

Interim Report

Q 3/2006

Praktiker

Bau- und Heimwerkermärkte Holding AG

INTERIM REPORT 3rd QUARTER 2006

Q3 Key Figures*	Q3 2006	Q3 2005	Change
in € million	(1 July - 30 Sep)	(1 July - 30 Sep)	in %
Sales	815.5	771.4	5.7%
- Germany	568.5	558.4	1.8%
- International	247.0	213.0	16.0%
EBITA	41.3	37.3	10.5%
- Germany	20.4	20.3	0.3%
- International	20.9	17.0	22.7%
Investments	11.6	14.7	-21.4%
Net profit from continuing operations	32.3	28.0	15.4%
EPS** (in €)	0.55	0.48	
Net Cash (30 Sep; 2005: 31 Dec)	222.1	204.8	

STATEMENT WOLFGANG WERNER, CHAIRMAN OF THE MANAGEMENT BOARD OF PRAKTIKER BAU- UND HEIMWERKERMÄRKTE HOLDING AG

In the third quarter, consolidated sales increased by 5.7 per cent. We were thus able to confirm the positive trend of the first half of 2006 and even improved on it.

In the third quarter, contribution to growth was once again strongest in the international markets. The 16 per cent sales increase was attributable in almost equal parts to the expansion of our store portfolio (Five more stores in Eastern Europe than a year ago) and the improvement of the like-for-like sales.

In Germany, too, sales continued to grow in the third quarter. Although we have closed eight stores in the last twelve months, sales have increased by 1.8 per cent. Like-for-like, this represents an increase of 4.4 per cent. This should be more than the industry average. The six Easy-to-Shop pilot stores that were opened at the end of July contributed to this positive trend, since their sales growth was clearly above average.

In order to thoroughly assess the effects of the new Easy-to-Shop format, we need to acquire more experience with them. But, already now, we can say that the concept has been well-received by our customers and has, so far, more than fulfilled our expectations.

By maintaining strict control of our costs, we were able to substantially improve earnings in the third quarter. EBITA increased by 10.5 per cent to 41.3 million euros.

For the full financial year 2006 we expect to see sales grow at a low single-digit rate and EBITA above the prior-year level. This expectation remains unchanged, even though the second half of the year will be burdened by expenses for the acquisition of Max Bahr and for the introduction of six Easy-to-Shop pilot stores. These additional expenses are estimated to be in the higher single-digit million range and will mainly fall into the fourth quarter.

* Combined Financials: All figures presented for the third quarter and for the first nine months of 2005 relate to the so-called "Combined Financial Results". For a better comparability of the financials, they show the structure of Praktiker Bau- und Heimwerkermärkte Holding AG after the IPO in November 2005 – excluding the divested Austrian activities and including the services of cross-divisional companies MGB and MIAG. The latter services were taken over by two newly founded companies, Praktiker Group Buying HK Ltd., and Praktiker International AG, on 23 November 2005.

** For better comparability, the number of Q3 2005 shares was adjusted to match the number of Q3 2006 shares.

GERMANY

Q3 Key Figures* in € million	Q3 2006 (1 July - 30 Sep)	Q3 2005 (1 July - 30 Sep)	Change in %
Sales	568.5	558.4	1.8%
- like-for-like-development of sales in %	4.4%	0.5%	
EBITA	20.4	20.3	0.3%
as % of sales	3.6%	3.6%	
Investments	4.5	5.6	-19.0%
Number of stores (30 Sep)	269	277	-2.9%
Selling space, in 000sm (30 Sep)	1,522	1,560	-2.4%
Employees, full time equivalents on average (1 Jan - 30 Sep)	10,515	10,455	0.6%

Sales – In Germany, sales amounted to a total of 568.5 million euros in the third quarter 2006. Compared with the previous year's sales of 558.4 million euros, this represents a 1.8 per cent increase. On a like-for-like basis, the increase was 4.4 per cent. Most likely, this performance is, once again, above market average. It also means that the positive trend of the first half-year was confirmed and even improved upon.

EBITA – EBITA rose by 0.3 per cent to 20.4 million euros. The increase in earnings was lower than the sales growth, mainly because special factors burdened the result: Additional costs were incurred by the six Easy-to-Shop pilot stores – twice as many as originally planned – which consisted primarily of expenses for the conversion, not capital expenditure. In addition, there were expenses for the acquisition of Max Bahr.

Investments – Praktiker earmarked 4.5 million euros in the third quarter 2006 for modernisations and replacement investments in Germany.

9M Key Figures* in € million	9M 2006 (1 Jan - 30 Sep)	9M 2005 (1 Jan - 30 Sep)	Change in %
Sales	1,783.8	1,760.9	1.3%
- like-for-like-development of sales in %	3.0%	-0.1%	
EBITA	54.6	59.2	-7.8%
as % of sales	3.1%	3.4%	
Investments	9.4	14.4	-34.6%

INTERNATIONAL

Q3 Key Figures* in € million	Q3 2006 (1 July - 30 Sep)	Q3 2005 (1 July - 30 Sep)	Change in %
Sales	247.0	213.0	16.0%
- like-for-like-development of sales in %	8.3%	2.8%	
EBITA	20.9	17.0	22.7%
as % of sales	8.5%	8.0%	
Investments	7.0	9.1	-22.9%
Number of stores (30 Sep)	66	61	8.2%
Selling space, in 000sm (30 Sep)	472	431	9.5%
Employees, full time equivalents on average (1 Jan - 30 Sep)	6,890	6,005	14.7%

Sales – Praktiker continued its growth course in Eastern Europe in the third quarter. International sales rose by 16.0 per cent to 247.0 million euros (2005: 213.0 million euros). Like-for-like, an increase of 8.3 per cent was posted. The remainder is attributable to the expansion of Praktiker's store portfolio by 5 new stores in Romania, Bulgaria and Poland. All international companies of the Praktiker group contributed to this result. The strongest growth rates were recorded in Romania and Bulgaria following the expansion of the store networks. The international share of group sales rose to 30.3 per cent in the third quarter (2005: 27.6 per cent).

EBITA – Abroad, EBITA improved by 22.7 per cent to 20.9 million euros (2005: 17.0 million euros). All countries in which Praktiker operates contributed to this improvement. The increase in the third quarter is particularly strong, as in 2005 considerably more new stores were opened in the first nine months. Their full impact on sales and earnings could therefore already be seen in the current financial year. By contrast, the majority of the new openings of the current financial year, which will typically result in losses during the start-up phase, will mainly fall into and thus burden the fourth quarter 2006.

Investments – Outside Germany, around 7.0 million euros were invested in the third quarter. The majority of store openings of the current financial year will fall into the fourth quarter.

9M Key Figures* in € million	9M 2006 (1 Jan - 30 Sep)	9M 2005 (1 Jan - 30 Sep)	Change in %
Sales	637.7	555.9	14.7%
- like-for-like-development of sales in %	6.5%	2.5%	
EBITA	33.1	22.8	45.1%
as % of sales	5.2%	4.1%	
Investments	13.1	26.0	-49.4%

SELECTED DATA OF THE CONSOLIDATED INCOME STATEMENT

Q3 Key Figures*	Q3 2006	Q3 2005	Change
in € million	(1 July - 30 Sep)	(1 July - 30 Sep)	in %
Sales	815.5	771.4	5.7%
Gross profit	263.5	245.2	7.5%
Margin in % of sales	32.3%	31.8%	0.5
Other operating income	10.0	18.2	-45.0%
Selling expenses	216.2	208.3	3.8%
General administrative expenses	15.7	17.1	-8.4%
Other operating expenses	0.3	0.7	-56.2%
EBITA	41.3	37.3	10.5%
Financial result	-1.4	-0.8	-72.3%
Consolidated earnings before taxes	39.9	36.5	9.2%
Profit from continuing operations	32.3	28.0	15.4%

Sales – Praktiker increased sales in the second quarter by 5.7 per cent to 815.5 million euros. In Germany, the increase amounted to 1.8 per cent, while sales outside Germany rose by 16.0 per cent. Like-for-like, consolidated sales were up 5.5 per cent.

Gross profit on sales – The gross profit on sales increased by 7.5 per cent, the gross margin on sales by 0.5 percentage points to 32.3 per cent. This positive development is mainly attributable to the fact that the stores which had been opened in Eastern Europe in 2005 are developing very well.

Selling expenses – Selling expenses rose expansion-driven by 3.8 per cent in the third quarter, yet increasing at a much lower rate than sales.

EBITA – As a consequence of sales growth, an enhanced gross margin on sales and continuous cost control, the third quarter EBITA improved by 10.5 per cent to 41.3 million euros.

Financial result – The financial result decreased by 0.6 million euros to minus 1.4 million euros. The improved interest result was offset by sharply declining currency gains.

Other operating income – The other operating income declined significantly from last year's 18.2 million euros to 10.0 million euros in the third quarter of the current financial year.

Quarterly profit from continuing operations – Profit from continuing operations improved by 15.4 per cent to 32.3 million euros in the third quarter.

EPS – Earnings per share benefited from improved profits and rose by 0.07 euros to 0.55 euros.

9M Key Figures*	9M 2006	9M 2005	Change
in € million	(1 Jan - 30 Sep)	(1 Jan - 30 Sep)	in %
Sales	2,421.4	2,316.7	4.5%
Gross profit	740.7	718.7	3.1%
Margin in % of sales	30.6%	31.0%	-0.4
Other operating income	36.8	46.7	-21.1%
Selling expenses	646.2	638.0	1.3%
General administrative expenses	42.6	43.5	-2.1%
Other operating expenses	1.1	1.9	-42.5%
EBITA	87.7	82.0	6.9%
Financial result	-2.0	-1.4	-37.9%
Consolidated earnings before taxes	85.7	80.6	6.4%
Profit from continuing operations	66.9	62.0	7.8%

KEY FINANCIALS

Balance Sheet	2006	2005	Change
in € million	(30 Sep)	(31 Dec)	in %
Equity	924.7	871.0	6.2%
Balance sheet total	1,919.9	1,723.6	11.4%
Net cash	222.1	204.8	8.4%
Net Working Capital	297.8	276.4	7.7%

Cash Flow Statement	9M 2006	9M 2005	Veränderung
in € million	(01.01. - 30.09.)	(01.01. - 30.09.)	in %
Consolidated earnings before taxes	85.7	80.6	6.4%
Cashflow from operating activities*	45.0	184.5	-75.6%
Cashflow from investing activities*	-15.9	-22.6	-29.7%
Cashflow from financing activities*	117.3	-128.2	-191.5%
Cash and cash equivalents as of 30 Sep	494.8	35.6	1,289.8%

* from continuing operations

Equity – Compared to the balance sheet closing date for financial year 2005 (31 December 2005), equity increased by 6.2 per cent to 924.7 million euros. This is mainly due to the profits earned during the first 9 months of 2006.

Equity ratio – The equity ratio is now 48.2 per cent, compared against 50.5 per cent at the close of financial year 2005.

Balance sheet total – Compared with the closing date for financial year 2005 the balance sheet total rose by 11.4 per cent to 1,919.9 million euros. This increase was mainly due to the issue of a convertible bond worth a total of 150 million euros.

Net Cash – Liquid funds as at 30 September 2006 amounted to 494.8 million euros, while financial debt stood at 272.7 million euros. Consequently, the net financial position – i.e. the balance of liquid funds and interest-bearing liabilities – came in at 222.1 million euros. This increase in cash is largely due to the issue of a convertible bond in order to finance the acquisition of Max Bahr.

LOCATIONS

Locations	30/09/2006	30/09/2005	Change
Germany	269	277	-8
Greece	7	7	0
Luxemburg	3	3	0
Poland	17	16	1
Hungary	15	15	0
Turkey	8	8	0
Romania	12	9	3
Bulgaria	4	3	1
International	66	61	5
Praktiker Group	335	338	-3

OUTLOOK

Praktiker Bau- und Heimwerkermärkte Holding AG closed the first nine months of the financial year 2006 successfully. Sales and operating results increased in line with expectations. Growth in sales and the operating result in the third quarter thus confirm the positive trend of the first half of 2006.

The competitive environment in Germany has remained largely unchanged. However, Praktiker expects that the acquisition of Max Bahr will lead to greater efficiency in future and will increase the pressure for consolidation in the German market in the coming years. Also, expectations remain unchanged that the planned increase in the value added tax, effective from January 2007, will result in certain shifts of sales. However, the magnitude of these shifts is as difficult to forecast as the extent, to which the increase in VAT in 2007 can be passed on to the customers. Persistently fierce competition offers little scope for price adjustments.

The positive sales trend abroad will continue, as further store openings are planned and the macroeconomic environment promises further growth.

The management renews its forecast for the current financial year that sales will increase in the low single-digit range and that EBITA will be above last year's level.

This expectation remains unchanged, even though the results for the second half, and in particular the fourth quarter 2006, will be burdened by expenses for the acquisition of Max Bahr and for the implementation of the Easy-to-Shop concept (six stores). We expect these additional expenses to amount to a figure in the higher single-digit million range. In addition, the international results of the fourth quarter

will be burdened by the fact that practically all new stores in Eastern Europe will be opened in the last three months of 2006.

Regarding risks and events that might have a significant impact on the assessment of assets, liabilities, financial position and profit or loss of Praktiker Bau- und Heimwerkermärkte Holding AG and the Praktiker Group, we refer to the explanatory notes of this report.

FINANCIAL CALENDAR 2007

11 January 2007	<i>Trading Statement</i>
3 April 2007	<i>Release of the Annual Report 2006</i>
26 April 2007	<i>Release of the Q1 Interim Report</i>
30 May 2007	<i>Annual general meeting</i>
25 July 2007	<i>Release of the Q2 Interim Report</i>
24 October 2007	<i>Release of the Q3 Interim Report</i>

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IFRS Consolidated Interim Financial Statement

INCOME STATEMENT FOR THE FISCAL YEAR FROM 1 JANUARY TO 30 SEPTEMBER 2006

in € thousand	01/01- 30/09/2006	COMBINED 01/01- 30/09/2005	ACTUAL 01/01- 30/09/2005
Net sales	2,421,435	2,316,735	2,316,735
Cost of sales	-1,680,732	-1,598,038	-1,605,340
Gross profit on sales	740,703	718,697	711,395
Other operating income	36,826	46,690	39,042
Selling expenses	-646,152	-638,011	-633,902
General administrative expenses	-42,624	-43,521	-42,115
Other operating expenses	-1,063	-1,850	-1,849
Earnings before interest, taxes and amortization (EBITA)	87,690	82,005	72,571
Net investment income	0	149	149
Net interest result	-4,909	-6,845	-7,909
Exchange gains/ exchange losses	3,624	5,043	5,043
Other financial result	-684	224	224
Net financial income	-1,969	-1,429	-2,493
Earnings before taxes	85,721	80,576	70,078
Income taxes	-18,859	-18,533	-16,116
Net income from continuing operations	66,862	62,043	53,962
Gain from discontinued operations	0	17,062	17,062
Group net income	66,862	79,105	71,024
of which attributable to minorities	873	964	964
of which attributable to group shareholders	65,989	78,141	70,060
Earnings per share (€)			
- undiluted	1.14	0.93	0.80
- diluted	1.14	0.93	0.80
- undiluted	0.00	0.26	0.26
- diluted	0.00	0.26	0.26

* concerning combined financials we refer to page 1

INCOME STATEMENT FOR THE FISCAL YEAR FROM
1 JULY TO 30 SEPTEMBER 2006

in € thousand	01/07- 30/09/2006	COMBINED 01/07- 30/09/2005	ACTUAL 01/07- 30/09/2005
Net sales	815,463	771,428	771,428
Cost of sales	-551,954	-526,214	-529,890
Gross profit on sales	263,509	245,214	241,538
Other operating income	10,032	18,238	16,146
Selling expenses	-216,257	-208,273	-205,923
General administrative expenses	-15,726	-17,162	-16,708
Other operating expenses	-301	-687	-726
Earnings before interest, taxes and amortization (EBITA)	41,257	37,330	34,327
Net investment income	0	149	149
Net interest result	-1,601	-2,397	-2,872
Exchange gains/ exchange losses	1,182	1,205	1,205
Other financial result	-960	242	242
Net financial income	-1,379	-801	-1,276
Earnings before taxes	39,878	36,529	33,051
Income taxes	-7,628	-8,578	-7,414
Net income from continuing operations	32,250	27,951	25,637
Gain from discontinued operations	0	23,047	23,047
Group net income	32,250	50,998	48,684
of which attributable to minorities	327	318	318
of which attributable to group shareholders	31,923	50,680	48,366
Earnings per share (€)			
from continuing operations	- undiluted - diluted	0.55 0.55	0.42 0.42
from discontinued operations	- undiluted - diluted	0.00 0.00	0.35 0.35

* concerning combined financials we refer to page 1

BALANCE SHEET

in € thousand

ASSETS	30/09/2006	31/12/2005
Non-current assets		
Goodwill	116,590	116,590
Other intangible assets	10,190	10,110
Tangible assets	235,447	240,423
Financial assets	321	389
Miscellaneous receivables and other non-current assets	4,482	3,146
Deferred tax assets	198,495	198,837
	565,525	569,495
Current assets		
Inventories	646,104	635,878
Trade receivables	29,646	20,442
Miscellaneous receivables and other current assets	179,839	148,491
Income tax receivables	4,038	203
Cash and cash equivalents	494,786	349,073
	1,354,413	1,154,087
Total assets	1,919,938	1,723,582
LIABILITIES		
Equity		
Share capital	58,000	58,000
Additional paid-in capital	701,425	688,278
Balance sheet profit	163,936	123,174
	923,361	869,452
Minority interests	1,317	1,504
	924,678	870,956
Non-current liabilities		
Provisions for pensions and similar commitments	10,863	10,586
Other provisions	33,323	36,303
Payable from convertible bonds	129,495	0
Payable under finance leases	135,566	137,395
Other liabilities	8,650	9,712
Deferred tax liabilities	41,467	41,157
	359,364	235,153
Current liabilities		
Other provisions	27,779	37,586
Due to banks	111	0
Payable under finance leases	7,515	6,870
Trade payables	490,015	488,925
Prepayments received on orders	15,947	8,055
Other liabilities	73,362	69,420
Current income tax liabilities	21,167	6,617
	635,896	617,473
Total liabilities	1,919,938	1,723,582

Statement of changes in equity

	Share capital	Capital reserves	Other reserves	Balance sheet profit	Subtotal	Minority interests	Total
in € thousand							
31/12/2004	168,726	542,249	-119,728	39,054	630,301	1,401	631,702
Currency translation			4,318		4,318		4,318
Initial consolidation Praktiker Holding AG	50				50		50
Change in capital structure due to Reverse Acquisition	-118,776	118,776			0		0
Allocation to capital reserves		26,200			26,200		26,200
Group net profit				70,060	70,060		70,060
Changes in minority interests						77	77
30/09/2005	50,000	687,225	-115,410	109,114	730,929	1,478	732,407

31/12/2005	58,000	802,416	-114,138	123,174	869,452	1,504	870,956
Currency translation			-7,414		-7,414		-7,414
Equity component of convertible bond		20,525			20,525		20,525
Transaction costs for convertible bond, recognized directly in equity		-256			-256		-256
Gain on cash flow hedges recognized directly in equity			292		292		292
Payment to shareholders				-26,100	-26,100		-26,100
Group net profit				66,862	66,862		66,862
Changes in minority interests						-187	-187
30/09/2006	58,000	822,685	-121,260	163,936	923,361	1,317	924,678

Cash flow statement

in € thousand	COMBINED		ACTUAL
	01/01- 30/09/2006	01/01- 30/09/2005	01/01- 30/09/2005
Earnings before taxes	85,721	80,576	70,078
Depreciation and amortization on fixed and intangible assets	28,168	30,802	30,802
Decrease in provisions	-12,510	-4,176	-4,176
Gain from the disposal of fixed and intangible assets	-130	-98	-98
Increase in inventories	-10,226	-14,014	-13,014
Increase in trade payables	1,090	43,640	43,640
Gain from foreign currencies	-2,940	-5,267	-5,267
Other non-cash expenses and income	-16,210	8,642	9,838
Increase in other assets	-41,887	-10,875	-11,870
Increase in other liabilities	11,958	55,454	54,465
Income taxes paid	-9,225	-9,834	-9,834
Interest Result	4,909	6,845	7,909
Interest Received	6,274	2,761	2,761
Cash flow from operating activities (continuing operations)	44,992	184,456	175,234
Cash flow from operating activities (discontinued operations)	0	382	382
Cash flow from operating activities (total)	44,992	184,838	175,616
Proceeds from disposal of fixed and intangible assets	1,118	2,498	2,498
Net cash used in investing activities	-17,010	-25,095	-25,095
Cash flow from investing activities (total)	-15,892	-22,597	-22,597
Interest Paid	-717	-2,641	-2,641
Payment to minorities	-976	-900	-900
Pay-out to shareholders	-26,100	-9,222	0
Gain on cash flow hedges recognized directly in equity	292	0	0
Additional paid-in capital	0	0	0
Decrease in liabilities from finance leases	-4,971	-4,446	-4,446
Change financial balance	0	-110,971	-110,971
Equity component of convertible bond	20,269	0	0
Financial liabilities from convertible bond	129,495	0	0
Cash flow from financing activities (continuing operations)	117,292	-128,180	-118,958
Cash flow from financing activities (discontinued operations)	0	-30,818	-30,818
Cash flow from financing activities (total)	117,292	-158,998	-149,776
Change in cash and cash equivalents	146,392	3,243	3,243
Effect of foreign exchange rate changes	-2,235	90	90
Cash and cash equivalents at beginning of period (total)	323,682	32,915	32,915
Plus cash and cash equivalents at end of period (discontinued operations)	0	-646	-646
Cash and cash equivalents at end of period (total)	467,839	35,602	35,602

Reconcilement cash and cash equivalents to reporting in Group Balance Sheet			
Cash and cash equivalents at beginning of period (total)	323,682	32,915	32,915
Pledged cash and cash equivalents at beginning of period	25,391	0	0
Cash and cash equivalents at beginning of period (total) according to Group Balance Sheet	349,073	32,915	32,915
Change in cash and cash equivalents	146,392	3,243	3,243
Effect of foreign exchange rate changes	-2,235	90	90
Change in pledged cash and cash equivalents	1,556	0	0
Plus cash and cash equivalents at end of period (discontinued operations)	0	-646	-646
Cash and cash equivalents at end of period (total) according to the Group Balance Sheet	494,786	35,602	35,602
Pledged cash and cash equivalents at end of period	-26,947	0	0
Cash and cash equivalents at end of period (total)	467,839	35,602	35,602

Notes on the 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 period under review, non-cash additions amounting to € 5,562 thousand (2005: € 20,021 thousand) from finance lease assets have been included. In the year under review, non-cash disposals amounted to € 443 thousand (2005: € 813 thousand) from finance lease assets and to € 1,776 thousand (2005: € 1,405 thousand) from finance lease liabilities.

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

Explanatory Notes

Accounting principles

This interim report as per 30 September 2006 was prepared in compliance with the provisions of IAS 34. With the exception of the facts presented below, the same accounting, valuation and calculation methods were used as those for the consolidated financial statements as per 31 December 2005. The latter are presented on page 34 of the Annual Report 2005.

a) Valuation of the income tax expense

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.

b) Financial reporting in hyperinflationary countries

In the consolidated annual statements for fiscal year 2005, the company's subsidiary in Turkey fell under the provisions of IAS 29 "Financial reporting in hyperinflationary economies". In the first nine months of 2006, Turkey no longer fulfilled the criteria for a hyperinflationary economies, specified by IAS 29, and was thus no longer treated as such in financial reporting since 1 January 2006.

Change in the shareholder structure

In its correspondence dated 18 April 2006, METRO AG informed that its stake in Praktiker Bau- und Heimwerkermärkte Holding AG had fallen below the 5 per cent threshold.

T. Rowe Price Associates, Inc., Baltimore/Maryland (USA) holds 5.24 per cent of the shares since 26 April 2006 and Newton Investment Management Limited, London (Great Britain) holds 5.07 per cent of the voting rights in Praktiker Bau- und Heimwerkermärkte Holding AG since 5 May 2006

Thus, 89.69 per cent of the reporting company's shares were free-float shares as per 30 September 2006.

Scope of consolidation

Additions

With the Articles of Association dated 3 March 2006, KIG Import GmbH, Kirkel, was founded as a 100 per cent subsidiary of Praktiker Services Holding GmbH. The nominal capital of KIG Import GmbH amounts to € 25,000. The object of the company mainly relates to the purchase and sale of goods in the food and non-food sector, in particular the import of such goods and all other activities that are directly or indirectly conducive to this business objective. The company was entered in the commercial register on 24 March 2006.

The scope of consolidation was further expanded through the foundation of Praktiker Grundstücksbeteiligungsgesellschaft mbH, Kirkel, with the Articles of Association dated 28 August 2006. Praktiker Bau- und Heimwerkermärkte AG has a 100 per cent stake in this company. The nominal capital of Praktiker Grundstücksbeteiligungsgesellschaft mbH amounts to € 25,000. The object of the company is to maintain and administer properties as well as possessing direct and indirect shareholdings in real estate companies. The company was entered in the commercial register on 12 September 2006.

Praktiker Finance B.V., Amsterdam, The Netherlands, was founded on 25 September 2006 with subscribed capital of € 18,000. Praktiker Bau- und Heimwerkermärkte Holding AG has a 100 per cent stake in this company. The object of the company, according to Articles of Association of 25 September 2006, is principally the raising of credit and extension of loans, the acquisition of cash and cash equivalents, including the issuance of bonds, liabilities or other securities or debt instruments, the financing of businesses and commercial operations, and consultation of and provision of services to the companies and joint-stock companies within the Praktiker Group.

The company was entered in the commercial register on 25 September 2006.

Max Bahr

With the acquisition of Max Bahr Holzhandlung GmbH & Co. KG in the period under review, Praktiker Bau- und Heimwerkermärkte AG has acquired the consolidated operational business of the Max Bahr Group. A corresponding purchasing agreement was signed on 16 August 2006. The acquisition is still, however, subject to clearance by the Federal Cartel Office. The date of acquisition is also in line with the International Financial Reporting Standards IFRS 3.25, according to which, the date of acquisition is the actual date on which the acquirer takes control of the acquired company. The Max Bahr Group, with 77 DIY locations in Germany, achieved net sales of 726 million euros in fiscal 2005.

As of 30 September 2006, the Praktiker Group will be faced with contingent assets and contingent liabilities, arising from the concluded acquisition agreement, which are partly due to the planned takeover of assets and liabilities and partly due to the outstanding payment of the purchase price. Details on the respective amounts can, however, not be given at this point in time, since the date for the business combination has not yet be determined and the sum of assets and liabilities to be assumed has not be determined yet. Moreover, the contractual parties have agreed to maintain confidentiality about the purchase price.

Max Bahr Group's real estate holdings, consolidated under the real estate company Max Bahr Holzhandlung GmbH & Co. KG., were purchased by a foreign investor. The real estate property is to be incorporated in two limited partnerships, still to be founded, in which the Praktiker Grundstücksbeteiligungsgesellschaft mbH will have € 19 million holding or an equity stake up to 24 per cent (if this amount is less than € 19 million). The acquisition of the real estate holdings and the described associated transactions are likewise subject to the Federal Cartel Office's clearance of Praktiker Bau- und Heimwerkermärkte AG's acquisition of Max Bahr Group's operational DIY business.

There are no further changes regarding the scope of consolidation within the period under review.

Convertible bonds

As per 28 September 2006, Praktiker Finance B.V. issued convertible bonds totalling a nominal of € 150 million that are subject to a warrant by Praktiker Bau- und Heimwerkermärkte Holding AG. The bonds were denominated in units of € 100,000 and issued until 28 September 2011 (due date). The bonds are accompanied by an option for conversion in no-par shares bearing the name of the stockholder Praktiker Bau- und Heimwerkermärkte Holding AG, with a notional value in the company's share capital of € 1.00 each, which, according to the discretionary power of the respective stakeholder, may be issued from 8 November 2006 until 19 September 2011, in accordance with the loan terms on the issuance of a fixed conversion price of € 33.77 (subject to possible adjustments for dividend payouts and capital changes). The convertible bonds shall carry a 2.25 per cent annual interest on their nominal value. These interests are to be subsequently paid every year on the interest payment date. The first interest payment is due on 28 September 2007.

The bonds are due to paid on the due date, along with the accrued interests on their nominal value, provided that these have not already been paid back, converted or bought back and cancelled.

The issuer is entitled to cancel all or part of the bonds, provided a notice of cancellation of no less than 15 days and no more than 30 days is given. A precondition for cancellation is that the

share price has exceeded 130 per cent of the conversion price, applicable on the respective trading day, for a minimum of 20 trading days within a period of 40 consecutive trading days, starting from 28 September 2009. In this case, the issuer shall pay back the cancelled bonds on the chosen payback date at their nominal amount, along with the interests accrued until that date.

Pursuant to IAS 32.29, the book value of the convertible bond at the time of issuance was divided into financial liability and equity components. The financial liability components is calculated on basis of the market interest rate for a fixed interest loan, under exclusion of the subscription right. The subscription right represents the difference and was correspondingly disclosed as equity. Financial liability increases over a period of time, with an effect on net income, to an amount equalling the difference between effective interest paid and the hypothetical market rate of interest.

Transaction costs associated with the issuance were classified as credit capital components or equity components of the convertible bond, proportional to the allocation of raised capital, in accordance with IAS 32.38. It is currently not possible to adjust this amount by including the associated effects of profits taxation, as the effects cannot be clearly estimated at this point in time due to the unresolved tax ruling agreement with the Dutch tax authorities.

At the time the convertible bonds were issued, the granted subscription rights corresponded to around 4.4 million non-par shares from the contingent capital.

Stock-based remuneration programme for managers

In the period under review, a five-year stock-based remuneration programme was introduced. This programme contains a pledge to introduce payable share bonuses. The extent of the premium will be oriented to the performance of the Praktiker share, taking into account the comparative index.

The entire stock bonus programme will be divided into annually established tranches, whereby the target parameters for each tranche will be determined separately. The validity period for each tranche will be three years. The last tranche will be granted in 2008.

The height of the bonus will initially be determined by the ratio between the opening price and the target share price.

The opening price of each tranche corresponds to the arithmetic mean of the closing prices of the Praktiker common stock over the last 20 consecutive trading days before expiration (four weeks after each annual general meeting).

The target price, upon which the full bonus is granted, is calculated on the basis of the opening price and assumes a stock price increase of 15 per cent over the course of three years.

The size of the respective bonus also depends on the performance of the Praktiker stock compared with other relevant sectoral indices. If the Praktiker stock outperforms these indices, the stock bonus is raised to 120 per cent. If it underperforms, the stock bonus is reduced to 80 per cent. Outperformance and underperformance applies when the Praktiker stock on an average exceeds or falls below the aforementioned mean value by more than 10 per cent.

The stock bonus is granted only if, at the time of maturity, the terms of employment within the Praktiker Group have not ended unilaterally or a contract termination has been reached by mutual consent.

Earnings per share

(a) Undiluted

Basic earnings per share are calculated by dividing the profit attributable to the company's equity holders by the weighted average number of outstanding ordinary shares in issue during the first nine months of the year or rather during the third quarter.

(b) Diluted

Diluted earnings per share are calculated by taking the profit attributable to equity holders of a company and adjusting it for difference in expenditures and earnings that may arise from the conversion of dilutive potential ordinary shares.

The average number of shares in issue during the 9-month period or the third quarter of 2006 is increased by the number of additional shares obtained through the approved conversion of all dilutive potential ordinary shares in circulation.

Earnings per share from <u>continuing</u> operations	01/01/ - 30/09/2006	01/01/ - 30/09/2005	01/07/ - 30/09/2006	01/07/ - 30/09/2005
Earnings allocable to equity providers (data in thousand €)	65,989	52,998	31,923	25,319
Average number of shares issued (data in thousand)	58,000	66,000	58,000	66,000
Basic earnings per share (data in €)	1.14	0.80	0.55	0.38
Earnings allocable to equity providers (data in thousand €)	66,028	52,998	31,962	25,319
Average number of shares issued (data in thousand)	58,049	66,000	58,144	66,000
Diluted earnings per share (data in €)	1.14	0.80	0.55	0.38

Earnings per share from <u>discontinued</u> operations	01/01/ - 30/09/2006	01/01/ - 30/09/2005	01/07/ - 30/09/2006	01/07/ - 30/09/2005
Earnings allocable to equity providers (data in thousand €)	0	17,062	0	23,047
Average number of shares issued (data in thousand)	58,000	66,000	58,000	66,000
Basic earnings per share (data in €)	0.00	0.26	0.00	0.35

Dividend payout

On 27 June 2006, the annual general meeting of Praktiker Bau- und Heimwerkermärkte Holding AG decided to use the net profit for the year of Praktiker Bau- und Heimwerkermärkte Holding AG for the short financial year 2005 amounting to € 26,362,626.92 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 remained € 262,626.92 will be adjusted as retained earnings.

Financial results breakdown

data in thousand €	ACTUAL 01/01- 30/09/2006	COMBINED 01/01- 30/09/05	ACTUAL 01/01- 30/09/05
Financial incomes	15,680	13,678	12,614
Financial expenses	-17,649	-15,107	-15,107
Financial result	-1,969	-1,429	-2,493

data in thousand €	ACTUAL 01/07- 30/09/2006	COMBINED 01/07- 30/09/05	ACTUAL 01/07- 30/09/05
Financial incomes	3,736	3,863	3,388
Financial expenses	-5,115	-4,664	-4,664
Financial result	-1,379	-801	-1,276

Material changes in contingent liabilities

Commitments from operating lease agreements will fall due in the following periods in an amount totaling € 1,943 million (2005: € 2,099 million), of which € 217 million (2005: € 218 million) within one year, € 795 million (2005: € 812 million) within one and five years and € 931 million (2005: € 1,069 million) after more than five years.

Obligations from finance lease agreements will fall due in the following periods in an amount totaling € 242 million (2005: € 248 million), of which € 20 million (2005: € 20 million) within one year, € 82 million (2005: € 79 million) between one and five years and € 140 million (2005: € 149 million) after more than five years.

Related party transactions

During the first nine months of 2006, Praktiker Holding AG reported the following related party transactions:

data in million €	Volume of <u>provided</u> goods/services		Volume of <u>received</u> goods/services	
	01/01 - 30/09/2006	01/01 - 30/09/2005	01/01 - 30/09/2006	01/01 - 30/09/2005
Supplies and other services	1.9	15.6	41.8	303.7
Financial relations	0.0	2.6	0.0	0.6

Services received mainly refer to services such as cleaning, waste disposal and advertising, handled by service companies of the METRO GROUP. Rental expenses are also included. Services provided mainly concern merchandise commissions from a service company of the METRO GROUP. Rental costs are also included.

METRO AG was considered a related party up until 11 April 2006. For reasons of deferral, the above data only include the period until 31 March 2006 because the figures can only be computed on a monthly basis.

All business relations with related companies and parties are based on contractual agreements and rendered at arm's length prices.

Combined Financial Statements

For the data of the combined financial statements published in the IPO prospectus of Praktiker Bau- und Heimwerkermärkte Holding AG, the results as well as the other operating income of the foreign cross-divisional companies Praktiker Group Buying HK Ltd. and Praktiker International AG were fully reported under the international segment according to the location of these companies in 2005.

In this interim report, these values have been broken down by domestic and international operations, depending on where they have occurred, to achieve a better comparability with the figures from 2006.

Material events after the close of the interim reporting period

Material events after the close of the interim reporting period didn't arise.

Miscellaneous

In its meeting on 7 March 2006, the Supervisory Board resolved to appoint Mr. Pascal Warnking as successor for Mr. Karlheinz Kockmann, who resigned from the Board of Management with effect from 30 June 2006.

In the ordinary Annual General Meeting of the company under review on 27 June 2006, the shareholder gave their approval to the election of Dr. Kay Hafner as well as Mr. Ulrich Grillo as members of the Supervisory Board of Praktiker Bau- und Heimwerkermärkte Holding AG. The previous members, Dr. Rolf Giebeler and Thomas Unger, abandoned their brief after the expiration of the Annual General Meeting as per 27 June 2006.

On 3 November 2005, the Annual General Meeting authorized the company's Management Board to issue by 2 November 2010 and with the prior approval of the Supervisory Board, warrant-linked and/or convertible bonds for a total par value of up to € 400,000,000 and created contingent capital in the amount of € 5,000,000 to this effect. So far, the authorization and the contingent capital have not been used.

To extend the company's options for creating an optimum financing structure, the Annual General Meeting of 27 June 2006 was asked to resolve on a new authorization of the company's Management Board to issue warrant-linked and/or convertible bonds and create new contingent capital to this effect. The maximum admissible par value of the warrant-linked and/or convertible bonds was to amount to € 600,000,000 and the new contingent capital to € 29,000,000. Moreover the Board of Management was to be authorized to issue warrant-linked and/or convertible bonds until 26 June 2011 instead of until 2 November 2010 subject approval by the Supervisory Board. With the coming into effect of this resolution, the existing authorization and the corresponding contingent capital were to be waived. The Annual General Meeting approved this motion.

In the event that the issue of option warrants and/or convertible bonds is made in return for contributions in kind, the management board undertakes to make use of its authorization to exclude shareholder subscription rights to the given option warrants and/or convertible bonds only up to an amount equating to 20 per cent of the share capital existing at the time of the authorization coming into effect or at the time of the authorization being exercised, should the value of the latter be less. As such, the increase in contingent capital for the purposes of servicing such option warrants and/or convertible bonds as are issued in return for contributions in kind is limited to an amount totalling max. € 11,600,000.00 or the equivalent of 11,600,000 no-par bearer shares.

We would like to refer to the current issue of convertible bonds that has already been described under the heading "Convertible Bonds".

On 7 September 2006, Mr. Walter Weber, Board Member of Praktiker Bau- und Heimwerkermärkte Holding AG responsible for Controlling, Information Technology/Organisation and Accounting/Taxes, informed the Supervisory Board that he did not wish to extend his current employment contract. His request was accepted by the Supervisory Board. Thomas Ghabel, Board Member responsible for Finances at Praktiker Bau- und Heimwerkermärkte Holding AG has taken over Controlling as well as Information Technology/Organisation as per 8 September 2006. Following Mr. Weber's resignation, he will also manage the Accounting/Tax Department.

Segment Reporting

data in thousand €	Continuing operations				Discontinued operations
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/01 - 30/09/2006	01/01 - 30/09/2006	01/01 - 30/09/2006	01/01 - 30/09/2006	
Net sales	1,785,317	637,675	-1,557	2,421,435	0
Other operating income	37,265	4,638	-5,078	36,826	0
Earnings before interest, taxes, depreciation and amortization	69,684	46,174	0	115,858	0
Earnings before interest, taxes and amortization	54,635	33,055	0	87,690	0
Earnings before interest and taxes	54,635	33,055	0	87,690	0
Amortization on fixed assets	15,049	13,119	0	28,168	0

Reconciliation of earnings before interest and taxes to net profit

data in thousand €	Continuing operations				Discontinued operations
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/01 - 30/09/2006	01/01 - 30/09/2006	01/01 - 30/09/2006	01/01 - 30/09/2006	
Earnings before interest and taxes	54,635	33,055	0	87,690	0
Financial result				-1,969	0
Earnings before taxes				85,721	0
Income taxes				-18,859	0
Net profit				66,862	0

data in thousand €	Continuing operations				Discontinued operations
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/01 - 30/09/2005	01/01 - 30/09/2005	01/01 - 30/09/2005	01/01 - 30/09/2005	
Net sales	1,760,862	555,873	0	2,316,735	13,764
Other operating income	41,925	3,932	-6,815	39,042	423
Earnings before interest, taxes, depreciation and amortization	69,397	33,975	0	103,372	-6,511
Earnings before interest, taxes and amortization	51,006	21,565	0	72,571	-6,527
Earnings before interest and taxes	51,006	21,565	0	72,571	-6,527
Amortization on fixed assets	18,392	12,410	0	30,802	16

Reconciliation of earnings before interest and taxes to net profit / loss

data in thousand €	Continuing operations				Discontinued operations
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/01 - 30/09/2005	01/01 - 30/09/2005	01/01 - 30/09/2005	01/01 - 30/09/2005	
Earnings before interest and taxes	51,006	21,565	0	72,571	-6,527
Financial result				-2,493	-651
Earnings before taxes				70,078	-7,178
Income taxes				-16,116	-2
Net profit / loss				53,962	-7,180

The figures shown in the above table for the period of 1 January to 30 September 2005 are actual figures.

They do not include the results of the service companies MGB and MIAG (further information can be obtained on page 1).

data in thousand €	Continuing operations				Discontinued operations
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/07 - 30/09/2006	01/07 - 30/09/2006	01/07 - 30/09/2006	01/07 - 30/09/2006	
Net sales	568,769	247,035	-341	815,463	0
Other operating income	9,816	1,605	-1,390	10,032	0
Earnings before interest, taxes, depreciation and amortization	25,346	25,152	0	50,498	0
Earnings before interest, taxes and amortization	20,380	20,877	0	41,257	0
Earnings before interest and taxes	20,380	20,877	0	41,257	0
Amortization on fixed assets	4,966	4,275	0	9,241	0

Reconciliation of earnings before interest and taxes to net profit

data in thousand €	Continuing operations				Discontinued operations
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/07 - 30/09/2006	01/07 - 30/09/2006	01/07 - 30/09/2006	01/07 - 30/09/2006	
Earnings before interest and taxes	20,380	20,877	0	41,257	0
Financial result				-1,379	0
Earnings before taxes				39,878	0
Income taxes				-7,628	0
Net profit				32,250	0

data in thousand €	Continuing operations				Discontinued operations
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/07 - 30/09/2005	01/07 - 30/09/2005	01/07 - 30/09/2005	01/07 - 30/09/2005	
Net sales	556,689	212,972	1,767	771,428	4,498
Other operating income	17,336	1,159	-2,349	16,146	101
Earnings before interest, taxes, depreciation and amortization	22,874	20,873	0	43,747	-957
Earnings before interest, taxes and amortization	17,804	16,523	0	34,327	-966
Earnings before interest and taxes	17,804	16,523	0	34,327	-966
Amortization on fixed assets	5,071	4,350	0	9,421	9

Reconciliation of earnings before interest and taxes to net profit / loss

data in thousand €	Continuing operations				Discontinued operations
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/07 - 30/09/2005	01/07 - 30/09/2005	01/07 - 30/09/2005	01/07 - 30/09/2005	
Earnings before interest and taxes	17,804	16,523	0	34,327	-966
Financial result				-1,276	-228
Earnings before taxes				33,051	-1,194
Income taxes				-7,414	-1
Net profit / loss				25,637	-1,195

The figures shown in the above table for the third quarter 2005 are actual figures. They do not include the results of the service companies MGB and MIAG (further information can be obtained on page 1).

Notes on the segment data

The segment report has not been broken down into a primary and a secondary reporting format. As the Praktiker Group operates almost exclusively in the home improvement and DIY business, only a geographic breakdown based on the locations of the home improvement and DIY stores is made.

Discontinued operations belong exclusively to the foreign segment.

Transfers between regions are carried out at arm's length prices.

The effects of consolidation measures are shown separately in the column "Reconciliation".

Kirkel, 25 October 2006

Werner

Arnold

Ghabel

Warnking

Weber