098**	**812,843**	**-80,508**	**–**	**252,625**	**258,237**	**-37,414**	**721,247**	**2,478,128**
Differences from foreign currency translation	–	–	–	–	–	–	-122,351	-116,320	-238,671
Changes resulting from disposals and the measurement of primary and derivative financial instruments	–	–	–	–	60,127	–	–	60,534	120,661
Fair value measurement in line with IAS 39	–	–	–	–	-7,290	–	–	–	-7,290
Changes in group of consolidated companies	–	–	-3,954	–	–	–	1,480	-34,300	-36,774
Equity changes without effect for income	**–**	**–**	**-3,954**	**–**	**52,837**	**–**	**-120,871**	**-90,086**	**-162,074**
Consolidated earnings	–	–	-255,674	–	–	–	–	-109,865	-365,539
	–	**–**	**-259,628**	**–**	**52,837**	**–**	**-120,871**	**-199,951**	**-527,613**
Exercise of convertible bond	23,642	50,663	–	–	–	–	–	–	74,305
Closing balance 31.03.2008	**574,740**	**863,506**	**-340,136**	**–**	**305,462**	**258,237**	**-158,285**	**521,296**	**2,024,820**

* The data has been adjusted.

CONSOLIDATED CASH FLOW STATEMENT

for the period between October 1, 2007 and March 31, 2008

Amounts shown in th. €	01.10.2007 -31.03.2008	01.01.2007 -30.06.2007
Group results after minority interests	**-255,674**	**-280,492**
Profit/loss due to minority interests	-109,865	-27,920
Results from discontinued operations	33,011	8,459
Taxes on income	-129,596	-147,118
Other financial results	3,772	-4,170
Net interest income	133,641	83,449
Participation result (including result from associated companies)	-7,777	973
Depreciation and amortization	217,282	149,972
EBITDA	**-115,206**	**-216,847**
Profit/loss from the disposal of fixed assets	564	-54,625
Profit/loss from foreign currency	-1,285	-14,274
Changes in non-current provisions (not including pension and tax provisions)	-12,239	-10,842
Utilization of/addition to the provision for restructuring effects	-96,366	-55,024
Other expenses/income not affecting cash flow	51,916	-70,373
Changes in working capital	-390,576	85,110
Changes in other assets and equity and liabilities	232,775	540,210
Dividends received	7,243	4,198
Payments/refunds of taxes on income	-75,881	-50,750
Cash flow from operating activities	**-399,055**	**156,783**
Cash payments/cash receipts for acquisition of subsidiaries less acquired cash & cash equivalents	-167,218	8,485
Payments received for divestment of subsidiaries less cash & cash equivalents sold	41,204	4,419
Purchase of tangible and intangible assets	-164,843	-128,626
Purchase of investments in non-current financial assets	-47,146	-31,799
Cash receipts from sale of tangible and intangible assets	27,657	87,115
Cash receipts from sale of non-current financial assets	1,628	1,333
Cash flow from investing activities	**-308,718**	**-59,073**
Free cash flow	**-707,773**	**97,710**
Interest received	33,977	40,380
Interest paid	--80,945	-60,648
Pension payments	-80,252	-36,613
Take-up/reduction of (financial) loans	398,523	716,842
Payments of liabilities due under finance lease	-71,474	-27,536
Cash payments/cash receipts for dividends and capital increase	-45,903	-3,361
Cash flow from financing activities	**153,926**	**629,064**
Changes in cash and cash equivalents affecting cash flow	**-553,847**	**726,774**
Changes in the flow of cash due to changes in exchange rates or other changes in cash and cash equivalents caused by the consolidated companies	-37,479	430
Cash and cash equivalents at the beginning of the period	1,516,383	1,203,721
Cash and cash equivalents at the end of the period	**925,057**	**1,930,925**
thereof from discontinued operations	8,854	27,538

Important note:

Owing to the differing inclusion of Thomas Cook (acquisition of 50% interest of Deutsche Lufthansa AG in Thomas Cook AG and the acquisition of MyTravel Group plc) and the different periods due to the short financial year, a comparison with the prior-year half year for the period from January 1, 2007 to June 30, 2007 is not possible.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Segment report Half year I

BREAKDOWN BY SEGMENT

First half year 2007/2008 (01.10.2007 to 31.03.2008)
Previous years period: First half year 2007 (01.01.2007 to 30.06.2007)

		Arcandor Group		Reconciliation account[1]		Thomas Cook[4]	
Amounts shown in th. €		**01.10.2007 -31.03.2008**	01.01.2007 -30.06.2007	**01.10.2007 -31.03.2008**	01.01.2007 -30.06.2007	**01.10.2007 -31.03.2008**	01.01.2007 -30.06.2007
Sales		8,698,062	7,744,347	–	–	3,341,700	3,126,079
Interest from lending business		65,859	63,013	–	–	–	–
Internal sales		-574,584	-680,544	-104,519	-156,969	-30,754	-35,613
Group sales		**8,189,337**	**7,126,816**	**-104,519**	**-156,969**	**3,310,946**	**3,090,466**
Group sales (adjusted)		***7,973,545***	***6,899,921***	***-44,000***	***-90,179***	***3,310,946***	***3,090,466***
Cost of sales and expenses for tourism services		-5,154,821	-4,644,455	6,125	7,628	-2,610,710	-2,491,294
Gross income		**3,034,516**	**2,482,361**	**-98,394**	**-149,341**	**700,236**	**599,172**
Other capitalized own costs		1,664	26,761	–	24,476	–	–
Operating income and costs		-1,852,669	-1,490,028	33,156	83,981	-356,465	-270,314
Staff costs		-1,294,146	-1,231,724	-5,312	-15,134	-482,391	-422,534
Other taxes		-4,571	-4,217	-32	-27	-2,226	-2,104
EBITDA		**-115,206**	**-216,847**	**-70,582**	**-56,045**	**-140,846**	**-95,780**
EBITDA (adjusted)		***2,993***	***-122,331***	***-49,130***	***-36,269***	***-111,080***	***-13,985***
EBITDA margin in % (adjusted)		*0.0*	*-1.8*	–	–	*-3.4*	*-0.5*
Depreciation and amortization (not including goodwill)		-217,282	-149,972	-1,245	-1,201	-129,031	-62,964
EBIT		**-332,488**	**-366,819**	**-71,827**	**-57,246**	**-269,877**	**-158,744**
Income from investments in associates		1,294	2,558	–	–	-2,737	-1,751
Earnings from discontinued operations		-33,011	-8,459	–	–	–	–
Segment assets	balance sheet date	10,454,986	10,263,687	-117,125	-311,645	7,049,215	6,959,575
Segment liabilities	balance sheet date	7,119,889	7,893,111	172,518	113,797	4,249,002	5,126,540
Investments[2]		158,000	128,626	270	2,817	48,634	40,997
Employees[3] (average)	number	84,500	83,078	163	193	29,720	19,341

[1] The reconciliation account also includes the activities of the holding company and Karstadt Finance B. V.
[2] Not including additions to finance leases, capitalized restoration liabilities or goodwill.
[3] In line with HGB; including trainees and discontinued operations.
[4] Including Thomas Cook Group plc for the period from November 1, 2007 to March 31, 2008,
previous year: Thomas Cook AG is reported for the period from November 1, 2006 to April 1, 2007at 50 % and for the period from April 2, 2007 to June 30, 2007 at 100 %.

Important note:

Owing to the differing inclusion of Thomas Cook (acquisition of 50 % interest of Deutsche Lufthansa AG in Thomas Cook AG and the acquisition of MyTravel Group plc) and the different periods due to the short financial year, a comparison with the prior-year half year for the period from January 1, 2007 to June 30, 2007 is not possible.

Primondo		Karstadt		Services		Real estate	
01.10.2007 -31.03.2008	01.01.2007 -30.06.2007	**01.10.2007 -31.03.2008**	01.01.2007 -30.06.2007	**01.10.2007 -31.03.2008**	01.01.2007 -30.06.2007	**01.10.2007 -31.03.2008**	01.01.2007 -30.06.2007
2,742,300	2,367,047	2,413,437	2,041,195	114,917	136,730	85,708	73,296
56,032	53,898	–	–	9,827	9,115	–	–
-408,119	-467,584	-31,191	-19,661	-1	-717	–	–
2,390,213	**1,953,361**	**2,382,246**	**2,021,534**	**124,743**	**145,128**	**85,708**	**73,296**
2,321,380	***1,869,898***	***2,260,476***	***1,884,608***	***124,743***	***145,128***	–	–
-1,154,811	-966,844	-1,366,220	-1,153,410	-29,205	-40,535	–	–
1,235,402	**986,517**	**1,016,026**	**868,124**	**95,538**	**104,593**	**85,708**	**73,296**
336	509	1,328	1,141	–	635	–	–
-870,678	-747,012	-503,094	-467,425	-79,085	-73,349	-76,503	-15,909
-343,567	-315,656	-445,028	-445,661	-17,613	-32,161	-235	-578
-2,864	-1,618	769	-53	-8	–	-210	-415
18,629	**-77,260**	**70,001**	**-43,874**	**-1,168**	**-282**	**8,760**	**56,394**
37,428	***-49,667***	***113,182***	***-34,898***	***-1,243***	***1,743***	***13,836***	***10,745***
1.6	*-2.7*	*5.0*	*-1.9*	*-1.0*	*1.2*	–	–
-36,718	-21,216	-43,284	-48,844	-1,986	-3,737	-5,018	-12,010
-18,089	**-98,476**	**26,717**	**-92,718**	**-3,154**	**-4,019**	**3,742**	**44,384**
198	–	–	–	3,173	4,136	660	173
-33,011	-8,459	–	–	–	–	–	–
1,893,183	1,967,762	1,261,031	1,227,535	184,558	175,942	184,124	244,518
1,679,238	1,730,675	739,928	658,362	45,520	25,047	233,683	238,690
53,298	48,123	53,748	33,249	2,028	3,440	22	–
21,188	29,237	32,459	33,259	962	1,029	8	19

Segment report Quarter II

BREAKDOWN BY SEGMENT

Second quarter 2007/2008 (01.01.2008 to 31.03.2008)
Previous years period: Second quarter 2007 (01.04.2007 to 30.06.2007)

	Arcandor Group		Reconciliation account[1]		Thomas Cook	
Amounts shown in th. €	**01.01.2008 -31.03.2008**	01.04.2007 -30.06.2007	**01.01.2008 -31.03.2008**	01.04.2007 -30.06.2007	**01.01.2008 -31.03.2008**	01.04.2007 -30.06.2007
Sales	4,480,997	4,739,782	–	–	2,087,369	2,567,341
Interest from lending business	33,311	32,635	–	–	–	–
Internal sales	-281,466	-278,352	-45,981	-78,174	-16,722	-28,932
Group sales	**4,232,842**	**4,494,065**	**-45,981**	**-78,174**	**2,070,647**	**2,538,409**
Group sales (adjusted)	***4,146,668***	***4,368,664***	***-16,380***	***-45,086***	***2,070,647***	***2,538,409***
Cost of sales and expenses for tourism services	-2,746,636	-3,074,520	3,123	4,919	-1,627,229	-2,046,867
Gross income	**1,486,206**	**1,419,545**	**-42,858**	**-73,255**	**443,418**	**491,542**
Other capitalized own costs	1,015	13,745	–	12,264	–	–
Operating income and costs	-945,959	-801,650	3,138	40,866	-213,843	-200,597
Staff costs	-691,794	-709,843	-1,999	-8,844	-279,968	-317,670
Other taxes	-3,814	-2,679	-9	-16	-1,598	-1,557
EBITDA	**-154,346**	**-80,882**	**-41,728**	**-28,985**	**-51,991**	**-28,282**
EBITDA (adjusted)	***-69,092***	***3,558***	***-25,576***	***-24,270***	***-32,114***	***53,651***
EBITDA margin in % (adjusted)	*-1.7*	*0.1*	–	–	*-1.6*	*2.1*
Depreciation and amortization (not including goodwill)	-121,366	-91,764	-597	-650	-76,205	-45,188
EBIT	**-275,712**	**-172,646**	**-42,325**	**-29,635**	**-128,196**	**-73,470**
Income from investments in associates	-182	78	–	–	-2,185	-1,761
Earnings from discontinued operations	-10,598	-2,801	–	–	–	–
Investments[2]	85,864	82,067	173	1,225	26,686	37,137

[1] The reconciliation account also includes the activities of the holding company and Karstadt Finance B. V.
[2] Not including additions to finance leases, capitalized restoration liabilities or goodwill.

Important note:
Owing to the differing inclusion of Thomas Cook (acquisition of 50 % interest of Deutsche Lufthansa AG in Thomas Cook AG and the acquisition of MyTravel Group plc) and the different periods due to the short financial year, a comparison with the prior-year quarter for the period from April 1, 2007 to June 30, 2007 is not possible.

Primondo		Karstadt		Services		Real estate	
01.01.2008 -31.03.2008	01.04.2007 -30.06.2007	**01.01.2008 -31.03.2008**	01.04.2007 -30.06.2007	**01.01.2008 -31.03.2008**	01.04.2007 -30.06.2007	**01.01.2008 -31.03.2008**	01.04.2007 -30.06.2007
1,294,677	1,092,379	1,008,849	977,338	53,124	65,507	36,978	37,217
28,415	27,995	–	–	4,896	4,640	–	–
-206,154	-164,478	-12,608	-6,457	-1	-311	–	–
1,116,938	**955,896**	**996,241**	**970,881**	**58,019**	**69,836**	**36,978**	**37,217**
1,089,636	***888,246***	***944,746***	***917,259***	***58,019***	***69,836***	–	–
-524,935	-470,675	-580,160	-545,223	-17,435	-16,674	–	–
592,003	**485,221**	**416,081**	**425,658**	**40,584**	**53,162**	**36,978**	**37,217**
232	317	783	529	–	635	–	–
-420,912	-377,772	-253,184	-223,102	-32,177	-41,775	-28,981	730
-182,150	-149,475	-218,589	-219,794	-8,994	-13,803	-94	-257
-2,264	-859	123	-39	-8	–	-58	-208
-13,091	**-42,568**	**-54,786**	**-16,748**	**-595**	**-1,781**	**7,845**	**37,482**
1,718	***-17,785***	***-22,851***	***-8,423***	***-682***	***-589***	***10,413***	***974***
0.2	*-2.0*	*-2.4*	*-0.9*	*-1.2*	*-0.8*	–	–
-19,763	-10,227	-21,293	-24,496	-1,000	-1,677	-2,508	-9,526
-32,854	**-52,795**	**-76,079**	**-41,244**	**-1,595**	**-3,458**	**5,337**	**27,956**
–	–	–	–	1,898	2,309	105	-470
-10.598	-2,801	–	–	–	–	–	–
25,647	26,837	32,399	15,107	959	1,761	–	–

Notes to the consolidated interim financial statements

ACCOUNTING

General information

As the controlling company of the Group, Arcandor AG is registered as ARCANDOR Aktiengesellschaft with the Essen District Court, Germany (HRB 1783). The company is domiciled in Essen under the address of Arcandor AG, Theodor-Althoff-Strasse 2, 45133 Essen, Germany.

With its Karstadt and Primondo divisions, Arcandor AG is one of the largest department store and mail order groups in Europe and is also one of the world's largest travel companies with its Thomas Cook tourism division.

Basic of accounting

The interim consolidated financial statements of Arcandor AG to the first half-year 2007/2008 were prepared in accordance with IAS 34 "Interim Financial Reporting". It thus does not contain all information required in accordance with the International Financial Reporting Standards (IFRS) in force at the reporting date and as they are to be applied in the European Union, and the relevant interpretations of the International Accounting Standards Board (IASB). The consolidated interim financial statements represent a half-year report as defined in § 37w of the German Securities Trading Act (WpHG). The interim consolidated financial statements thus contain a consolidated income statement, a consolidated balance sheet, a consolidated cash flow statement and selected explanatory notes as well as an interim consolidated management report.

For the first half year of the 2007/2008 financial year, there were no new standards and interpretations which became mandatory for the first time.

The consolidated interim financial statements were prepared in euros. All amounts are expressed in thousands of euros (th. €) unless otherwise specifically indicated. Assets and liabilities are classified as current or noncurrent in accordance with their duration. The income statement is structured in accordance with the total expenditure method.

As a result of the shift of the Arcandor AG financial year from December 31 to September 30, the half-year of the new financial year now ends on March 31, 2008. In line with IAS 34.20(a), the balance sheet as of March 31, 2008 is compared against the balance sheet as of September 30, 2007 as comparative period. In addition, the balance sheet as of June 30, 2007 is disclosed.

For the income statement IAS 34.20(b) requires the comparison of the first half-year of the current and the immediately preceding financial year. Accordingly, the comparative period of the previous year must be the period from January 1 to June 30, 2007. The period from October 1, 2007 to March 31, 2008 is thus compared with the period from January 1 to June 30, 2007.

Due to the shift of the financial year to the common reporting date of September 30 across the Group, Thomas Cook Group plc has prepared interim financial statements as of March 31, 2008. In this context and in view of the acquisition of the second 50% of the Thomas Cook AG stake and the following merger of Thomas Cook AG and MyTravel plc to form Thomas Cook Group plc in 2007, the Thomas Cook Group is consolidated in the current and the comparable periods as follows:

For the first half-year of the 2007/2008 financial year ending March 31, 2008, Thomas Cook Group plc is consolidated with its balance sheet as of March 31, 2008 and with an income statement for the five-month period from November 1, 2007 to March 31, 2008.

In the comparable half-year of the preceding period ending on June 30, 2007, the Thomas Cook Group plc balance sheet (including Thomas Cook AG and MyTravel plc) was entirely consolidated as of June 30, 2007 with Thomas Cook AG at 50% in the income statement for the five-month period from November 1, 2006 to April 1, 2007 and at 100% for the three-month period from April 2, 2007 to June 30, 2007.

Due to the above changes in the Group structure, comparability is possible only to a very limited extent.

Accounting policies

The accounting policies are in line with those of the last consolidated financial statements as of September 30, 2007.

In preparing the consolidated interim financial statements, assumptions and estimates were made. They had an effect on the recognition and measurement of assets and liabilities as well as earnings and expenses. In individual cases actual values may differ from the assumptions and estimates made.

IMPORTANT EVENTS

In October 2007, the NeBus Group was sold to the investment and management group Andlinger & Company. The NeBus Group, which is domiciled in the Netherlands, is a specialist provider of customer retention and sales incentive programs in its home country as well as in Belgium, Germany, France, Italy, the Czech Republic, Switzerland, Slovakia and Spain. The transaction was closed in October 2007.

In a further measure, Arcandor AG entered into an agreement on the sale of 51 % of the shares of neckermann.de on December 21, 2007. The buyer is the financial investor Sun Capital Partners, Florida/U.S. The operational management of neckermann.de was transferred to the new majority shareholder as planned. The agreement was closed in March 2008.

On December 27, 2007, Arcandor AG exercised the option right to discharge the convertible bond. All the outstanding 1,585 convertible bonds were converted. As a result subscribed capital rose by 23.6 mill. € and the Arcandor AG capital reserve increased by 50.7 mill. €.

On February 14, 2007, the Thomas Cook Group plc closed a purchase agreement with Centurion Holiday Group Limited on the acquisition of a 77.5 % stake in the hotel room provider Hotels4U.com Limited. Thomas Cook Group plc holds 100% of the voting rights. The remaining 22.5 % stake was acquired by the management of the company. Hotels4U.com Limited operates the largest independent hotel portal in the U.K.

With a contract dated March 7, 2008, Thomas Cook Group plc acquired full ownership in Thomas Cook Egypt, brand licenses for 15 countries in the Near East as well as a 54.9 % stake in the listed Thomas Cook (India) Limited from the Dubai Financial Group. In connection with the acquisition of the stake in Thomas Cook (India) Limited, a public takeover offer for the acquisition of a further 20 % in the company was made. The offer of 107 rupees per share is expected to run to the end of May 2008. The contracts for the acquisition of Thomas Cook Egypt and the brand licenses had not been closed as of March 31, 2008.

On March 7, 2008, the specialty mail order company Mode & Preis Versandhandels GmbH and its subsidiaries in Slovakia, Slovenia, the Czech Republic and Switzerland were sold to the AURELIUS AG industry holding, subject to anti-trust approval.

On March 12, 2008, at an extraordinary general meeting, the shareholders of Thomas Cook Group plc resolved a share buy-back program totaling 375 mill. €. In the context of this program, Thomas Cook plc will acquire own shares on the London Stock Exchange. Parallel to the acquisition of own shares on the stock exchange, own shares will be bought back by Arcandor AG on a pro rata basis. To the reporting date a total of 13,210,000 shares at an overall price of 47.5 mill. € including attributable costs, were acquired by Thomas Cook Group plc on the London Stock Exchange.

On March 19, 2008, Arcandor AG sold its 49 % stake in the Highstreet real estate company. The buyer is a consortium made up of DB RREEF (a Deutsche Bank AG investment subsidiary), Pirelli Real Estate, Generali Real Estate Fund S.A. and the Borletti Group. A condition of the sale is approval from the anti-trust authorities.

CONSOLIDATED COMPANIES

In the reporting period there were the following changes to the companies included in the consolidated financial statements as a result of acquisitions or disinvestments.

In the half-year of 2007/2008, the group of consolidated companies decreased by 28 companies. The changes relate mainly to the disposal of NeBus and the Neckermann Group in the context of the disinvestment program in the Primondo segment. In addition, 23 companies were acquired or fully consolidated for the first time. The additions relate primarily to the acquisitions of Hotels4U.com Limited and Thomas Cook (India) Limited by Thomas Cook Group plc.

The acquisition cost for Hotels4U.com Limited was 51.8 mill. € (39.0 mill. £). The purchase price is made up of 29.3 mill. € in cash and 22.5 mill. € on a contingent basis. Incidental costs of acquisition totaling 0.8 mill. € were incurred. The provisional difference (before fair value adjustments) between the cost of acquisition and the net assets of the company recognized at amortized cost totals 53.4 mill. € and is reported as goodwill. Hotels4U.com Limited generated revenues of 4.0 mill. € and a profit of minus 2.0 mill. € for the reporting period as though the acquisition date had been the beginning of that reporting period.

The acquisition of Thomas Cook (India) Limited, including incidental costs of 3.7 mill. € resulted in capitalization of acquisition costs in an amount of 148.5 mill. €. The provisional difference between the cost of acquisition and the net assets of the company after minorities of 7.6 mill. € was 139.4 mill. €. Thomas Cook (India) Limited generated revenues of 22,6 mill. € and a profit of 4,8 mill. € for the reporting period as though the acquisition date had been the beginning of that reporting period.

The amounts of the profit or loss since the acquisition date for Hotels4U.com Limited and for Thomas Cook (India) Limited included in the interim consolidated financial statements are not material.

With the disposal of the 51 % stake of the Neckermann Group to Sun Capital Partners and the transfer of control to the new majority shareholder, the Neckermann Group was deconsolidated on February 29, 2008. To the balance sheet date, the interest was reported under non-current financial assets available for sale. The initial measurement of the financial instrument was at the fair value of Arcandor's remaining share in the net assets of 147.2 mill. €. This figure corresponds to the value of the Neckermann Group previously reported under IFRS 5 and with the reclassification to an “available for sale” financial instrument represents the acquisition costs of the interest. The subsequent measurement is at amortized cost in line with IAS 39.46(c).

The further changes in the group of consolidated companies have no material impact on the results of operations, net assets and financial position of the Arcandor Group.

The following overview shows the carrying amounts of the assets and liabilities at the time of the respective acquisition:

ASSETS AND LIABILITIES ACQUIRED AT THE TIME OF FIRST-TIME CONSOLIDATION

Amounts shown in mill. €	Hotels4U.com Limited book value	Thomas Cook (India) Limited book value
Intangible assets (not including goodwill)	–	24.9
Tangible assets	0.3	9.3
Trade receivables	5.5	48.0
Cash and cash equivalents and securities	0.9	27.2
Assets	**6.7**	**109.4**
Deferred taxes	–	0.4
Trade payables	6.4	24.5
Other current liabilities	1.9	67.2
Provisions	–	0.6
Liabilities	**8.3**	**92.7**

HELD FOR SALE ASSETS AND LIABILITIES

After the disposal of Neckermann and the NeBus Group, thus largely completing the realignment of the mail order area, as of March 31, 2008, the held-for-sale assets and liabilities for the Primondo segment relate primarily to the assets and liabilities of the Mode & Preis Group. No material book profits or losses resulted from the disposal of the companies. Until deconsolidation, the income statement includes results of minus 29.0 mill. €.

To the reporting date, the participation in the Highstreet Holding GbR is recognized under assets held for sale.

ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Amounts shown in th. €	**31.03.2008**	30.09.2007	Change in %	30.06.2007
Assets classified as held for sale				
Intangible assets	3,312	17,895	-81.5	40,009
Tangible assets	25,692	129,020	-80.1	371,585
Other financial assets	512,448	512,870	-0.1	6,420
Deferred taxes	2,412	5,397	-55.3	47,114
Non-current assets	**543,864**	**665,182**	-18.2	**465,128**
Inventories	1,666	54,120	-96.9	261,517
Other current assets	59,614	484,738	-87.7	806,301
Current assets	**61,280**	**538,858**	-88.6	**1,067,818**
	605,144	**1,204,040**	-49.7	**1,532,946**
Liabilities from assets classified as held for sale				
Provisions for pensions	3,880	44,759	-91.3	70,142
Deferred taxes	3,091	28,669	-89.2	24,248
Non-current liabilities	**6,971**	**73,428**	-90.5	**94,390**
Current financial liabilities	–	12,997	–	226,116
Other liabilities	37,457	493,627	-92.4	686,142
Current liabilities	**37,457**	**506,624**	-92.6	**912,258**
	44,428	**580,052**	-92.3	**1,006,648**

CONTINGENT LIABILITIES AND OTHER FINANCIAL LIABILITIES

In comparison to the consolidated financial statements as of September 30, 2007, there were no material changes in contingent liabilities.

RELATED PARTY TRANSACTIONS

Included in the consolidated income statement:

Amounts shown in th. €	**01.10.2007 -31.03.2008**	01.01.2007 -30.06.2007
Goods and services supplied	5,587	4,260
Goods and services received	13,541	12,144

Included in the consolidated balance sheet:

Amounts shown in th. €	**31.03.2008**	30.09.2007	30.06.2007
Receivables	52,008	190,007	25,028
Payables	558,557	616,082	778,322

Mail order companies sold trade receivables to VALOVIS Bank AG which had been transferred to the Group pension fund without recourse. As at March 31, 2007, assigned receivables amounted to 1,111 mill. € gross (September 30, 2007: 1,537 mill. €). Under the sale, VALOVIS Bank AG set up a contingency account which is paid back to the Group as long as actual losses on outstanding receivables do not exceed this amount. On the balance sheet date, the reserve account showed a balance of 118 mill. € (September 30, 2007: 173 mill. €). The decline is due primarily to the disposal of the Neckermann Group.

Service relationships exist with II. KarstadtQuelle Pension Trust e. V. for the leasing of real estate. The related lease costs for the Group total 3,658 th. € (previous year: 4,317 th. €).

As at June 11, 2007, two typical silent partnerships between Karstadt-Quelle Mitarbeitertrust e. V. (merged with II. KarstadtQuelle Pension Trust e.V on October 12, 2007) and II. KarstadtQuelle Mitarbeitertrust e.V. on the one hand and Primondo Specialty Group GmbH on the other were agreed. As of March 31, 2008, there were silent partnerships totaling 441 mill. €. Further typical dormant participations in real estate companies of 38 mill. € are included in the payables.

Liabilities include mortgage bonds passed on from VALOVIS Bank AG in the amount of 80 mill. € (September 30, 2007: 13 mill. €).

In January 2008, an Arcandor AG employee in the sense of IAS 24.9(d) acquired a 50% stake in Pension Trust Management GmbH. The acquisition is related to restructuring the management of the contractual trust arrangements and was performed on an arm's length basis.

There were no further material changes as against the reporting date of September 30, 2007.

Important events after the balance sheet date

On April 7, 2008, Thomas Cook Group plc acquired Elegant Resorts Limited, the British luxury travel operator. The acquisition was financed from liquid funds and targets expanding independent travel business. Elegant Resorts Limited is the market leader in the area of luxury travel, also in Great Britain.

At the Arcandor AG Annual General Meeting on April 23, 2008, resolutions were made on the composition of the Supervisory Board and the Management Board. Furthermore, the Management Board was granted an authorization to acquire and deploy own shares.

The Annual General Meeting elected the following persons to the Arcandor AG Supervisory Board for the period to the end of the Annual General Meeting which resolves on the discharge for the fourth financial year after the commencement of the period of office: Hero Brahms (Chairman), Wiesbaden, Udo Behrenwaldt, Hofheim, Leo Herl, Fürth-Dambach, Ulrich Hocker, Düsseldorf, Prof. Dr. h. c. Karlheinz Hornung, Munich, Dr. Hans Reischl, Cologne, Juergen Schreiber, Toronto, Canada, Michael Stammler, Bad Homburg, Dr. Klaus Zumwinkel, Cologne, and Prof. Dr. Utho Creusen, Ingolstadt. Dr. Helmut Merkel, Niedernhausen and Walther Schmidt-Lademann, Munich, were elected as substitute members.

With the end of the Annual General Meeting on April 23, 2008, the period of office commenced for the 10 members of the Supervisory Board elected by the employees on January 11, 2008. These are Andrea Beslmeisl, Roth, Peter Erb, Arnsberg, Rüdiger Metz, Nackenheim, Margret Mönig-Raane, Berlin, Hellmut Patzelt (Vice Chairman), Fulda, Wilfried Reinhard, Oberursel, Christa Schubert, Herten, Ernst Sindel, Nuremburg, Walter Strasheim-Weitz, Butzbach, and Gertrud Tippel-Kluth, Berlin.

The Annual General Meeting authorized the Management Board up to October 22, 2009 to acquire own shares with a proportionate amount of the share capital of up to ten percent or, if less, the amount of the current authorization of the share capital at the time of exercise for any permitted purpose. The acquisition may take place via the stock exchange, on the basis of a public purchase offer to all shareholders or on the basis of a public invitation to all shareholders to make a sell offer.

The Management Board was also authorized to deploy the own shares acquired on the basis of the above authorization, in some cases with the approval of the Supervisory Board, for various purposes. This relates particularly to the sale of shares, the acquisition of companies and servicing warrant and/or convertible bonds. On this item of the agenda, the Management Board provided a written report on the exclusion of subscription rights.

At its meeting on April 23, 2008, the Supervisory Board appointed Manny Fontenla-Novoa, Chief Executive Officer of Thomas Cook Group plc, as a new member of the Arcandor AG Management Board. Marc Sommer was appointed as Vice Chairman of the Management Board.

ARCANDOR Aktiengesellschaft
Essen, May 14, 2008

Dr. Thomas Middelhoff
(Chairman)

Marc Sommer
(Vice Chairman)

Dr. Matthias Bellmann

Dr. Peter Diesch

Manny Fontenla-Novoa

Prof. Dr. Helmut Merkel

Peter Michael Wolf

REVIEW REPORT

To **ARCANDOR Aktiengesellschaft,** Essen

We have reviewed the condensed consolidated interim financial statements, comprising the consolidated income statement, the consolidated balance sheet, the statement of changes in equity, the consolidated cash flow statement as well as selected explanatory notes to the condensed consolidated interim financial statements, and the consolidated interim management report of ARCANDOR Aktiengesellschaft, Essen, for the period from 1 October 2007 until 31 March 2008, which are components of the interim financial report according to § 37w of the German Securities Trading Act (WpHG). The preparation of the condensed consolidated interim financial statements in accordance with IFRSs for interim financial reporting as adopted by the EU and the consolidated interim management report in accordance with the requirements of the German Securities Trading Act (WpHG) applicable for consolidated interim management reports are the responsibility if the Company's management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and the consolidated interim management report based on our review.

We performed the review of the condensed consolidated interim financial statements and the consolidated interim management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and under additional consideration of the International Standards on Review Engagements (ISRE). Those standards require that we plan and conduct the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with IFRSs for interim financial reporting as adopted by the EU and the consolidated interim management report in accordance with the requirements of the German Securities Trading Act (WpHG) applicable for consolidated interim management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with or engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared in material respects in accordance with IFRSs for interim financial reporting as adopted by the EU nor that the consolidated interim management report has not been prepared in material respects in accordance with the requirements of the German Securities Trading Act (WpHG) applicable for consolidated interim management reports.

Düsseldorf, May 14, 2008

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

signed	signed
Dyckerhoff	Rauscher
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Certified Auditor)	(German Certified Auditor)

RESPONSIBILITY STATEMENT

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

ARCANDOR Aktiengesellschaft
Essen, May 14, 2008

Dr. Thomas Middelhoff
(Chairman)

Marc Sommer
(Vice Chairman)

Dr. Matthias Bellmann

Dr. Peter Diesch

Manny Fontenla-Novoa

Prof. Dr. Helmut Merkel

Peter Michael Wolf

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Important Investor Relations dates

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Future-focused statements
Also to be found in this annual report are future-focused statements based on estimates by the Arcandor management. Such statements reflect Arcandor's view with regard to future events at the time at which they were undertaken and are subject to risks and uncertainties. Many factors may cause the actual results to deviate not inconsiderably from the estimates given here. Such factors include – besides other changes in general economic and business conditions – changes in exchange rates, prices of fuel and interest levels or changes in corporate strategy. Arcandor rejects any intention or obligation to update these statements about the future made at a specific point in time.