

Praktiker

Interim report

The first half 2007

H1/07

Key data

in € m	Q2 2007	Q2 2006	Change	H1 2007	H1 2006	Change
Net sales	1,127.5	888.3	26.9 %	2,004.9	1,606.0	24.8 %
Germany	838.6	655.2	28.0 %	1,509.5	1,215.3	24.2 %
International	288.9	233.1	24.0 %	495.4	390.6	26.8 %
EBITA	69.0	62.4	10.7 %	49.1	46.4	5.7 %
Germany	43.5	45.8	-5.0 %	23.4	34.3	-31.7 %
International	25.6	16.6	54.3 %	25.7	12.2	111.1 %
Capital expenditure	43.0	5.9	37.1	64.5	11.0	53.5
Net profit for the period	51.4	45.6	12.7 %	33.3	34.6	-3.7 %
Earnings per share in €	0.88	0.78	12.8 %	0.56	0.59	-5.1 %
Net cash / net debt (-) (as of 06/30)				-109.6	168.0	-277.6

Operative data	Jun. 30, 2007	Jun. 30, 2006	Change
Number of stores Germany	343	270	73
Number of stores International	75	65	10
Greece	8	7	1
Luxembourg	3	3	0
Poland	18	17	1
Hungary	15	15	0
Turkey	8	8	0
Romania	17	11	6
Bulgaria	6	4	2
Number of stores Praktiker Group	418	335	83
Selling space in sq m 1,000	2,648	1,993	32.9 %
Germany	2,120	1,527	38.8 %
International	528	466	13.3 %
Employees, average on a full-time basis	22,060	17,259	27.8 %
Germany	13,749	10,569	30.1 %
International	8,311	6,690	24.2 %

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The first half 2007 – Summary

Praktiker succeeded in further increasing sales and earnings during the first six months of the current financial year. Consolidated sales soared 24.8 percent and for the first time exceeded the two billion euro mark. Growth impulses resulted in particular from the international business, which reported similarly strong growth rates for the second quarter as in the first three months. On account of the acquisition of Max Bahr, which took economic effect beginning of February, sales in Germany experienced a strong rise too. At the end of the first half, the Praktiker Group reported EBITA in the amount of 49.1 million euros, which corresponds to a plus of 2.7 million euros or 5.7 percent over the same period last year. In the first quarter, EBITA had still lagged behind the prior-year value. These figures already include numerous one-off effects that add up to a low double digit million amount – such as the conversion of the German Praktiker stores to the Easy-to-Shop concept, the impact of the value added tax increase, which could so far not be fully passed on to the customers, and the one-time expenses for the integration of Max Bahr.

For the second half of the year the management anticipates a further improvement of sales and earnings. Although the slump in consumer spending triggered by the value added tax increase in Germany at the beginning of the year, has not yet disappeared. The integration of Max Bahr is progressing rapidly, the major part of the integration expenses has already been considered in the figures for the first half. The anticipated synergy effects are gradually materializing at the targeted level. The Praktiker Group is now benefiting from economies of scale that have become accessible through the acquisition. Moreover, the first positive effects from the stores that have already been converted to the Easy-to-Shop concept should start to be felt in the second half of the year.

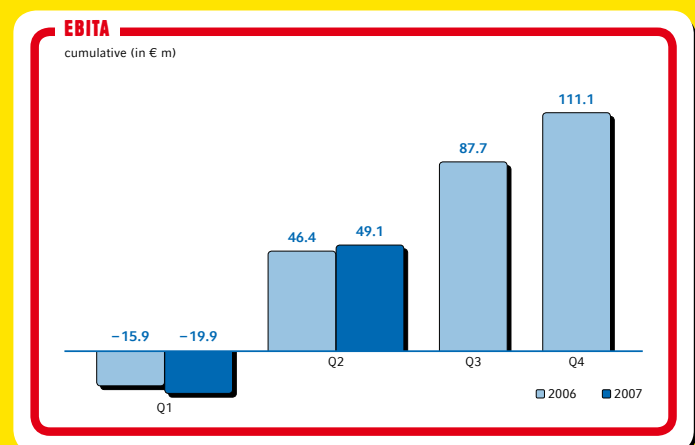
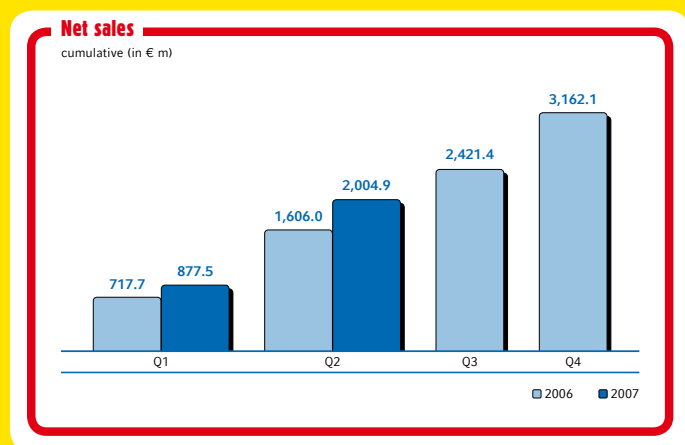
International business, the main growth driver of the Praktiker Group, will also continue to develop dynamically during the remaining six months of the year, in particular with a view to the fact that the largest part of the new stores are scheduled to open in the second half. This will translate into an additional increase in sales although earnings will not benefit in the same proportion due to the usual start-up losses.

The management reiterates its earlier forecast that sales will stand at around four billion euros at the end of the current financial year. Since most of the one-off expenses have already been absorbed during the first six months of the year, the management is raising its past earnings forecast of at least 115 million euros to around 125 million euros.

Like before, this forecast does not take account of the fact that the divestment of four stores required by the German Cartel Office may result in one-time effects weighing on earnings, which might amount to a low double-digit million euros figure.

After the close of the second quarter, Praktiker has sold its stake in the property company holding the Max Bahr stores. The resulting profit of a mid single-digit million euros amount will be entered into the financial result.

In the second half of 2007 a one-time non-cash effect in the magnitude of 40 to 50 million euros will burden the tax accounts. It will result from the reform of corporate tax which is to become effective in Germany at the beginning of 2008. After taking account of this one-off item, the company tax rate is still expected to be around 25 percent.



Business-specific and general economic settings

General economic setting

The general economic setting in those countries where Praktiker is active is mostly positive. According to the data available, the domestic product and consumption are growing at rates in the low to medium single digit range in the international markets. In particular in Eastern Europe, the growth forecasts for the year 2007 are on a high level.

In Germany, private consumption declined during the first quarter despite a sustained positive consumer sentiment. The value added tax increase had a stronger effect than anticipated. It is not clear, yet, whether the trend has reversed in the second quarter. The latest data available in the German retail sector date back to May and indicate that sales were receding. In the opinion of most economic experts, however, consumption is to pick up in the second half because employment is rising, unemployment is falling and the disposable income of households is up again for the first time in many years.

According to the association for the German DIY industry, BHB, the DIY sector in Germany recorded a plus in gross sales of 8 percent during the first three months of the year. One of the main reasons for this above-average trend was the mild winter 2007. This trend should have slowed down appreciably during the second quarter, be it only in comparison with the weather-related, strong prior-year figures. The BHB forecasts a slightly positive development of sales for the full year 2007.

In the German DIY sector, the trend towards further consolidation persists. It has been made public that the Rewe subsidiary "toom Baumärkte" is to take over 133 stores from the Edeka subsidiary "Marktkauf". However, this transaction still requires clearance from the German antitrust authorities. When the transaction is approved, the resulting business will be the new number three in the German DIY sector in terms of sales. The consolidation pressure weighing on many smaller companies operating in the German market has thus been increased further. In mid July GLOBUS Fachmärkte GmbH & Co. KG announced the plan to takeover the 32 Hela-DIY stores belonging to the Distributa retail group. Together their DIY-business would amount for annual gross sales of roughly 1.3 billion euros. This transaction also still requires approval by the German antitrust authorities.

Report on the income, financial and asset position

Income position

Net sales

During the first six months of 2007 the Praktiker Group stepped up sales by 24.8 percent to 2,004.9 million euros.

This strong increase is mainly attributable to two effects: the acquisition of Max Bahr, which took effect on 1 February, and the strong growth generated by the international operations.

Since its consolidation in February, the newly acquired brand Max Bahr contributed 346.7 million euros to Praktiker's consolidated net sales. Sales of the Praktiker brand (excluding Max Bahr) rose to 1,658.2 million euros during the first half of fiscal 2007. This equates to a 3.3 percent rise. Like-for-like, Praktiker's sales in the first six months of the current financial year increased by 1.6 percent.

Owing to the acquisition of Max Bahr the number of stores operated by the Praktiker Group was distinctly higher than in the previous year. At the end of the second quarter 2007, the portfolio included 418 stores against 335 one year earlier.

During the second quarter 2007 the Praktiker Group generated sales of 1,127.5 million euro. This is 239.2 million euros or 26.9 percent more than in the same period in 2006.

Gross profit

The increase in net sales clearly reflects in gross profits. During the first six months of 2007, gross profits reached 622.0 million euros (plus 30.3 percent). The gross profit margin was raised to 31.0 percent, which is 1.3 percentage points up from the same period one year earlier (29.7 percent).

A material contribution to this improvement originated from the new brand Max Bahr which traditionally generates a higher gross profit margin. As a result of the first synergy effects from the acquisition, the Praktiker brand, too, was able to raise its gross profit margin. The economies of scale achieved as a result of the acquisition of Max Bahr are thus already paying off.

On the other side the gross profit margin was negatively affected by the fact that the VAT increase could not be passed on to the customer completely. Write downs on inventories, necessary in the context of store conversions to the Easy-to-Shop concept also had a depressing effect.

Just like in the first three months of the year, gross profit continued to increase during the second quarter reaching 372.1 million euros, which was 89.2 million euros or 31.5 percent up from the same period one year earlier. The gross profit margin thus rose by 1.2 percentage points to 33.0 percent.

Other operating income

The other operating income, which mainly includes income from advertising services and central A/P clearing for sales divisions, reached in the 13.6 million euros (up 5.6 percent) in the second quarter and for the first half 28.4 million euros (up 6.2 percent).

Selling expenses

Selling expenses in the first half increased by 30.6 percent to a total of 561.5 million euros. (Second quarter: plus 36.4 percent to 298.2 million euros). This increase is mainly attributable to the acquisition of Max Bahr, the conversion of further Praktiker stores to the Easy-to-Shop concept and the accelerated international expansion. Accordingly, personnel expenses, amortization and advertising expenses rose over-proportionally.

General administrative expenses

Compared to the corresponding period of the previous year, the general administrative expenses during the first half rose by 46.6 percent to 39.4 million euros. This increase is also attributable to one-time integration expenses associated with the acquisition of Max Bahr, accounting for 5.5 million euros in the first quarter, but only for a minor amount in the second quarter. The general administrative expenses rose by 27.1 percent to 18.3 million euros during the second quarter.

Operating earnings (EBITA)

At the close of the first half, Praktiker reported operating earnings (EBITA = earnings before interest, income tax and goodwill amortization) in the amount of 49.1 million euros. This is 2.7 million euros or 5.7 percent up from the first half 2006. The increase in operating earnings in the second quarter was strong enough to more than compensate for the operating loss incurred in the first quarter as a result of numerous one-off effects.

Factors that had already negatively affected the first quarter re-appeared also during the second quarter. Again, expenses in the mid single-digit million range were incurred for the conversion of Praktiker stores to the Easy-to-Shop concept. The value added tax increase could still not be fully passed on to customers and the integration of Max Bahr implicated further expenses, although significantly lower than in the previous quarter.

Overall, EBITA generated in Germany during the first six months of the current financial year were affected by one-off effects that totaled a double-digit million euros amount.

Operating earnings were raised distinctly during the second quarter 2007 and reported at 69.0 million euros. This equates to a year-on-year increase of 6.6 million euros or 10.7 percent.

Changes in the exchange rates did not play any material role during the first half of fiscal 2007. The average exchange rates for the Hungarian Forint, the Polish Złoty and the Romanian Lei rose slightly as compared to the first half of 2006 while the Turkish Lira depreciated slightly. Overall, Praktiker was able to benefit from the change in exchange rates. If exchange rates had stayed unchanged, EBITA for the second quarter – and also for the first half of 2007 – would have been 0.5 million euros lower.

Q2 Income statement

in € m (04/01–06/30)

	Q2 2007	Q2 2006	Change
Net sales	1,127.5	888.3	26.9 %
Gross profit on sales	372.1	282.9	31.5 %
Gross margin on sales in %	33.0	31.8	1.2 PP
Other operating income	13.6	12.9	5.6 %
Selling expenses	298.2	218.7	36.4 %
General administrative expenses	18.3	14.3	27.1 %
Other operating expenses	0.2	0.4	-62.0 %
EBITA	69.0	62.4	10.7 %
Net financial income	-0.5	-2.0	1.5
Earnings before taxes (EBT)	68.5	60.4	13.5 %
Net income	51.4	45.6	12.7 %

H1 Income statement

in € m (01/01–06/30)

	H1 2007	H1 2006	Change
Net sales	2,004.9	1,606.0	24.8 %
Gross profit on sales	622.0	477.2	30.3 %
Gross margin on sales in %	31.0	29.7	1.3 PP
Other operating income	28.4	26.8	6.2 %
Selling expenses	561.5	429.9	30.6 %
General administrative expenses	39.4	26.9	46.6 %
Other operating expenses	0.4	0.8	-49.7 %
EBITA	49.1	46.4	5.7 %
Net financial income	-4.7	-0.6	-4.1
Earnings before taxes (EBT)	44.4	45.8	-3.1 %
Net income	33.3	34.6	-3.7 %

Net financial income

The net financial income for the first half of 2007 is reported at minus 4.7 million euros (previous year: minus 0.6 million euros). The change as compared with the previous year reflects the rising interest liabilities from the convertible bond issue and the increasing number of finance leases. It was positively affected by the fact that the interest rates of long-term interest-bearing liabilities were fixed while the liquid fund normally are invested short-term and therefore benefit from the general interest rate hike. It must be borne in mind though that the addition of accrued interest of the external capital component of the convertible bond issue in the amount of 1.8 million euros are non-cash interest expenses. Moreover, the net financial income includes currency gains in the amount of 7.1 million euros (previous year: 2.4 million euros).

Net profit for the period

The net profit for the first half 2007 came in at 33.3 million euros (previous year: 34.6 million euros), net profit for the second quarter stood at 51.4 million euros (previous year: 45.6 million euros).

Earnings per share

Earnings per share (undiluted) in the first half are reported at 0.56 euro (previous year: 0.59 euro) and in the second quarter at 0.88 euro (previous year: 0.78 euro).

Financial position

Net cash position / net debt position

Liquid funds as of 30 June 2007 amounted to 269.5 million euros while financial liabilities totaled 379.1 million euros, resulting in a net debt position of 109.6 million euros. The increase of net debt as compared to the end of the first quarter (81.1 million euros) is due to increased capital expenditures and dividends being paid out in the meantime.

Net working capital

The net working capital at the close of the period under review stood at 349.9 million euros. Year-on-year comparison is distorted

by the acquisition of Max Bahr. The improvement was mainly achieved due to the strong increase in trade payables.

Cashflow

The increase in cashflow from operations by 125.4 million euros to 127.1 million euros is mainly attributable to a rise in trade liabilities. Owing to the accelerated international expansion and the acquisition of Max Bahr during the period under review, the cashflow from capital expenditure dropped over-proportionally by 282.2 million euros to -290.6 million euros. Compared with the same period one year earlier, the cashflow from financing activities remained almost unchanged.

Financial management

In April Praktiker re-negotiated the existing credit line with an international banking consortium, extended it and agreed on improved conditions. The credit line has a volume of 200 million euros, a duration of five years and can be extended for one year two times. It replaced the existing credit line of 165 million euros. The new credit line serves as an additional financial reserve and increases the financial scope of the Praktiker Group.

Asset position

Balance sheet

As a consequence of the acquisition of Max Bahr, the balance sheet of the Praktiker Group changed distinctly in terms of both length and structure. On account of the first-time consolidation of Max Bahr the balance sheet total rose to 2,264 million euros. This initial consolidation had an impact on practically all balance sheet items. On the assets side, inventories and non-current assets were most markedly affected while on the equity and liabilities side the most significant changes related to the items financial liabilities and trade payables. At the close of the past financial year, total assets had amounted to 1,889 million euros.

H1 Cashflow statement

in € m (01/01-06/30)

	H1 2007	H1 2006	Change
Earnings before taxes (EBT)	44.4	45.8	-1.4
Cashflow from operating activities	127.1	1.7	125.4
Cashflow from investing activities	-290.6	-8.4	-282.2
Cashflow from financing activities	-34.2	-30.3	-3.9
Cash and cash equivalents at 06/30	269.5	309.2	-39.7

H1 Balance sheet

in € m

	06/30/2007	12/31/2006	Change
Equity	962.8	945.5	1.8 %
Total assets	2,264.4	1,888.9	19.9 %
Net cash / net debt (-)	-109.6	172.5	-282.1
Net working capital	349.9	336.0	4.1 %

Equity

Owing to the profits made, equity at the end of the second quarter rose to 962.8 million euros and was thus higher than the figure reported at the close of 2006.

Equity ratio

The equity ratio reported at the end of the first half 2007 stood at 42.5 percent. At the close of the last financial year, i.e. without Max Bahr, it had amounted to 50.1 percent. At the end of the first quarter 2007, i.e. after the consolidation of Max Bahr, the equity ratio had been reported at 41.3 percent.

Key events

Praktiker decided to introduce a standard checkout system for the whole group and therefore also in all countries where the company is active. The first store is to be equipped with the new touchscreen checkout systems in 2008. The rollout will probably take two to three years. Praktiker will then have one of the most innovative checkout systems available. The new system will make the checkout process easier and faster, facilitate the processing of the data collected and in addition also allow for a central control of specific input. A low, double-digit million amount will be earmarked for this investment into a new checkout system over the complete rollout period.

creased by 3.0 percent during the first six months of the current financial year. Adjusted for the fact that the VAT increase could not be passed over to the customer completely like-for-like sales decreased by 0.7 percent only.

In the second quarter of 2007, Praktiker generated sales in Germany totaling 838.6 million euros – that is 183.4 million euros or 28.0 percent more than during the same period one year earlier. This increase is exclusively attributable to the Max Bahr brand, which has been included in the consolidated financial statements since February. Sales of the Praktiker brand receded 6.7 percent while like-for-like sales declined by 5.8 percent.

The reasons for this decline were manifold. Among others, it was attributable to the reduced store portfolio (from 270 to 267 stores) and to the loss in sales experienced during the conversion of 33 stores to the Easy-to-Shop concept. Moreover, the assortments offered in the Praktiker stores were streamlined with a stronger focus on traditional DIY core products. The share of articles that do not belong to the core assortment and are mostly sold as special offers in order to create a special incentive to buy was strongly reduced. In this context, Praktiker had offered TVs and Flat Screens in the run-up to the FIFA World Cup 2006, for example. As a result, a loss in sales in the lower double-digit million range was registered during the first half of 2007.

Comparison of the year-on-year figures is further complicated by the weather-related shift in demand experienced in 2006, which caused a strong decline in sales during the first quarter (like-for-like: -3.8 percent) but resulted in a strong rise in sales during the second quarter (like-for-like +8.1 percent).

Even if the corresponding figures for the second quarter are not yet available, it appears that retail in general has been difficult. According to the Federal Statistical Office, retail sales in April and May were receding in real terms.

Segment report Germany

Net sales

For the first half 2007, the Praktiker Group's operations in Germany reported sales of 1,509.5 million euros, which equates to a 24.2 percent plus on the previous year. Like-for-like – this information exclusively refers to the Praktiker brand – sales de-

Q2 Key data Germany

in € m (04/01 – 06/30)

	Q2 2007	Q2 2006	Change
Net sales	838.6	655.2	28.0 %
like-for-like sales growth in %	-5.8	8.1	—
EBITA	43.5	45.8	-5.0 %
in % on sales	5.2	7.0	—
Capital expenditure	9.9	2.7	7.2

H1 Key data Germany

in € m (01/01 – 06/30)

	H1 2007	H1 2006	Change
Net sales	1,509.5	1,215.3	24.2 %
like-for-like sales growth in %	-3.0	2.3	—
EBITA	23.4	34.3	-31.7 %
in % on sales	1.5	2.8	—
Capital expenditure	25.3	4.9	20.4
Number of stores (06/30)	343	270	73
Selling space in sq m 1,000 (06/30)	2,120	1,527	38.8 %
Employees, average on a full-time basis (01/01 – 06/30)	13,749	10,569	30.1 %

Store portfolio

At the end of the second quarter a total of 39 stores of the Praktiker brand had been converted to the Easy-to-Shop concept. The first experience was positive: the customers quickly appreciate the benefits of the concept. After the marketing phase, sales in the converted stores developed better than in the rest of the Praktiker portfolio. However, as expected, the loss in sales volume incurred during the roughly six-week conversion period was higher than that reported from the pilot stores.

On 26 March, Max Bahr opened its latest store in Hamburg-Stellingen. It will set the benchmark in terms of floor space, assortment and ecological orientation. In total, Max Bahr complemented its store portfolio with five new locations during the first six months of the current financial year – of which four opened during the first quarter - while at the same time a total of six smaller Max Bahr outlets were closed during the first half of 2007.

At the close of the second quarter, the Praktiker Group operated a total of 343 stores in Germany (previous year: 270 stores), of which 267 under the Praktiker brand and 76 under the Max Bahr brand.

Operating earnings (EBITA)

The Praktiker Group operations in Germany generated EBITA of 23.4 million euros during the first half of 2007. This is 10.9 million euros less than in the first half 2006. However, this year-on-year comparison is distorted by one-time expenses amounting to a low double-digit million figure that had a negative impact on the EBITA of the current financial year. In the second quarter, for which the segment reported EBITA of 43.5 million euros (previous year: 45.8 million euros), such factors had to be absorbed again.

In this context, a single-digit million amount was again spent on the conversion of further stores to the Easy-to-Shop concept. The VAT increase could not be passed over completely, yet, and the integration of Max Bahr implicated further expenses, although significantly lower ones. The resulting negative impact of a low single-digit million euros amount was well below the first quarter.

Capital expenditure

During the first half of 2007, a total of 25.3 million euros were invested in Germany (previous year: 4.9 million euros). Investments related to concept conversions, modernization and replacement investments at the Praktiker brand and the Max Bahr brand, and to the opening of five new Max Bahr stores.

Key events

The integration of Max Bahr progresses according to plan. The social plan, signed in mid-April, containing the cutback of a total of 120 jobs at the head office of Max Bahr in Hamburg is almost completely implemented. The new organisational unit "Central Purchasing" was relocated to the Praktiker head office in Kirkel. Central functions such as finance and accounting have equally been merged. In total, more than one third of the individual projects had already been completed at the end of the second quarter. In addition, Max Bahr terminated the former purchasing cooperation DIYCO, which it operated in cooperation with Hellweg Die Profi-Baumärkte GmbH & Co KG. The common purchasing activities have in the meantime been discontinued.

For clearing the acquisition of Max Bahr, the German Cartel Office required the divestment of four stores in the regions of Lüneburg, Rostock, Schwerin and Cottbus. On 4 July the Praktiker store in Adendorf (Lüneburg) was divested. Negotiations on the divestment at the remaining stores are still ongoing.

International – the countries

First half 2007	Net sales in € m	change in %		Number of stores	market position
			currency adjusted		
Luxembourg	20.2	2.1	2.1	3	# 1
Greece	128.3	9.9	9.9	8	# 1
Poland	93.4	38.5	36.9	18	# 4
Hungary	72.5	8.3	4.1	15	# 2
Turkey	44.3	-0.9	5.4	8	# 1
Romania	108.4	81.8	71.1	17	# 1
Bulgaria	28.4	82.9	82.9	6	# 2

Segment report International

Net sales

For the first half of 2007, the international operations of the Praktiker Group reported sales of 495.4 million euros, which is 104.8 million euros or 26.8 percent more than in 2006.

The sales momentum that characterized this segment already during the first quarter also persisted throughout the second quarter with sales growing 24.0 percent. Like-for-like, second quarter sales rose 12.6 percent. The increase is thus attributable to the extension of the selling space as well as to improved sales density at the existing stores.

In local currency, all countries contributed to the sales increase during the first half of 2007. The highest growth rates were again reported from the high-growth countries Romania and Bulgaria. But also Poland achieved above-average sales growth.

Store portfolio

In the second quarter, one new store was opened in Romania. After the first six months of the current financial year the international portfolio comprised a total of 75 stores, 10 more than on the same date one year earlier.

Operating earnings (EBITA)

International operating earnings reached 25.6 million euros during the second quarter. This corresponds to a year-on-year rise of 9.0 million euros or 54.3 percent. All countries where Praktiker is operating contributed positively to second quarter earnings.

The international operations of Praktiker reported EBITA of 25.7 million euros for the first half of 2007. This is the best result ever achieved abroad. Compared with the prior-year period, this corresponds to an increase of 13.5 million euros or a doubling of earnings.

Capital expenditure

During the first half of 2007, a total of 39.2 million euros were invested abroad (previous year: 6.1 million euros).

Key events

Praktiker will open up the Ukraine as a new market in the further course of the year. The corresponding national organization has been founded and staffed. The necessary preparations are on schedule. Opening of the first store is planned for the fourth quarter.

Plans to enter the Russian market, by contrast, have been suspended. Although the findings of a feasibility study showed great potential in Russia, they also revealed the high risks involved in such a market entry. Praktiker will therefore pursue other options for the time being.

One of these options is the company's market entry into Albania. Praktiker plans to open its first store in this so far untitled south-east European market in 2008, with more stores to follow at a later date.

In Hungary, Praktiker introduced a special service that could become a role model for Eastern Europe: Customers can place their orders via Internet, the goods will then be held ready for collection at the store. First experiences show that the customers embrace this innovative idea. They save time and can be sure that the merchandise ordered is supplied on schedule.

In Bulgaria, a Praktiker DIY TV show was launched. Together with two renowned suppliers, Praktiker Bulgaria is familiarizing its customers with DIY topics on this Sunday show.

Q2 Key data International

in € m (04/01 - 06/30)

	Q2 2007	Q2 2006	Change
Net sales	288.9	233.1	24.0 %
like-for-like sales growth in %	12.6	4.5	—
EBITA	25.6	16.6	54.3 %
in % on sales	8.8	7.1	—
Capital expenditure	33.1	3.2	29.9

H1 Key data International

in € m (01/01 - 06/30)

	H1 2007	H1 2006	Change
Net sales	495.4	390.6	26.8 %
like-for-like sales growth in %	15.3	5.5	—
EBITA	25.7	12.2	111.1 %
in % on sales	5.2	3.1	—
Capital expenditure	39.2	6.1	33.1
Number of stores (06/30)	75	65	10
Selling space in sq m 1,000 (06/30)	528	466	13.3 %
Employees, average on a full-time basis (01/01 - 06/30)	8,311	6,690	24.2 %

On 6 July, the Praktiker store in Thessaloniki (Greece) burnt down. It is as yet uncertain when it can be reopened. Praktiker did not incur any financial losses as a consequence of the fire as adequate insurances for inventories, shop fittings and business interruption had been contracted. In the second half of 2007 about 25 million euros in sales will probably be lost due to the outage of the store.

and "Hela" by "Globus Baumärkte" represent further steps in the direction of creating larger units. Size in turn is a good precondition for higher efficiency, which will further raise the pressure for consolidation on smaller market participants. This in turn will increase the opportunities for higher earnings in the future. Praktiker only stands to benefit from further consolidation moves in the German market – regardless of who is involved.

Opportunity and risk report

Risks

In its Annual Report 2006, Praktiker gave an extensive account of the various risks the group is facing, including details about which measures have been implemented to reduce these risks.

Over and beyond this catalogue, first indications have been received in the meantime as to how the divestment of four stores required by the Federal Cartel Office could impact earnings. The first of these stores was sold shortly after the end of the reporting period – with concessions for the long-term rental contract that is still running. The final impact on earnings depends on the outcome of the negotiations for the other stores which are still ongoing. In total, earnings may be impacted by an amount in the lower double-digit million range.

Uncertainty remains as to whether and how the corporate tax reform passed by the German parliament will reflect in the company's accounts. Although the reform will only become effective in 2008 at the earliest, which means that Praktiker will not benefit from lower tax rates in 2007, the new legislation will cause deferred taxes to decline in 2007. This will result in a valuation allowance of deferred tax credits and a corresponding one-off increase in the tax burden that could reach 40 to 50 million euros from today's point of view. However, this rise in the tax ratio will not be cash relevant and thus not affect the cashflow.

Opportunities

The assessment of opportunities, too, has changed slightly. As already mentioned in the Annual Report, Praktiker expects competitive pressure to ease slightly in Germany in the medium term. The market consolidation, which Praktiker itself triggered with the acquisition of Max Bahr, has continued in the meantime. The announced takeovers of "Marktkauf" by "toom Baumarkt"

Report on subsequent events

On 4 July, the Praktiker store in Adendorf (Lüneburg) was divested. With this move, Praktiker fulfilled one part of the conditions imposed by the German Cartel Office, which required the divestment of four stores in the cities of Lüneburg, Rostock, Schwerin and Cottbus for clearing the takeover of Max Bahr.

On 6 July, the Praktiker store in Thessaloniki (Greece) burnt down. It is as yet uncertain when it can be reopened. Praktiker did not incur any financial losses as a consequence of the fire as adequate insurances for inventories, shop fittings and business interruption had been contracted. In the second half of 2007 about 25 million euros in sales will probably be lost due to the outage of the store.

On 11 July, Praktiker divested its round about 20 percent stake in the real estate company Moor Park MB oHG & Co MBRE KG, who is the lease partner for the Max Bahr real estate. Praktiker had acquired the stake in the framework of the takeover of the operating business of Max Bahr. The divestment of its stake in the real estate company will yield earnings in a mid single digit million amount. The proceeds from this transaction will be considered in the financial results and thus not affect operating earnings.

Outlook

The management anticipates a further improvement of sales and earnings for the second half of 2007. Although the restraint in consumer spending triggered by the value added tax increase in Germany has not yet disappeared, there are many indications of an improvement in the second half. In addition, the latest price trends also suggest that the VAT increase is gradually, making its way into retail prices although it is not certain whether or not it can be fully passed on to the customers.

The integration of Max Bahr is progressing rapidly. The major part of the one-off integration expenses has already been considered in the first half of 2007. In addition to the contribution to operating earnings, synergies in the amount of around 20 million euros can be realized during the current financial year.

Conversion of the Praktiker stores into the new Easy-to-Shop concept started in 2007. For the first six months of the year this equated to expenses weighing on earnings in a low double-digit million amount incurred in the form of conversion costs and loss of sales volume.

The most important growth driver, international business, has shown a very dynamic development during the first six months of the year. This trend is also expected to continue in the second half of 2007. The absolute growth rate should rise even further because the majority of the 15 to 20 planned new stores are set to open in the second half of the year. However, this growth in sales will not translate into a proportional growth in earnings because new store openings involve certain run-up costs and additional start-up losses during the first months after the opening.

Hence, the prospects for the second half of the year are positive throughout. The management therefore reiterates its expectations already voiced earlier that consolidated sales will reach around four billion euros at the end of the current financial year. Since most of the one-off expenses have already been absorbed during the first half of 2007 the forecast for the operating earnings for the year are raised from the former "at least 115 million euros" to around 125 million euros.

Like before, this forecast does not take account of the fact that the divestment of four stores required by the German Cartel Office may result in one-time effects weighing on earnings, which might amount to a low double-digit million euros figure.

After the close of the second quarter, Praktiker sold its stake in the property company holding the Max Bahr stores. The resulting profit of a mid single-digit million euros amount will be entered into the financial result.

In the second half of 2007 a one-time non-cash effect in the magnitude of 40 to 50 million euros will burden the tax accounts. It will result from the reform of corporate tax which is to become effective in Germany at the beginning of 2008. After taking account of this one-off item, the company tax rate is still expected to be around 25 percent.

Since the capital expenditures were realised according to plan, the total volume for capital expenditure of 150 million euros forecasted for 2007 stays unchanged.

Income statement for the fiscal year from 1 April to 30 June 2007

in € thousand	Apr. 01 – Jun. 30, 2007	Apr. 01 – Jun. 30, 2006
Net sales	1,127,470	888,320
Cost of sales	-755,370	-605,403
Gross profit on sales	372,100	282,917
Other operating income	13,606	12,889
Selling expenses	-298,235	-218,658
General administrative expenses	-18,257	-14,360
Other operating expenses	-163	-429
Earnings before interest, taxes and amortization (EBITA)	69,051	62,359
Net interest result	-5,383	-1,370
Other financial result	4,884	-581
Net financial income	-499	-1,951
Earnings before taxes	68,552	60,408
Income taxes	-17,138	-14,800
Net income	51,414	45,608
of which attributable to minorities	643	399
of which attributable to group shareholders	50,771	45,209

Earnings per share (€)	Apr. 01 – Jun. 30, 2007	Apr. 01 – Jun. 30, 2006
from continuing operations – undiluted	0.88	0.78
from continuing operations – diluted	0.85	0.78

Income statement for the fiscal year from 1 January to 30 June 2007

in € thousand	Jan. 01 – Jun. 30, 2007	Jan. 01 – Jun. 30, 2006
Net sales	2,004,932	1,605,972
Cost of sales	-1,382,921	-1,128,778
Gross profit on sales	622,011	477,194
Other operating income	28,444	26,794
Selling expenses	-561,531	-429,895
General administrative expenses	-39,442	-26,898
Other operating expenses	-383	-762
Earnings before interest, taxes and amortization (EBITA)	49,099	46,433
Net interest result	-9,871	-3,308
Other financial result	5,194	2,718
Net financial income	-4,677	-590
Earnings before taxes	44,422	45,843
Income taxes	-11,106	-11,231
Net income	33,316	34,612
of which attributable to minorities	839	546
of which attributable to group shareholders	32,477	34,066

Earnings per share (€)	Jan. 01 – Jun. 30, 2007	Jan. 01 – Jun. 30, 2006
from continuing operations – undiluted	0.56	0.59
from continuing operations – diluted	0.55	0.59

Balance sheet as at June 30, 2007

Assets in € thousand	Jun. 30, 2007	Dec. 31, 2006
Non-current assets		
Goodwill	214,621	116,590
Other intangible assets	67,251	10,795
Tangible assets	409,839	273,792
Financial assets	179	322
Miscellaneous receivables and other non-current assets	8,709	10,921
Deferred tax assets	248,202	198,831
	948,801	611,251
Current assets		
Inventories	879,265	625,983
Trade receivables	22,846	16,372
Miscellaneous receivables and other current assets	141,239	168,746
Income tax receivables	1,626	345
Cash and cash equivalents	269,536	466,251
	1,314,512	1,277,697
Assets classified as held for sale	1,075	0
Total assets	2,264,388	1,888,948

Balance sheet as at June 30, 2007

Liabilities in € thousand	Jun. 30, 2007	Dec. 31, 2006
Equity		
Share capital	58,000	58,000
Additional paid-in capital	716,954	705,896
Balance sheet profit	186,602	180,225
	961,556	944,121
Minority interests	1,266	1,417
	962,822	945,538
Non-current liabilities		
Provisions for pensions and similar commitments	649	516
Other provisions	60,758	52,715
Payable from convertible bonds	132,271	130,433
Payable under finance leases	230,353	154,831
Other liabilities	8,014	9,148
Deferred tax liabilities	105,013	50,212
	537,058	397,855
Current liabilities		
Other provisions	49,129	27,266
Due to banks	1,939	50
Payable under finance leases	14,547	8,435
Trade payables	589,675	417,767
Prepayments received on orders	11,044	10,745
Other liabilities	77,050	70,858
Current income tax liabilities	20,295	10,434
	763,679	545,555
Liabilities held for sale	829	0
Total liabilities	2,264,388	1,888,948

Statement of changes in equity

in € thousand	Share capital	Capital reserves	Other revenue reserves	Balance sheet profit	Equity attributable to Praktiker Holding AG Shareholders	Minority interests	Total
Dec. 31, 2004	168,726	542,249	-119,728	39,054	630,301	1,401	631,702
Dec. 31, 2005	58,000	802,416	-114,138	123,174	869,452	1,504	870,956
Currency translation			-9,677		-9,677		-9,677
Loss on cash flow hedges recognised directly in equity			-433		-433		-433
Payment to shareholders				-26,100	-26,100		-26,100
Group net profit				34,066	34,066		34,066
Changes in minority interests						-514	-514
June 30, 2006	58,000	802,416	-124,248	131,140	867,308	990	868,298
Dec. 31, 2006	58,000	822,685	-116,789	180,225	944,121	1,417	945,538
Currency translation			4,217		4,217		4,217
Fair value's adjustment of available-for-sale financial assets			6,841		6,841		6,841
Payment to shareholders				-26,100	-26,100		-26,100
Payment to minority interests						-1,007	-1,007
Group net profit				32,477	32,477	839	33,316
Other changes in minority interests						17	17
June 30, 2007	58,000	822,685	-105,731	186,602	961,556	1,266	962,822

Cashflow statement

in € thousand	Jan. 01 – Jun. 30, 2007	Jan. 01 – Jun. 30, 2006
Earnings before taxes	44,422	45,843
Depreciation and amortization (+) / Reversal of impairment losses (-)	27,126	18,928
Increase (Decrease) in provisions	2,534	-10,184
Gain from the disposal of fixed and intangible assets	-175	-47
Increase in inventories	-75,155	-56,147
Increase in trade payables	107,640	14,574
Gain from foreign currencies	-5,194	-2,718
Other non-cash expenses and income	2,475	-17,293
Decrease (Increase) in other assets	32,761	-2,125
Decrease (Increase) in other liabilities	-14,540	9,271
Income taxes paid	-9,881	-5,758
Interest result	9,871	3,308
Interest received	5,223	4,008
Cash flow from operating activities	127,107	1,660
Proceeds from disposal of fixed and intangible assets	11,040	656
Net cash used in investing activities	-72,423	-9,063
Net cash used in acquisition Max Bahr	-229,170	0
Cash flow from investing activities	-290,553	-8,407
Interest paid	-447	-410
Payment to minorities	-1,007	-976
Payment to shareholders	-26,100	-26,100
Loss on cash flow hedges recognized directly in equity	0	433
Decrease in liabilities from finance leases	-6,638	-3,217
Cash flow from financing activities	-34,192	-30,270
Change in cash and cash equivalents	-197,638	-37,017
Effect of foreign exchange rate changes	923	-3,747
Cash and cash equivalents at beginning of period	466,251	323,682
Cash and cash equivalents at end of period	269,536	282,918
Reconciliation cash and cash equivalents to reporting in Group Balance Sheet		
Cash and cash equivalents at beginning of period	466,251	323,682
Pledged cash and cash equivalents at beginning of period	0	25,391
Cash and cash equivalents at beginning of period according to Group Balance Sheet	466,251	349,073
Change in cash and cash equivalents	-197,638	-37,017
Effect of foreign exchange rate changes	923	-3,747
Change in pledged cash and cash equivalents	0	857
Cash and cash equivalents at end of period according to the Group Balance Sheet	269,536	309,166
Pledged cash and cash equivalents at end of period	0	-26,248
Cash and cash equivalents at end of period	269,536	282,918

Notes to cash flow statement

In accordance with IAS 7, the consolidated cash flow statement has been prepared according to the indirect method, broken down by cash flows from operating, investing and financing activities.

In the period under review, non-cash additions amounting to € 1,276 thousand (previous year: € 1,928 thousand) from finance lease assets have been included. In the period under review there were no non-cash disposals from finance lease assets (previous year: € 443 thousand) and no non-cash disposals from finance lease liabilities (previous year: € 1,776 thousand).

The cash and cash equivalents comprise bank balances and cash in hand.

Explanatory information relevant to notes

Accounting principles

The financial statements presented for the half year as at 30 June 2007 were prepared in compliance with the provisions of IAS 34 and in application of § 315a HGB according to the regulations of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, approved by the European Union and valid on the reporting date, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

With the exception of the matter described in greater detail below, the same accounting, valuation and calculation methods were applied as those used for the consolidated financial statements as of December 31, 2006. These are set out in the 2006 Annual Report on pages 48 and following.

Income tax expenses were deferred on the basis of the tax rate that would be applicable for the overall result of the year, i. e. the estimated average annual effective tax rate is applied on the pretax result of the interim reporting period under review.

Change in shareholder structure

Newton Investment Management Limited, London (UK), holds 5.07 % of the voting right shares in Praktiker Bau- und Heimwerkermärkte Holding AG since May 5, 2006.

Lansdowne Partners Limited, London (UK), announced on January 15, 2007 that Lansdowne Partners Limited Partnership, London (UK), which administers the shares on behalf of its customers, exceeded the threshold of 5 % of voting rights in Praktiker Bau- und Heimwerkermärkte Holding AG, Am Tannenwald 2, 66459 Kirkel, Germany on January 8, 2007 and since this day holds 6.89 % (3,995,485 voting rights) of all voting rights. The voting rights concerned are attributable to Lansdowne Partners Limited Partnership pursuant to § 22 Section 1 Sub-Section 1 No. 6 of the WpHG Act.

Ivory Investment Management, L.P. with its registered office based in Los Angeles (USA), announced via its letter of February 12, 2007 pursuant to voting rights notification as per § 21 Section 1 Sub-Section 1 of the WpHG Act that its voting rights share in Praktiker Bau- und Heimwerkermärkte Holding AG, Am Tannenwald 2, 66459 Kirkel, Germany exceeded the threshold of 3 % on February 7, 2007 and now amounts to 3.20 %. This equates to 1,854,954 votes. All voting rights can be attributed to Ivory Investment Management, L. P. pursuant to § 22 Section 1 Sub-Section 1 No. 6 of the WpHG Act. On June 27, 2007, Ivory Flagship Master, Ltd. George Town, Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 WpHG that 3.01% of these voting rights (this corresponds to 1,743,889 voting rights) are to be attributed to them. On the same date, Ivory Offshore Flagship Fund, Ltd. has informed us that according to Article 22, Section 1, Sentence 1, No. 1 WpHG, 3.01% of these voting rights (this corresponds to 1,743,889 voting rights) is to be attributed to them through Ivory Flagship Master, Ltd.

BlueCrest Capital Management L.P. with its registered office based in London (UK), announced on March 2, 2007 pursuant to voting rights notification as per § 21 Section 1 of the WpHG Act (in its capacity as the investment manager for various funds and accounts) that its voting rights share in Praktiker Bau- und Heimwerkermärkte Holding AG, Am Tannenwald 2, 66459 Kirkel, Germany exceeded the threshold of 3 % on February 22, 2007 and since this day amounts to 3.02 %. This equates to 1,753,094 votes. 3.02 % of the voting rights (equating to 1,753,094 shares) are attributed to BlueCrest Capital Management L. P. pursuant to § 22 Section 1 Sub-Section 1 No. 6 of the

Valuation of income tax expense

WpHG Act. On May 18, 2007, BlueCrest Capital Management L. P. announced that its voting rights share fell below the threshold of 3 % on May 11, 2007 and since this day amounts to 2.70 % (equivalent to 1,567,695 shares).

Capital Research and Management Company, Los Angeles (USA), announced pursuant to § 21 Section 1 of the WpHG Act on March 22, 2007 that its voting rights share in Praktiker Bau- und Heimwerkermärkte Holding AG, Kirkel, Germany, ISIN: DE000A0F6MD5, WKN: A0F6MD exceeded the threshold of 5 % of voting rights on March 16, 2007 via shares and now amounts to 5.59 % (this equates to 3,242,183 voting rights). 5.59 % of the voting rights (equating to 3,242,183 voting rights) are attributable to Capital Research and Management Company pursuant to § 22 Section 1, Sub-Section 1, No. 6 of the WpHG Act.

On June 22, 2007, UBS AG, Zurich, Switzerland has informed us according to Article 21, Section 1 WpHG that via shares its voting rights on Praktiker Bau- und Heimwerkermärkte Holding AG, Kirkel, Germany, ISIN: DE000A0F6MD5, WKN: A0F6MD, fell below the 5 % limit of the voting rights on June 19, 2007 and now amount to 4.84 % (this corresponds to 2,804,429 voting rights). This mainly concerns shares in custody. Only 0.16 % of the voting rights (this contributes to 94,731 voting rights) is to be attributed to UBS AG according to Article 22, Section 1, Sentence 1, No. 1 WpHG. During the reporting period, UBS temporarily crossed the threshold several times. At the end of the reporting period, the voting rights stood at 4.84 % (this contributes to 2,808,043 voting rights).

As shares with a short-term investment strategy, they are not considered to be in fixed ownership pursuant to the definition set out by Deutsche Börse AG. As such, 100 % of the shares concerned of the company under review are considered to be freefloat as of June 30, 2007.

Purchase of real estate

During the first half 2007, the Praktiker Group acquired ownership in two DIY locations (in Bulgaria and Romania). This resulted in additions to assets in the amount of around € 8.8 million (land), € 4.9 million (buildings) and € 3.0 million (assets under construction).

Scope of consolidation

In April 2007, SC ARIS CONSULT INVEST SRL founded ARIS PROJECT DEVELOPMENT S. R. L. for the purpose of realizing construction projects. With a purchase agreement dated 31 May 2007, Praktiker Grundstücksbeteiligungsgesellschaft mbH, Kirkel, acquired 99 % of the shares and BMH Baumarkt Holding GmbH, Kirkel, 1 % of the shares in ARIS PROJECT DEVELOPMENT S. R. L. On 25 June 2007 it was decided to change the name of ARIS PROJECT DEVELOPMENT S. R. L. to PRAKTIKER REAL ESTATE ROMANIA SRL. The registered capital of PRAKTIKER REAL ESTATE ROMANIA SRL. amounts to RON 9,300,000 (€ 2,926,176.28).

With the certificate of incorporation dated 11 June 2007, Praktiker Real Estate EOOD, Sofia, Bulgaria was founded as a wholly owned subsidiary of Praktiker Grundstücksbeteiligungsgesellschaft mbH, Kirkel. The registered capital of Praktiker Real Estate EOOD amounts to BGN 2,453,180 (€ 1,254,291.02). The main object of the company is to lease as well as to acquire and sell land and buildings.

As per the purchase contract of August 16, 2006 Praktiker Bau- und Heimwerkermärkte Holding AG acquired 100 % of Max Bahr Holzhandlung GmbH & Co. KG. The German Cartel Office approved the acquisition on January 10, 2007 under the condition that four do-it-yourself markets had to be sold. In the consolidated balance sheet, this is reflected on the assets side under the item 'Assets classified as held for sale' and on the liabilities side under 'Liabilities classified as held for sale'. Meanwhile for the store in Adendorf (district Lüneburg) a purchaser was found. The new owner will take over the store beginning 1 September 2007.

The operating activities of Max Bahr Group are concentrated in Max Bahr Holzhandlung GmbH & Co. KG which has a 100 % stake in Max der kleine Baumarkt GmbH, Hamburg as well as in ANTENOR Vermögensverwaltungsgesellschaft mbH, Hamburg. In its turn, the latter has a 100 % stake in SINCO Trade Ltd., Hong Kong. Moreover, Max Bahr Holzhandlung GmbH & Co. KG also has a 50 % stake in DIYCO GmbH, Hamburg (joint venture). The interest in DIYCO GmbH, Hamburg, is recognised using the equity method according to IAS 31.38 and following. Proportionate consolidation was not used for reasons of materiality.

Corporate merger

The purchase also includes the acquisition of 100 % of the shares in Max Bahr Holzhandlung Baumarkt GmbH, Verwaltungsgesellschaft Zweite MBE mbH, Oststeinbek and 2. PSK Verwaltungsgesellschaft mbH, Hamburg, which was renamed Küchen DIY Vertrieb GmbH in the first quarter of 2007.

The corporate purpose of the companies acquired consists primarily of the operation of do-it-yourself markets.

The corporate merger was accounted for as per the provisions set out under IFRS 3.

The closing date on which the corporate merger is to be considered as having been completed as per the purchase contract and as such the date of acquisition as defined by the provisions set out under IFRS 3.25 was January 31, 2007.

The purchase costs amount to € 276,081 thousand and break down as follows:

Purchase price: € 270,968 thousand

Ancillary purchase costs: € 5,113 thousand

The ancillary purchase costs include the costs incurred by way of tax-related and legal advice. The purchase price was settled in cash on January 31, 2007.

The purchase costs set for the companies were offset against the following assets and liabilities existing at the time of purchase (whereby only the assets and liabilities relevant to Max Bahr Holzhandlung GmbH & Co. KG are set out in detail for reasons of materiality).

in € thousand	Carrying amounts	Adjustments	Amounts recognised at the acquisition date
Goodwill	0	98,092	98,092
Other intangible assets	1,200	56,592	57,792
Tangible assets	103,770	-12,175	91,595
Financial assets	79	0	79
Deferred tax assets	16,968	1,297	18,265
Inventories	171,313	6,814	178,127
Trade receivables	798	0	798
Miscellaneous receivables and other current assets	8,731	0	8,731
Cash and cash equivalents	46,911	0	46,911
Discontinued operations assets	0	797	797
Provisions for pensions and similar commitments	-1,265	0	-1,265
Other provisions	-23,844	-2,444	-26,288
Financial liabilities	-87,593	0	-87,593
Trade payables	-64,268	0	-64,268
Other liabilities	-16,417	99	-16,318
Deferred tax liabilities	-15,845	-8,028	-23,873
Current income tax liabilities	-5,401	0	-5,401
Discontinued operations liabilities	0	-100	-100
Total acquired assets and liabilities of the Max Bahr Holzhandlung GmbH & Co. KG			276,081
Consolidation effects of the non-operational Max Bahr Companies of the Goodwill			-61
Total Goodwill from the acquisition			98,031
Purchase price			276,081
Payments received			46,911
Funds flow			229,170

The goodwill reported largely reflects the expectations in terms of future positive earnings contributions on the part of Max Bahr Group, which result - among others - from synergies and not balanced intangible assets. So, the following assets were identified that do not meet the reporting criteria set out under IFRS 3 and cannot therefore be reported separately from goodwill:

- The 'Max der kleine Baumarkt' brand has no awareness resulting in economic benefits.
- Further product brands – the value contributions cannot be separated from the umbrella brand and the latter is more important.
- The 'Max Bahr' product brand – the value contributions cannot be separated from the umbrella brand and the latter is more important.
- The 'Meisterklasse' product brand – the value contributions cannot be separated from the umbrella brand and the latter is more important.
- Product management software – the data required for fair value determination are not available.

Furthermore, the product brand 'Bonus' and customer loyalty programme 'Bahr Card' meet the reporting requirements set out under IFRS 3, but were considered to be of minor importance.

The profits made by the companies acquired, which were included in the earnings of the first half (second quarter) of 2007, amounted to approx. € 11.2 million (approx. € 19.1 million). In the first half of 2007 the group would have generated turnover of approx. € 2,053,477 million and a net profit for the period of approx. € 25.8 million if the date of acquisition had been January 1, 2007.

The property holdings of Max Bahr Group, which were concentrated in the property company Max Bahr Holzhandlung GmbH & Co. KG, were purchased by a foreign financial investor. The property holdings concerned were invested in two newly established limited partnerships: Moor Park MB OHG & Co. MBE KG, Oststeinbeck and Moor Park MB OHG & Co. PSK KG, Norderfriedrichskoog. In the former, Praktiker Grundstücksbeteiligungsgesellschaft mbH has held a stake worth € 2,457 thousand (equates to a share of 19.96 % in equity) since January 31, 2007 and in the latter a stake worth € 13,922 thousand (also equates to a share of 19.96 % in equity) since January 31, 2007.

A contract about the sale of the investments was concluded in July 2007. The transfer of the shares and the settlement of the purchase price had not yet taken place at the reporting date. In compliance with IAS 39, the investments were included in the balance sheet as of 30 June 2007 as financial assets available for sale and shown at their current market value. The value adjustment to the current market value as at 30 June 2007 (€ 6,841 thousand) was made directly under equity without affecting net income. In this context, reference is made to the Group's equity. After completing the transfer of the shares and payment of the purchase price, which are scheduled to take place still in July, the value adjustment, which had so far been reported without affecting net income, will be posted with an effect on income.

Material changes regarding other provisions

The changes in non-current and current provisions result mainly from a rise of the provisions for the acquisition of Max Bahr Holzhandlung GmbH & Co. KG amounting € 10,747 thousand in the non-current provisions and amounting € 20,730 thousand in the current provisions, which contains an amount for the restructuring of headquarter's divisions amounting € 3,945 thousand. Furthermore, the increase of provisions for facts under fiscal law as well as reductions of provisions for location risks and store closure costs affected mainly the changes of the non-current and current provisions.

Acquisition of participating interests

Earnings per share**(a) Undiluted**

Undiluted earnings per share are calculated by the ratio of profit attributable to equity donors and the average number of shares issued during the six month period.

Earnings per share	Jan. 01 – Jun. 30, 2007	Jan. 01 – Jun. 30, 2006	Apr. 01 – Jun. 30, 2007	Apr. 01 – Jun. 30, 2006
Earnings allocable to equity providers (€)	32,477	34,066	50,771	45,209
Average number of shares issued (in thousands)	58,000	58,000	58,000	58,000
Undiluted earnings per share (€)	0.56	0.59	0.88	0.78

(b) Diluted

When determining diluted earnings per share, the profit attributable to equity donors adjusted to account for changes in expenses and income is used that would arise from the conversion of potential ordinary shares with a diluting impact. The average number of shares issued during the six month period is increased by the number of additional ordinary shares that would have been in circulation if all potential ordinary shares with a diluting impact had been converted.

Earnings per share	Jan. 01 – Jun. 30, 2007	Jan. 01 – Jun. 30, 2006	Apr. 01 – Jun. 30, 2007	Apr. 01 – Jun. 30, 2006
Earnings allocable to equity providers (€)	34,436	34,066	52,743	45,209
Average number of shares issued (in thousands)	62,419	58,000	62,419	58,000
Diluted earnings per share (€)	0.55	0.59	0.85	0.78

Split in net financial income

in € thousand	Jan. 01 – Jun. 30, 2007	Jan. 01 – Jun. 30, 2006	Apr. 01 – Jun. 30, 2007	Apr. 01 – Jun. 30, 2006
Financial incomes	17,676	11,944	11,485	4,800
Financial expenses	-22,353	-12,534	-11,984	-6,751
Financial result	-4,677	-590	-499	-1,951

Dividend payout

The Annual General Shareholders' Meeting of Praktiker Bau- und Heimwerkermärkte Holding AG dated 11 June 2007 decided to use the net profit for the year of Praktiker Bau- und Heimwerkermärkte Holding AG for the financial year 2006 amounting € 29,585,023.12 as follows: Per no-par share a dividend amounting € 0.45 will be paid off that adds a total dividend sum amounting € 26,100,000. The remaining € 3,485,023.12 will be adjusted as retained earnings.

Key changes in contingent liabilities

Commitments from operating lease agreements will fall due in the following periods in an amount totaling € 2,700 million (previous year: € 1,973 million), of which € 273 million (previous year: € 216 million) within one year, € 1,002 million (previous year: € 797 million) within one and five years and € 1,425 million (previous year: € 960 Mio. €) after more than five years.

Obligations from finance lease agreements will fall due in the following periods in an amount totaling € 423 million (previous year: € 241 million), of which € 36 million (previous year: € 20 million) within one year, € 130 million (previous year: € 80 million) within one and five years and € 257 million (previous year: € 141 Mio. €) after more than five years.

Related party transactions

In the Second Quarter 2007 as well as in the first half of 2007 Praktiker Holding AG Groups entertained no business relations to related parties. For reasons of completeness the values for the six month period in 2006 are listed below:

in € thousand	Volume of goods/services provided in € mn.		Volume of goods/services received in € mn.	
	Jan. 01 – Jun. 30, 2007	Jan. 01 – Jun. 30, 2006	Jan. 01 – Jun. 30, 2007	Jan. 01 – Jun. 30, 2006
Supplies and other services	0.0	1.9	0.0	41.8
Financial relations	0.0	0.0	0.0	0.0

In the case of services received, the services concerned largely relate to services such as cleaning, waste disposal and advertising provided by companies of METRO GROUP. They also include rental expenses.

In the case of services rendered, the services concerned largely relate to goods management remunerations provided to a service company of METRO GROUP.

METRO AG was considered a related party up until April 11, 2006. At that date METRO AG sold the remaining Praktiker-shares. For reasons of delimitation, however, the above data only covers the period up until March 31, 2006 as the figures can only be determined on a monthly basis.

All business relations to affiliated companies and persons are contractually agreed and are fulfilled at prices that would be agreed with external third parties too.

Key events occurring after the end of the interim report period

At the session held on 6 July 2007, the German parliament adopted the law on corporate tax reform 2008. With this decision it is now certain that the reform will become effective in 2008. However, it will already affect the consolidated financial statements of Praktiker during the Third Quarter 2007, mainly due to a value adjustment of the balance sheet item deferred tax assets. However, this will have no impact on the company's cash flow and is to be considered a non-recurring event.

According to preliminary estimates, the additional tax expenses in 2007 will range between € 40 and 50 million. Without this effect the tax ratio will probably be 25 percent.

Miscellaneous

As of March 31, 2007 Mr Walter Weber, board member of Praktiker Bau- und Heimwerkermärkte Holding AG hitherto responsible for accounting and taxation activities, stepped down from the board at his own request prematurely. His areas of responsibility will be covered by Mr Thomas Ghabel.

Segment reporting

in € thousand	Domestic operations	Foreign operations	Reconciliation	Total
	Jan. 01, – Jun. 30, 2007	Jan. 01, – Jun. 30, 2007	Jan. 01, – Jun. 30, 2007	Jan. 01, – Jun. 30, 2007
Net sales	1,510,792	495,426	-1,286	2,004,932
Other operating income	29,419	2,940	-3,915	28,444
Earnings before interest, taxes, depreciation and amortization	40,147	36,351	0	76,498
All other amortization on fixed assets	-16,753	-10,647	0	-27,400
Earnings before interest, taxes and amortization	23,396	25,703	0	49,099
Earnings before interest and taxes	23,396	25,703	0	49,099
Financial result				-4,677
Earnings before taxes				44,422
Income taxes				-11,106
Net profit				33,316

in € thousand	Domestic operations	Foreign operations	Reconciliation	Total
	Jan. 01, – Jun. 30, 2006	Jan. 01, – Jun. 30, 2006	Jan. 01, – Jun. 30, 2006	Jan. 01, – Jun. 30, 2006
Net sales	1,216,548	390,640	-1,216	1,605,972
Other operating income	27,449	3,033	-3,688	26,794
Earnings before interest, taxes, depreciation and amortization	44,338	21,022	0	65,360
All other amortization on fixed assets	-10,083	-8,844	0	-18,927
Earnings before interest, taxes and amortization	34,255	12,178	0	46,433
Earnings before interest and taxes	34,255	12,178	0	46,433
Financial result				-590
Earnings before taxes				45,843
Income taxes				-11,231
Net profit				34,612

in € thousand	Domestic operations Apr. 01.– Jun. 30, 2007	Foreign operations Apr. 01.– Jun. 30, 2007	Reconciliation Apr. 01.– Jun. 30, 2007	Total Apr. 01.– Jun. 30, 2007
Net sales	839,131	288,933	–594	1,127,470
Other operating income	14,280	1,513	–2,187	13,606
Earnings before interest, taxes, depreciation and amortization	52,466	31,037	0	83,502
All other amortization on fixed assets	–8,976	–5,476	0	–14,452
Earnings before interest, taxes and amortization	43,491	25,560	0	69,051
Earnings before interest and taxes	43,491	25,560	0	69,051
Financial result				–499
Earnings before taxes				68,552
Income taxes				–17,138
Net profit				51,414

in € thousand	Domestic operations 01.04.– Jun. 30, 2006	Foreign operations 01.04.– Jun. 30, 2006	Reconciliation 01.04.– Jun. 30, 2006	Total 01.04.– Jun. 30, 2006
Net sales	655,920	233,067	–667	888,320
Other operating income	13,648	1,418	–2,177	12,889
Earnings before interest, taxes, depreciation and amortization	50,684	20,918	0	71,602
All other amortization on fixed assets	–4,895	–4,348	0	–9,243
Earnings before interest, taxes and amortization	45,789	16,570	0	62,359
Earnings before interest and taxes	45,789	16,570	0	62,359
Financial result				–1,951
Earnings before taxes				60,408
Income taxes				–14,800
Net profit				45,608

Notes to segment data

No division of segment reporting into primary and secondary areas has been undertaken. As Praktiker Group runs the do-it-yourself market business almost exclusively, the only split made is a geographical one based on the locations of the various DIY markets

Transfers between the various regions occur at prices that would be agreed with external third parties, too.

The impact of consolidation measures were reported separately in the 'Reconciliation statement' column.

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 months of the financial year.

Kirkel, Germany, July 23, 2007

Werner

Arnold

Ghabel

Warnking

Disclaimer

This interim report contains certain statements that are neither reported financial results nor other historical information. These forward-looking statements are subject to risk and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Praktiker Group's ability to control or estimate precisely, such as future market and economic conditions, the behaviour of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. The Praktiker Group does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.

Only the German version of this interim report is legally binding.

Review Report

To Praktiker Bau- und Heimwerkermärkte Holding AG, Kirkel

We have reviewed the condensed consolidated interim financial statements - comprising the condensed balance sheet, condensed income statement, condensed cash flow statement, condensed statement of changes in equity and selected explanatory notes - and the interim group management report of Praktiker Bau- und Heimwerkermärkte Holding AG, Kirkel, for the period from January 1, 2007, to June 30, 2007, which are part of the half-year financial report pursuant to § (Article) 37w WpHG („Wertpapierhandelsgesetz“: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

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 all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Frankfurt am Main, July 24, 2007
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Marshall)
Wirtschaftsprüfer
(German Public Auditor)

(Dr. Knoop)
Wirtschaftsprüfer
(German Public Auditor)

Praktiker in the capital market

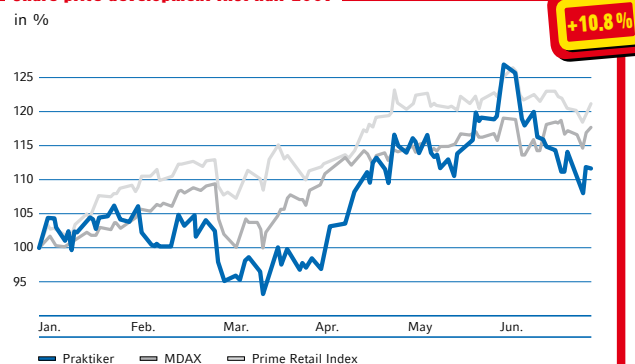
The price of the Praktiker share continued to rise in the second quarter 2007 and reached an all-time high of 34.10 euros on 1 June 2007. At the end of the period under review, the Praktiker share stood at 30.00 euros, which is 10.8 percent higher than at the beginning of the year.

In April, Praktiker renegotiated the existing credit line with an international banking consortium, extended it and achieved better conditions. This attests to the fact that the Praktiker Group has appreciably improved its position in the capital market since the IPO in November 2005.

In early June the share price for the first time and only briefly exceeded the computed conversion price of the convertible bond of 33.77 euros. However, no bonds were converted.

The Annual General Meeting of Praktiker Bau- und Heimwerkermärkte Holding AG was held in Saarbrücken on 11 June 2007. 52 percent of the voting rights were represented, which is distinctly more than one year earlier (32 percent). All motions for resolution were approved with a large majority of the votes, including the proposal to pay a dividend of 0.45 euros per share for the fiscal year 2006. The dividend was paid on the day following the Annual General Meeting.

Share price development first half 2007



Financial calendar 2007/2008

Third quarter report 2007	October 24, 2007
Trading Statement 2007	January 10, 2008
Annual report 2007	April 2, 2008
First quarter report 2008	April 23, 2008
Annual general meeting 2008	May 30, 2008
Second quarter report 2008	July 23, 2008



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