

# Interim Report

## Q 2/2006

**Praktiker**

Bau- und Heimwerkermärkte Holding AG

## INTERIM REPORT 2<sup>nd</sup> QUARTER 2006

<b>Q2 Key Figures*</b> in € million	<b>Q2 2006</b> (1 Apr – 30 Jun)	<b>Q2 2005</b> (1 Apr – 30 Jun)	<b>Change</b> in %
Sales	888.3	826.4	7.5%
- Germany	655.2	618.9	5.8%
- International	233.1	207.5	12.3%
EBITA	62.4	53.0	17.6%
- Germany	45.8	42.3	8.3%
- International	16.6	10.7	54.6%
Investments	5.9	17.7	- 66.7%
Net profit from continuing operations	45.6	40.0	13.9%
EPS**( in €)	0.78	0.68	14,7%
Net cash (30 Jun)	168,0	54.3	--

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

In the Second Quarter, consolidated sales increased by 7.5 %. We have thus overcome the stagnation that characterized the First Quarter raising sales by 3.9 % to € 1.61 billion in the first half of 2006.

Internationally, we recorded a strong growth of 12.3 % in the Second Quarter which was both like-for-like and due to the fact that we are now operating 6 more locations in Eastern Europe than last year.

In Germany, too, sales picked up strongly in the Second Quarter. The 5.8 % rise was achieved with substantial efforts since we have been able to more than compensate the drop in sales from the First Quarter, which was largely attributable to the long winter season. Like-for-like, i.e. after considering store closings, sales in Germany even rose by 8.1 %. This should be more than the industry average.

As we continued to strictly control our costs, we were also able to distinctly improve earnings (EBITA) by 17.6 % to €62.4 million in the Second Quarter. This was sufficient to more than compensate the losses recorded in the First Quarter. For the first half, the increase in earnings and sales are now growing in parallel at 3.9 %.

For the full fiscal year 2006 we continue to expect sales growth in the single-digit range and EBITA above the prior-year level.

\* Combined Financials: All figures presented for the Second Quarter and for the first half 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 METRO's cross-divisional companies MGB and MIAG. The latter services were taken over by two newly founded Praktiker companies, Praktiker Group Buying HK Ltd., and Praktiker International AG, on 23 November 2005.

\*\* Number of shares 2005 adjusted to match 2006.

**GERMANY**

<b>Q2 Key Figures</b> in € million	<b>Q2 2006</b> (1 Apr – 30 Jun)	<b>Q2 2005</b> (1 Apr – 30 Jun)	<b>Change</b> in %
Sales	655.2	618.9	5.8%
- like-for-like-development of sales in %	8.1%	-2.6%	
EBITA	45.8	42.3	8.3%
as % of sales	7.0%	6.8%	-
Investments	2.7	3.0	- 10.0%
Number of stores (30 Jun.)	270	278	- 2.9%
Selling space, in 000qm (30 Jun.)	1,527	1,566	- 2.5%
Employees, full time equivalents on average (30 Jun)	10,569	10,526	0.4%

**Sales** – Praktiker's domestic sales in the Second Quarter 2006 totaled € 655.2 million. Compared with the previous year's sales of € 618.9 million, this corresponds to a 5.8 % increase. Like-for-like, sales were up 8.1 %. With this result, Praktiker most likely grew faster than its competitors. The rise in sales recorded in the Second Quarter was sufficient to make up for the drop recorded in the First Quarter (- 4.0 %). Therefore, the slump in First Quarter sales which was mainly attributable to the extreme winter conditions in March, was fully compensated.

**EBITA** – The strong growth in sales resulted in a distinct improvement of earnings. EBITA rose 8.3 % to € 45.8 million.

**Investments** – In Germany, € 2.7 million were expensed for modernization and replacement investments in the Second Quarter 2006.

<b>H1 Key Figures</b> in € million	<b>H1 2006</b> (1 Jan – 30 Jun)	<b>H1 2005</b> (1 Jan – 30 Jun)	<b>Change</b> in %
Sales	1,215.3	1,202.4	1.1%
- like-for-like-development of sales in %	2.3%	- 0.4%	
EBITA	34.3	38.9	- 11.8%
as % of sales	2.8%	3.2%	-
Investments	4.9	8.8	- 44.3%

**INTERNATIONAL**

<b>Q2 Key Figures</b> in € million	<b>Q2 2006</b> (1 Apr – 30 Jun)	<b>Q2 2005</b> (1 Apr – 30 Jun)	<b>Change</b> in %
Sales	233.1	207.5	12.3%
- like-for-like-development of sales in %	4.5%	5.7%	
EBITA	16.6	10.7	54.6%
as % of sales	7.1%	5.2%	-
Investments	3.2	14.7	- 78.2%
Number of stores (30 Jun.)	65	59	10.2%
Selling space, in 000qm (30 Jun.)	466	419	11.2%
Employees, full time equivalents on average (30 Jun)	6.690	5.854	14.3%

**Sales** – Praktiker was able to continue its growth course in Eastern Europe also in the Second Quarter. International sales rose 12.3 % to € 233.1 million (2005: € 207.5 million). Like-for-like, an increase of 4.5 % was posted. All international companies of the Praktiker group contributed to this result. The strongest growth rates were recorded in Bulgaria and Romania following the expansion of the store networks. The international share of group sales rose to 26.2 % in the Second Quarter (2005: 25.1 %).

**EBITA** – Abroad, EBITA soared 54.6 % to € 16.6 million (2005: € 10.7 million). All countries contributed to this improvement.

**Investments** – Outside Germany, around € 0.7 million were expensed for modernization and replacement investments in the Second Quarter of fiscal 2006. Moreover, € 2.5 million were spent on new store openings and conceptual adjustments.

<b>H1 Key Figures</b> in € million	<b>H1 2006</b> ( 1 Jan – 30 Jun)	<b>H1 2005</b> (1 Jan – 30 Jun)	<b>Change</b> in %
Sales	390.6	342.9	13.9%
- like-for-like-development of sales in %	5.5%	2.3%	
EBITA	12.2	5.8	111.5%
as % of sales	3.1%	1.7%	-
Investments	6.1	16.8	- 63.7%

## SELECTED DATA OF THE CONSOLIDATED INCOME STATEMENT

Q2 Key Figures in € million	Q2 2006 (1 Apr – 30 Jun)	Q2 2005 (1 Apr – 30 Jun)	Change in %
Sales	888.3	826.4	7.5%
Gross profit	282.9	274.5	3.1%
Margin in % of sales	31.8%	33.2%	- 1.4 PP
Other operating income	12.9	13.2	- 2.8%
Selling expenses	218.7	220.4	- 0.8%
General administrative expenses	14.3	13.7	5.2%
Other operating expenses	0.4	0.6	- 29.1%
EBITA	62.4	53.0	17.6%
Financial result	- 2.0	- 1.3	- 49.3%
Consolidated earnings before taxes	60.4	51.7	16.8%
Profit from continuing operations	45.6	40.0	13.9%

**Sales** – Praktiker increased sales in the Second Quarter by 7.5 % to € 888.3 million. In Germany, the increase amounted to 5.8 % while sales outside Germany rose 12.3 %. Like-for-like, consolidated sales climbed 7.1 %.

**Gross profit on sales** – The gross profit on sales increased by 3.1 %. The gross margin on sales fell by 1.4 percentage points to 31.8 %. This was attributable to numerous activities initiated to promote sales in Germany. Moreover, strong growth abroad affected the gross profit on sales.

**Selling expenses** – Selling expenses were slightly curbed in the Second Quarter. Additional growth-related expenses abroad were offset by corresponding savings in Germany.

**EBITA** – As a consequence of increased sales and cost control, Second Quarter EBITA improved by 17.6 % to come in at € 62.4 million.

**Financial result** – The deterioration by € 0.7 million to € minus 2.0 million mainly resulted from the fact that the prior-year figure included exchange rate gains. The interest result, by contrast, improved on account of – compared to the same quarter of the previous year - high liquidity.

**Other operating income** – The other operating income receded slightly from € 13.2 million to € 12.9 million.

**Profit from continuing operations** – Q2 profit from continuing operations climbed 13.9 % to € 45.6 million. As the tax ratio improved from 22.6 % last year to 24.5 %, the profit for the quarter did not rise quite as much as EBITA.

**EPS** – Improved profit in Q2 also benefited earnings per share, which rose by € 0.10 to € 0.78.

<b>H1 Key Figures</b>	<b>H1 2006</b>	<b>H1 2005</b>	<b>Change</b>
in € million	( 1 Jan – 30 Jun)	(1 Jan – 30 Jun)	in %
Sales	1,606.0	1,545.3	3.9%
Gross profit	477.2	473.5	0.8%
Margin in % of sales	29.7%	30.6%	- 0.9 PP
Other operating income	26.8	28.5	- 5.8%
Selling expenses	429.9	429.7	0.0%
General administrative expenses	26.9	26.4	2.0%
Other operating expenses	0.8	1.2	- 34.5%
EBITA	46.4	44.7	3.9%
Financial result	- 0.6	- 0.6	6.1%
Consolidated earnings before taxes	45.8	44.0	4.1%
Profit from continuing operations	34.6	34.1	1.5%

### KEY FINANCIALS

<b>Balance Sheet</b>	<b>2006</b>	<b>2005</b>	<b>Change</b>
in € million	( 30 Jun)	( 31 Dec)	in %
Equity	868.3	871.0	- 0.3%
Balance sheet total	1,733.0	1,723.6	0.5%
Net cash	168.0	204.8	- 18.0%
Net working capital	282.1	276.4	2.0%

<b>Cash Flow Statement</b>	<b>H1 2006</b>	<b>H1 2005</b>	<b>Change</b>
in € million	( 1 Jan – 30 Jun)	(1 Jan – 30 Jun)	in %
Consolidated earnings before taxes	45.8	44.0	4.1%
Cash flow from operating activities	1.7	65.7	- 97.5%
Cash flow from investing activities	- 8.4	-14.2	40.8%
Cash flow from financing activities	- 30.3	- 47.5	36.2%
Cash and cash equivalents as of 30 Jun	309.2	37.7	720.0%

**Equity** – Compared to the balance sheet closing date for fiscal year 2005 (31 December 2005), equity remained practically unchanged at € 868.3 million.

**Equity ratio** – The equity ratio is now 50.1 % against 50.5 % at the close of fiscal 2005.

**Balance sheet total** – Compared with the closing date for financial year 2005 the balance sheet total rose 0.5 % to € 1,733.0 million. On the asset side, inventories – in line with usual seasonal fluctuations –

were clearly above the levels recorded at the close of financial year 2005 while liquid funds – also in line with the usual seasonal fluctuations – had dropped accordingly.

**Net cash** – Liquid funds as at 30 June 2006 amounted to € 309.2 million while financial debt stood at € 141.2 million. Consequently, the net financial position – i.e. the balance of liquid funds and interest-bearing liabilities – came in at € 168.0 million. This already includes the dividends cashed out in June totaling € 26.1 million. At the same point of time last year, the net financial position stood at € 54.3 million.

### LOCATIONS

Locations	30 Jun 2006	30 Jun 2005	Change
Germany	270	278	- 8
Greece	7	7	0
Luxemburg	3	3	0
Poland	17	16	1
Hungary	15	15	0
Turkey	8	8	0
Rumania	11	8	3
Bulgaria	4	2	2
International	65	59	6
<b>Praktiker Group</b>	<b>335</b>	<b>337</b>	<b>- 2</b>

### OUTLOOK

Praktiker Bau- und Heimwerkermärkte Holding AG closed the first half of 2006 successfully. Sales and earnings were raised within the original forecast. The slump in sales recorded in Germany in the First Quarter due to the long winter season was balanced out in the Second Quarter. Praktiker continues to pursue its expansion course in Eastern Europe.

The competitive environment in Germany will persist in the second half of the financial year. The planned increase in the value added tax effective from January 2007 will result in certain shifts of sales which are difficult to forecast, however. The positive sales trend abroad is expected to continue.

Despite the expected positive development of sales, any forecast also involves a high level of uncertainty. Persisting fierce competition in Germany and raw materials prices that will continue to remain at a high level are weighing on margins. At the same time, there is little leeway for price increases.

After considering and weighing these factors, the management renews its forecast for the complete fiscal year 2006. The company expects to be able to increase consolidated sales in the lower single-digit range and achieve EBITA above last year's level.

Investments of the Praktiker Group will be in the range of € 90 million in financial year 2006.

No material risks as well as events relevant to the assessment of the asset, financial and earnings position of Praktiker Bau- und Heimwerkermärkte Holding AG and the Praktiker Group have occurred since the beginning of the fiscal year.

## **FINANCIAL CALENDAR 2006**

**25 October 2006**

***Release of the Q3 Interim Report***

---

**Contact:**

Dr. Rolf-Dieter Grass  
Praktiker  
Bau- und Heimwerkermärkte Holding AG  
Am Tannenwald 2  
D – 66459 Kirkel  
Phone: 06849 / 95 3700  
Fax: 06849 / 95 3709  
E-mail: [grassr@Praktiker.de](mailto:grassr@Praktiker.de)

All information relating to Investor Relations is available at:  
[www.praktiker.com](http://www.praktiker.com)

## IFRS Consolidated Interim Financial Statement

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

In € thousand	01/01- 30/06/2006	COMBINED* 01/01- 30/06/2005	ACTUAL 01/01- 30/06/2005
<b>Net sales</b>	<b>1.605.972</b>	<b>1.545.307</b>	<b>1.545.307</b>
Cost of sales	-1.128.778	-1.071.824	-1.075.450
<b>Gross profit on sales</b>	<b>477.194</b>	<b>473.483</b>	<b>469.857</b>
Other operating income	26.794	28.452	22.896
Selling expenses	-429.895	-429.738	-427.979
General administrative expenses	-26.898	-26.359	-25.407
Other operating expenses	-762	-1.163	-1.123
<b>Earnings before interest, taxes and amortization (EBITA)</b>	<b>46.433</b>	<b>44.675</b>	<b>38.244</b>
Net interest result	-3.308	-4.448	-5.037
Exchange gains/ exchange losses	2.718	3.820	3.820
<b>Net financial income</b>	<b>-590</b>	<b>-628</b>	<b>-1.217</b>
<b>Earnings before taxes</b>	<b>45.843</b>	<b>44.047</b>	<b>37.027</b>
Income taxes	-11.231	-9.955	-8.702
<b>Net income from continuing operations</b>	<b>34.612</b>	<b>34.092</b>	<b>28.325</b>
Losses from discontinued operations	0	-5.985	-5.985
<b>Group net income</b>	<b>34.612</b>	<b>28.107</b>	<b>22.340</b>
of which attributable to minorities	546	646	646
of which attributable to group shareholders	34.066	27.461	21.694
Earnings per share (€)			
- undiluted	0,59	0,51	0,42
from continuing operations	- diluted	0,59	0,51
- undiluted	0,00	-0,09	-0,09
from discontinued operations	- diluted	0,00	-0,09

\* concerning combined financials we refer to page 1

## INCOME STATEMENT FOR THE FISCAL YEAR FROM 1 APRIL TO 30 JUNE 2006

in € thousand	<b>COMBINED*</b>		<b>ACTUAL</b>	
	<b>01/04- 30/06/2006</b>	<b>01/04- 30/06/2005</b>	<b>01/04- 30/06/2005</b>	
<b>Net sales</b>	<b>888.320</b>	<b>826.425</b>	<b>826.425</b>	
Cost of sales	-605.403	-551.975	-553.360	
<b>Gross profit on sales</b>	<b>282.917</b>	<b>274.450</b>	<b>273.065</b>	
Other operating income	12.889	13.266	9.971	
Selling expenses	-218.658	-220.427	-219.680	
General administrative expenses	-14.360	-13.656	-13.061	
Other operating expenses	-429	-605	-565	
<b>Earnings before interest, taxes and amortization (EBITA)</b>	<b>62.359</b>	<b>53.028</b>	<b>49.730</b>	
Net interest result	-1.370	-2.326	-2.664	
Exchange gains/ exchange losses	-581	1.019	1.019	
<b>Net financial income</b>	<b>-1.951</b>	<b>-1.307</b>	<b>-1.645</b>	
<b>Earnings before taxes</b>	<b>60.408</b>	<b>51.721</b>	<b>48.085</b>	
Income taxes	-14.800	-11.689	-11.301	
<b>Net income from continuing operations</b>	<b>45.608</b>	<b>40.032</b>	<b>36.784</b>	
Losses from discontinued operations	0	-903	-903	
<b>Group net profit</b>	<b>45.608</b>	<b>39.129</b>	<b>35.881</b>	
of which attributable to minorities	399	499	499	
of which attributable to group shareholders	45.209	38.630	35.382	
Earnings per share (€)				
	- undiluted	<b>0,78</b>	<b>0,60</b>	<b>0,55</b>
from continuing operations	- diluted	<b>0,78</b>	<b>0,60</b>	<b>0,55</b>
	- undiluted	<b>0,00</b>	<b>-0,01</b>	<b>-0,01</b>
from discontinued operations	- diluted	<b>0,00</b>	<b>-0,01</b>	<b>-0,01</b>

\* concerning combined financials we refer to page 1

## BALANCE SHEET

### Assets

in € thousand	30/06/2006	31/12/2005
<b>Non-current assets</b>		
Goodwill	116.590	116.590
Other intangible assets	9.618	10.110
Tangible assets	232.644	240.423
Financial assets	321	389
Miscellaneous receivables and other non-current assets	3.619	3.146
Deferred tax assets	198.273	198.837
	<b>561.065</b>	<b>569.495</b>
<b>Current assets</b>		
Inventories	692.025	635.878
Trade receivables	22.088	20.442
Miscellaneous receivables and other current assets	147.783	148.491
Income tax receivables	917	203
Cash and cash equivalents	309.166	349.073
	<b>1.171.979</b>	<b>1.154.087</b>
<b>Total assets</b>	<b>1.733.044</b>	<b>1.723.582</b>

### Liabilities

<b>Equity</b>		
Share capital	58.000	58.000
Additional paid-in capital	678.168	688.278
Balance sheet profit	131.140	123.174
	<b>867.308</b>	<b>869.452</b>
Minority interests	990	1.504
	<b>868.298</b>	<b>870.956</b>
<b>Non-current liabilities</b>		
Provisions for pensions and similar commitments	10.750	10.586
Other provisions	34.069	36.303
Payable under finance leases	134.006	137.395
Other liabilities	8.915	9.712
Deferred tax liabilities	42.167	41.157
	<b>229.907</b>	<b>235.153</b>
<b>Current liabilities</b>		
Other provisions	29.472	37.586
Payable under finance leases	7.194	6.870
Trade payables	503.499	488.925
Prepayments received on orders	12.707	8.055
Other liabilities	67.156	69.420
Current income tax liabilities	14.811	6.617
	<b>634.839</b>	<b>617.473</b>
<b>Total liabilities</b>	<b>1.733.044</b>	<b>1.723.582</b>

### STATEMENT OF CHANGES IN EQUITY

in € thousand	Share capital	Capital reserves	Other reserves	Balance sheet profit	Subtotal	Minority interests	Total
<b>31/12/2004</b>	<b>168.726</b>	<b>542.249</b>	<b>-119.728</b>	<b>39.054</b>	<b>630.301</b>	<b>1.401</b>	<b>631.702</b>
Currency translation			6.030		6.030		<b>6.030</b>
Group net profit				21.694	21.694		<b>21.694</b>
Changes in minority interests						-240	<b>-240</b>
<b>30/06/2005</b>	<b>168.726</b>	<b>542.249</b>	<b>-113.698</b>	<b>60.748</b>	<b>658.025</b>	<b>1.161</b>	<b>659.186</b>

<b>31/12/2005</b>	<b>58.000</b>	<b>802.416</b>	<b>-114.138</b>	<b>123.174</b>	<b>869.452</b>	<b>1.504</b>	<b>870.956</b>
Currency translation			-9.677		-9.677		<b>-9.677</b>
Loss on cash flow hedges recognized directly in equity			-433		-433		<b>-433</b>
Payment to shareholders				-26.100	-26.100		<b>-26.100</b>
Group net profit				34.066	34.066		<b>34.066</b>
Changes in minority interests						-514	<b>-514</b>
<b>30/06/2006</b>	<b>58.000</b>	<b>802.416</b>	<b>-124.248</b>	<b>131.140</b>	<b>867.308</b>	<b>990</b>	<b>868.298</b>

## CASH FLOW STATEMENT

<b>in €thousand</b>	<b>01/01- 30/06/2006</b>	<b>COMBINED 01/01- 30/06/2005</b>	<b>ACTUAL 01/01- 30/06/2005</b>
Earnings before taxes	45.843	44.047	37.027
Depreciation and amortization on fixed and intangible assets	18.928	21.381	21.381
Decrease in provisions	-10.184	-2.012	-2.012
Gain from the disposal of fixed and intangible assets	-47	-115	-115
Increase in inventories	-56.147	-51.299	-51.299
Increase in trade payables	14.574	44.396	44.396
Gain from foreign currencies	-2.718	-3.820	-3.820
Other non-cash expenses and income	-17.293	-22.557	-16.126
Increase in other assets	-2.125	-2.466	-2.466
Increase in other liabilities	9.271	36.587	36.587
Income taxes paid	-5.758	-5.874	-5.874
Interest Result	3.308	4.448	5.037
Interest Received	4.008	2.995	2.995
<b>Cash flow from operating activities (continuing operations)</b>	<b>1.660</b>	<b>65.711</b>	<b>65.711</b>
Cash flow from operating activities (discontinued operations)	0	-2.254	-2.254
<b>Cash flow from operating activities (total)</b>	<b>1.660</b>	<b>63.457</b>	<b>63.457</b>
Proceeds from disposal of fixed and intangible assets	656	649	649
Net cash used in investing activities	-9.063	-14.841	-14.841
<b>Cash flow from investing activities (total)</b>	<b>-8.407</b>	<b>-14.192</b>	<b>-14.192</b>
Interest paid	-410	-2.514	-2.514
Payment to minorities	-976	-900	-900
Payment to shareholders	-26.100	0	0
Loss on cash flow hedges recognized directly in equity	433	0	0
Decrease in liabilities from finance leases	-3.217	-2.810	-2.810
Change financial balance METRO AG	0	-41.231	-41.231
<b>Cash flow from financing activities (continuing operations)</b>	<b>-30.270</b>	<b>-47.455</b>	<b>-47.455</b>
Cash flow from financing activities (discontinued operations)	0	2.540	2.540
<b>Cash flow from financing activities (total)</b>	<b>-30.270</b>	<b>-44.915</b>	<b>-44.915</b>
<b>Change in cash and cash equivalents</b>	<b>-37.017</b>	<b>4.350</b>	<b>4.350</b>
Effect of foreign exchange rate changes	-3.747	153	153
Cash and cash equivalents at beginning of period (total)	323.682	32.737	32.737
Plus cash and cash equivalents at end of period (discontinued operations)	0	464	464
<b>Cash and cash equivalents at end of period (total)</b>	<b>282.918</b>	<b>37.704</b>	<b>37.704</b>
<b>Reconciliation cash and cash equivalents to reporting in Group Balance Sheet</b>			
<b>Cash and cash equivalents at beginning of period (total)</b>	<b>323.682</b>	<b>32.737</b>	<b>32.737</b>
Pledged cash and cash equivalents	25.391	0	0
<b>Cash and cash equivalents at beginning of period (total) according to Group Balance Sheet</b>	<b>349.073</b>	<b>32.737</b>	<b>32.737</b>
Change in cash and cash equivalents	-37.017	4.350	4.350
Effect of foreign exchange rate changes	-3.747	153	153
Change in pledged cash and cash equivalents	857	0	0
Plus cash and cash equivalents at end of period (discontinued operations)	0	464	464
<b>Cash and cash equivalents at end of period (total) according to the Group Balance Sheet</b>	<b>309.166</b>	<b>37.704</b>	<b>37.704</b>
Pledged cash and cash equivalents	-26.248	0	0
<b>Cash and cash equivalents at end of period (total)</b>	<b>282.918</b>	<b>37.704</b>	<b>37.704</b>

## 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 reporting period are non-cash additions in the amount of € 1,928 thousand (2005: € 15,515 thousand) from finance lease assets included. In the reporting year are 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 addicted.

The cash and cash equivalent item comprises bank balances and cash on hands.

## Explanatory Notes

### Accounting principles

This interim report as per 30 June 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 in the Annual Report 2005 on pages 34 and following.

#### 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 2005 the company's subsidiary in Turkey for the first time fell under the provisions of IAS 29 "Financial reporting in hyperinflationary countries". In the first half of 2006, Turkey no longer fulfilled the criteria for a hyperinflationary country 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% threshold.

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

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

## Scope of consolidation

With the Articles of Association dated 3 March 2006, KIG Import GmbH, Kirkel, was founded as a 100 % 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 nonfood 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.

For the rest, no changes regarding the scope of consolidation have occurred during the first six months of 2006.

## 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 half of the year or rather during the second quarter.

<b>Earnings per share from <u>continuing</u> operations</b>	<b>01/01/ - 30/06/2006</b>	<b>01/01/ - 30/06/2005</b>	<b>01/04/ - 30/06/2006</b>	<b>01/04/ - 30/06/2005</b>
Earnings allocable to equity providers (data in thousand €)	34.066	27.679	45.209	36.285
Average number of shares issued (data in thousand)	58.000	66.000	58.000	66.000
Basic earnings per share (data in €)	0,59	0,42	0,78	0,55

<b>Earnings per share from <u>discontinued</u> operations</b>	<b>01/01/ - 30/06/2006</b>	<b>01/01/ - 30/06/2005</b>	<b>01/04/ - 30/06/2006</b>	<b>01/04/ - 30/06/2005</b>
Earnings allocable to equity providers (data in thousand €)	0	-5.985	0	-903
Average number of shares issued (data in thousand)	58.000	66.000	58.000	66.000
Basic earnings per share (data in €)	0,00	-0,09	0,00	-0,01

### (b) Diluted

Diluted earnings per share are equivalent to undiluted earnings per share for both, continuing operations and discontinued operations (for both periods).

## Dividend payout

The Annual General Shareholders' Meeting of Praktiker Bau- und Heimwerkmärkte Holding AG (27 June 2006) decided to use the net profit for the year of Praktiker Bau- und Heimwerkmärkte 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 break down

data in thousand €	ACTUAL 01/01- 30/06/2006	COMBINED 01/01- 30/06/05	ACTUAL 01/01- 30/06/05
Financial incomes	11.944	9.815	9.226
Financial expenses	-12.534	-10.443	-10.443
<b>Financial result</b>	<b>-590</b>	<b>-628</b>	<b>-1.217</b>

data in thousand €	ACTUAL 01/04- 30/06/2006	COMBINED 01/04- 30/06/05	ACTUAL 01/04- 30/06/05
Financial incomes	4.800	4.657	4.319
Financial expenses	-6.751	-5.964	-5.964
<b>Financial result</b>	<b>-1.951</b>	<b>-1.307</b>	<b>-1.645</b>

## Material changes in contingent liabilities

Commitments from operating lease agreements will fall due in the following periods in an amount totaling €1,973 million (2005: €2,099 million), of which €216 million (2005: €218 million) within one year, €797 million (2005: €812 million) within one and five years and €960 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 €241 million (2005: €248 million), of which €20 million (2005: €20 million) within one year, €80 million (2005: €79 million) between one and five years and €141 million (2005: €149 million) after more than five years.

## Related party transactions

During the first six 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 - 30/06/2006	01/01 - 30/06/2005	01/01 - 30/06/2006	01/01 - 30/06/2005
Supplies and other services	1,9	7,1	41,8	209,6
Financial relations	0,0	3,1	0,0	2,3

Services received above all 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.

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 % 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 totaling max. € 11,600,000.00 or the equivalent of 11,600,000 no-par bearer shares.

## Segment Reporting

data in thousand €	Continuing operations				Discontinued operations
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/01 - 30/06/2006	01/01 - 30/06/2006	01/01 - 30/06/2006	01/01 - 30/06/2006	
Net sales	1.216.548	390.640	-1.216	<b>1.605.972</b>	0
Other operating income	27.449	3.033	-3.688	<b>26.794</b>	0
Earnings before interest, taxes, depreciation and amortization	44.338	21.022	0	<b>65.360</b>	0
Earnings before interest, taxes and amortization	34.255	12.178	0	<b>46.433</b>	0
Earnings before interest and taxes	34.255	12.178	0	<b>46.433</b>	0
Amortization on fixed assets	10.083	8.844	0	<b>18.927</b>	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 - 30/06/2006	01/01 - 30/06/2006	01/01 - 30/06/2006	01/01 - 30/06/2006	
Earnings before interest and taxes	34.255	12.178	0	46.433	0
Financial result				-590	0
<b>Earnings before taxes</b>				<b>45.843</b>	<b>0</b>
Income taxes				-11.231	0
<b>Net profit</b>				<b>34.612</b>	<b>0</b>

data in thousand €	Continuing operations				Discontinued operations
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/01 - 30/06/2005	01/01 - 30/06/2005	01/01 - 30/06/2005	01/01 - 30/06/2005	
Net sales	1.204.173	342.901	-1.767	<b>1.545.307</b>	9.265
Other operating income	24.589	2.773	-4.466	<b>22.896</b>	322
Earnings before interest, taxes, depreciation and amortization	46.523	13.102	0	<b>59.625</b>	-5.554
Earnings before interest, taxes and amortization	33.202	5.042	0	<b>38.244</b>	-5.561
Earnings before interest and taxes	33.202	5.042	0	<b>38.244</b>	-5.561
Amortization on fixed assets	13.321	8.060	0	<b>21.381</b>	7

**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 - 30/06/2005	01/01 - 30/06/2005	01/01 - 30/06/2005	01/01 - 30/06/2005	
Earnings before interest and taxes	33.202	5.042	0	38.244	-5.561
Financial result				-1.217	-423
<b>Earnings before taxes</b>				<b>37.027</b>	<b>-5.984</b>
Income taxes				-8.702	-1
<b>Net profit / loss</b>				<b>28.325</b>	<b>-5.985</b>

The figures shown in the above table for the first six months of 2005 are actual figures. They do not include the results of the service companies MGB and MIAG. (Further information you'll see on page 1)

data in thousand €	Continuing operations				Discontinued operations 01/01 - 30/06/2006
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/04 - 30/06/2006	01/04 - 30/06/2006	01/04 - 30/06/2006	01/04 - 30/06/2006	
Net sales	655.920	233.067	-667	<b>888.320</b>	0
Other operating income	13.648	1.418	-2.177	<b>12.889</b>	0
Earnings before interest, taxes, depreciation and amortization	50.684	20.918	0	<b>71.602</b>	0
Earnings before interest, taxes and amortization	45.789	16.570	0	<b>62.359</b>	0
Earnings before interest and taxes	45.789	16.570	0	<b>62.359</b>	0
Amortization on fixed assets	4.895	4.348	0	<b>9.243</b>	0

#### Reconciliation of earnings before interest and taxes to net profit

data in thousand €	Continuing operations				Discontinued operations 01/01 - 30/06/2006
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/04 - 30/06/2006	01/04 - 30/06/2006	01/04 - 30/06/2006	01/04 - 30/06/2006	
Earnings before interest and taxes	45.789	16.570	0	62.359	0
Financial result				-1.951	0
<b>Earnings before taxes</b>				<b>60.408</b>	<b>0</b>
Income taxes				-14.800	0
<b>Net profit</b>				<b>45.608</b>	<b>0</b>

data in thousand €	Continuing operations				Discontinued operations 01/04 - 30/06/2005
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/04 - 30/06/2005	01/04 - 30/06/2005	01/04 - 30/06/2005	01/04 - 30/06/2005	
Net sales	620.355	207.520	-1.450	<b>826.425</b>	5.469
Other operating income	11.252	1.736	-3.017	<b>9.971</b>	225
Earnings before interest, taxes, depreciation and amortization	45.223	14.459	0	<b>59.682</b>	-684
Earnings before interest, taxes and amortization	39.336	10.394	0	<b>49.730</b>	-687
Earnings before interest and taxes	39.336	10.394	0	<b>49.730</b>	-687
Amortization on fixed assets	5.887	4.065	0	<b>9.952</b>	3

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

data in thousand €	Continuing operations				Discontinued operations 01/04 - 30/06/2005
	Domestic operations	Foreign operations	Reconciliation	Total	
	01/04 - 30/06/2005	01/04 - 30/06/2005	01/04 - 30/06/2005	01/04 - 30/06/2005	
Earnings before interest and taxes	39.336	10.394	0	49.730	-687
Financial result				-1.645	-216
<b>Earnings before taxes</b>				<b>48.085</b>	<b>-903</b>
Income taxes				-11.301	0
<b>Net profit / loss</b>				<b>36.784</b>	<b>-903</b>

The figures shown in the above table for the second quarter 2005 are actual figures. They do not include the results of the service companies MGB and MIAG. (Further information you'll see 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, 26 July 2006

Werner

Arnold

Ghabel

Warnking

Weber