

Praktiker

Interim report

The Quarter

3/07

Key data

in € m	Q3 2007	Q3 2006	Change	9M 2007	9M 2006	Change
Net sales	1,036.5	815.5	27.1 %	3,041.5	2,421.4	25.6 %
Germany	738.4	568.5	29.9 %	2,248.0	1,783.8	26.0 %
International	298.1	247.0	20.7 %	793.5	637.7	24.4 %
EBITA bef. conditions by Federal Cartel Office	51.4	41.3	24.4 %	100.5	87.7	14.6 %
EBITA	41.2	41.3	-0.1 %	90.3	87.7	3.0 %
Germany bef. conditions by Federal Cartel Office	24.2	20.4	18.6 %	47.6	54.6	-12.8 %
Germany	14.0	20.4	-31.0 %	37.4	54.6	-31.4 %
International	27.2	20.9	30.1 %	52.9	33.1	59.9 %
Capital expenditure	35.9	11.6	24.3	100.5	22.6	77.9
Net profit for the period*	35.4	32.3	9.7 %	68.7	66.9	2.8 %
Earnings per share in €*	0.60	0.55	9.1 %	1.16	1.14	1.8 %
Net cash/net debt (-) (as of 09/30)				-70.0	222.1	-292.1

* based on normalised tax rate – i.e. without effects from the corporate tax reform – and before conditions set by the Federal Cartel Office

Operative data	Sep. 30, 2007	Sep. 30, 2006	Change
Number of stores Germany	341	269	72
Number of stores International	81	66	15
Greece	8	7	1
Luxembourg	3	3	0
Poland	19	17	2
Hungary	17	15	2
Turkey	9	8	1
Romania	18	12	6
Bulgaria	7	4	3
Number of stores Praktiker Group	422	335	87
Selling space in sq m 1,000	2,676	1,994	34.2 %
Germany	2,111	1,522	38.7 %
International	565	472	19.7 %
Employees, average on a full-time basis	22,289	17,405	28.1 %
Germany	13,708	10,515	30.4 %
International	8,581	6,890	24.5 %

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Summary of the first nine months of 2007

In the third quarter of the current financial year, Praktiker succeeded in further increasing sales and earnings. At the end of the first nine months, consolidated net sales amounted to € 3.0 billion, up 25.6 percent on the same period of the previous year. The main growth driver remained the Group's international business, which continued to record high double-digit growth rates in the third quarter. In Germany, sales growth in the third quarter was again solely due to the fact that the Max Bahr brand has been included in the financial statements since its initial consolidation in February. At the end of the first nine months of the 2007 financial year, the Praktiker Group reported EBITA of € 100.5 million, up € 12.8 million or 14.6 percent year-on-year. However, this operating result was impacted by non-recurring expenses of around € 10.2 million from the sale of stores in order to meet the requirements of the Federal Cartel Office for the approval of the acquisition of Max Bahr. Taking these expenses into account, the Group reported EBITA of € 90.3 million.

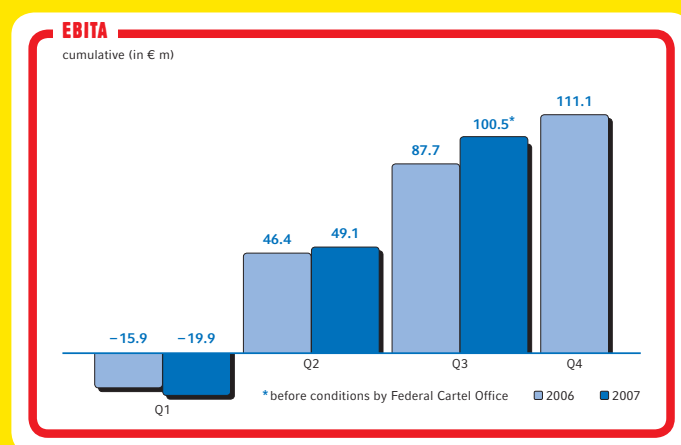
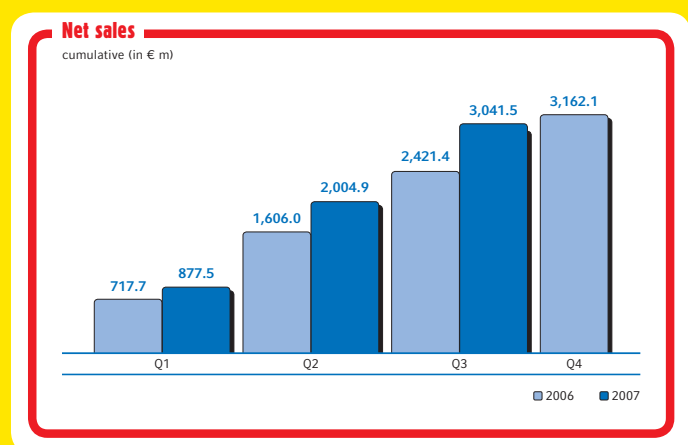
As the sales and earnings figures for the third quarter were within the projected range, the Group's management is reiterating its expectation for the year as a whole to reach consolidated net sales of around € 4 billion and EBITA – before effects from the requirements of the Federal Cartel Office – of around € 125 million. The EBITA recorded in the first nine months forms a strong basis for these forecasts. However, the underlying risk/opportunity profile has deteriorated substantially. The main reason for this lies in the decline of the German DIY market in the third quarter – a development that came as a surprise to all market participants, at least as far as the magnitude of the decline is concerned. As a result, the level of price investment currently required to maintain the Praktiker brand's price leadership is greater than predicted at the start of the year. Praktiker expects conditions on the German market to remain difficult in the fourth quarter.

At the same time, the Group's forecasts are supported by the good earnings contribution from the Max Bahr brand, which has developed in line with expectations.

In addition, the Group's international activities are continuing to record significant growth, partially because the majority of the planned new stores were opened in the third quarter or will be opened in the fourth quarter of 2007. The expanded store portfolio will make a direct contribution to sales growth. However, as new stores typically record some start-up losses earnings are not expected to benefit correspondingly in the current financial year.

In the third quarter, one-off effects had varying impact on the Group's reported earnings. As mentioned above, the expenses resulting from the sale of stores in order to meet the requirements of the Federal Cartel Office was recognized in EBITA for the first nine months. The sale of the equity interest in Moor Park MB OHG & Co. MB RE KG, the leasing partner of Max Bahr, resulted in non-recurring profit of € 6.8 million. A further extraordinary effect related to tax expense, which was impacted by the corporation tax reform in Germany that will come into force in 2008. The revaluation of deferred taxes in accordance with the new legislation resulted in a non-cash tax expense of € 36.7 million in the first nine months of the year. The effect for the year as a whole is estimated at around € 50 million.

In the opinion of Praktiker's management, none of these items affected the quality or performance of the Group's operating business.



Business and general economic settings

Macroeconomic environment

The macroeconomic environment remains positive in all of the international markets in which Praktiker is active, with private consumption and the economy as a whole largely recording low to medium single-digit growth rates. In Eastern Europe in particular, demand for renovation and home improvement products is continuing to increase strongly.

Germany, which remains the most important market for Praktiker, was the only country to fail to meet expectations in terms of private consumption and, in particular, the development of the DIY market. According to the figures available, consumer spending, consumer sentiment and retail sales all declined in the third quarter of 2007.

According to the industry association BHB, the DIY sector in Germany recorded a gross decline in sales of up to 7 percent in July and August. As VAT has been increased this corresponds to a net decrease of almost 10 percent. Accordingly, the positive forecasts of slight growth that were made at the start of the year have been revised, with the BHB now predicting a slight contraction in the German DIY market for 2007 as a whole. Competitive pressure and the trend towards consolidation in Germany will thus continue to increase.

Report on the Group's income, financial and asset position

Income position

Net sales

In the first nine months of the current financial year, the Praktiker Group increased net sales by 25.6 percent to €3,041.5 million.

This sharp increase is primarily attributable to two effects: the consolidation of Max Bahr effective February 1, 2007, and the strong growth in the Group's international markets.

Since its consolidation in February, the Max Bahr brand has contributed €525.1 million to Praktiker's consolidated net sales. The net sales recorded by the Praktiker brand in Germany (excluding Max Bahr) fell by 3.4 percent to €1,722.8 million in the first three quarters of 2007. On a like-for-like basis, Praktiker's sales declined by 2.3 percent in the same period, with the largest decrease recorded in the second quarter. In the third quarter, the Praktiker brand's like-for-like sales in Germany fell by 0.6 percent, thereby remaining essentially unchanged as against the previous year despite the weakness of the market as a whole.

Internationally, net sales of €793.5 million were recorded in the first nine months of the current business year, up €155.8 million or 24.4 percent on the previous year. This equates to like-for-like growth of 13.2 percent.

The acquisition of Max Bahr meant that the number of stores operated by the Praktiker Group at the end of September 2007 was significantly higher than in the previous year. At this date, the Group's portfolio comprised a total of 422 stores, compared with 335 at the end of September 2006.

In the third quarter of 2007, the Praktiker Group recorded net sales of €1,036.5 million, up €221.0 million or 27.1 percent on the same period of the previous year.

Gross profit

The increase in net sales is clearly reflected in the Group's gross profit. In the first nine months of 2007, a gross profit of €962.6 million was generated (up 30.0 percent year-on-year). At 31.7 percent, the gross profit margin was 1.1 percentage points higher than in the same period of the previous year (30.6 percent).

A key factor in this development was the higher gross profit margin generated by the Max Bahr brand. In opposition to the synergy effects resulting from the acquisition, which are estimated at €20 million for the financial year as a whole, some other factors had a negative impact on the gross margin in the first nine months. The VAT increase in Germany could not, or only to a limited extent be passed on to the customers in the first six months of the year. In the third quarter, the sharp decline in demand meant that the German market was dominated by the drive towards gaining market share rather than short-term earnings optimization.

Accordingly, gross profit increased to a lesser extent than in the first six months of the year. At €340.6 million, the Group's gross profit for the third quarter was up €77.1 million or 29.3 percent on the same period of the previous year, while the gross profit margin for the quarter increased by 0.6 percentage points to 32.9 percent.

Other operating income

Other operating income, which primarily relates to income from advertising subsidies and central A/P clearing for sales divisions, amounted to €45.8 million in the first nine months (up 24.3 percent) and €17.3 million in the third quarter (up 72.7 percent). The

sharp increase in the third quarter is partially attributable to the fire at the Praktiker store in Thessaloniki, as the insurance benefit for the gross profit lost is reported in other operating income. Adjusted for this payout, other operating income would have increased by 33.9 percent.

Selling expenses

The tight control of expense items remained a key factor in reinforcing the Group's earnings position in the third quarter. Although selling expenses increased by 33.2 percent to €860.4 million in the first nine months of 2007 (third quarter: up 38.2 percent to €298.9 million), this development was attributable to the consolidation of Max Bahr, the ensuing one-off integration costs, the conversion of 44 Praktiker stores to the Easy-to-Shop concept, and the acceleration of the Group's international expansion. Accordingly, rental expenses, personnel expenses, depreciation and advertising costs in particular increased to an above-average extent. In addition, non-recurring expenses were incurred in relation to the disposal of the three stores that the Group was required to sell as a condition for the approval of the acquisition of Max Bahr by the Federal Cartel Office.

General administrative expenses

Compared to the same period of the previous year, general administrative expenses increased by 34.0 percent to €57.1 million in the first nine months of 2007. This development, too, is attributable to the consolidation of Max Bahr and the related non-recurring integration costs following the acquisition. However, the integration costs had returned to a negligible level by the third quarter. As a result, general administrative expenses for the third quarter increased by only 12.3 percent to €17.6 million.

Operating result (EBITA)

At the end of the first nine months of 2007, Praktiker reported an operating result (earnings before interest, taxes and goodwill amortization; EBITA) of €100.5 million before the requirements of the Federal Cartel Office. This figure was up €12.8 million or 14.6 percent on the same period of the previous year. In the third quarter, the Group met the conditions for the formal completion of the acquisition of Max Bahr. The Federal Cartel Office had origi-

nally demanded the sale of four stores, but subsequently reduced the number to three stores following a change in the competitive environment. Sales contracts have now been signed for all three stores affected. The disposal of these stores had a one-time effect on the Group's earnings as a result of early termination and settlement of long-term rental agreements, depreciation for inventories, fixtures and fittings, and some additional restructuring costs. These non-recurring expenses were originally estimated at up to €15 million. However, the actual expenses incurred were significantly lower, at €10.2 million.

After adjustment for this non-recurring effect, EBITA for the first nine months amounted to €90.3 million.

Already covered in the reported operating result are other one-off effects, such as the expenditure for the conversion of Praktiker stores to the Easy-to-Shop concept, which fell in nearly equal parts into the quarters of the current financial year, and the one-time integration costs for Max Bahr in the first half of the year.

EBITA before adjustment for the requirements of the Federal Cartel Office increased significantly in the third quarter of 2007, totaling €51.4 million. This represents year-on-year growth of €10.1 million or 24.4 percent.

Changes in exchange rates had a slightly positive effect on the operating result in the first nine months. The average exchange rates for the Hungarian Forint, the Polish Zloty, the Romanian Lei and the Turkish Lira fluctuated, in some cases substantially.

Net financial income

At the end of the third quarter, net financial income amounted to minus €8.9 million (previous year: minus €2.0 million). This year-on-year change reflects the higher level of interest expense resulting from the convertible bond and the growing number of finance leases. A positive effect resulted from the fact that the interest rates of long-term interest-bearing liabilities are nominally fixed, whereas liquid funds are generally invested on a short-term basis and therefore benefit from the overall increase in interest rates. Furthermore, it should be noted that the interest charged

Q3 Income statement

in € m (07/01–09/30)

	Q3 2007	Q3 2006	Change
Net sales	1,036.5	815.5	27.1 %
Gross profit on sales	340.6	263.5	29.3 %
Gross margin on sales in %	32.9	32.3	0.6 PP
Other operating income	17.3	10.0	72.7 %
Selling expenses	298.9	216.2	38.2 %
General administrative expenses	17.6	15.7	12.3 %
Other operating expenses	0.2	0.3	-43.5 %
EBITA before conditions set by the Federal Cartel Office	51.4	41.3	24.4 %
EBITA	41.2	41.3	-0.1 %
Net income*	35.4	32.3	9.7 %

*based on normalised tax rat – e.g. without effects from the corporate tax reform – and before conditions set by the Federal Cartel Office

9M Income statement

in € m (01/01–09/30)

	9M 2007	9M 2006	Change
Net sales	3,041.5	2,421.4	25.6 %
Gross profit on sales	962.6	740.7	30.0 %
Gross margin on sales in %	31.7	30.6	1.1 PP
Other operating income	45.8	36.8	24.3 %
Selling expenses	860.4	646.2	33.2 %
General administrative expenses	57.1	42.6	34.0 %
Other operating expenses	0.6	1.1	-48.0 %
EBITA before conditions set by the Federal Cartel Office	100.5	87.7	14.6 %
EBITA	90.3	87.7	3.0 %
Net income*	68.7	66.9	2.8 %

*based on normalised tax rat – e.g. without effects from the corporate tax reform – and before conditions set by the Federal Cartel Office

on the debt component of the convertible bond in the amount of €2.8 million represents a non-cash interest expense. The net financial income contained exchange rate gains of €2.3 million (previous year: €3.6 million).

In the third quarter, net financial income also benefited from the fact that Praktiker sold its 19.96 percent equity interest in Moor Park MB OHG & Co. MB RE KG, the real estate company that acts as the leasing partner of Max Bahr. The disposal resulted in non-recurring income of €6.8 million.

Net profit for the period

The Group reported a net profit for the first nine months of €24.4 million (previous year: €66.9 million) and a net loss for the third quarter of €8.9 million (previous year: net profit of €32.3 million).

These figures include an effect relating to the corporate tax reform in Germany that will come into force in 2008. The revaluation of deferred taxes in accordance with the new legislation resulted in a non-cash tax expense of €36.7 million for the first nine months of the year, which was recognized in full in the third quarter.

Earnings per share

Before the requirements of the Federal Cartel Office and based on a normalized tax rate, i. e., before the tax effect described above, undiluted earnings per share amounted to €1.16 for the first nine months (previous year: €1.14) and €0.60 for the third quarter (previous year: €0.55). After consideration of the requirements of the Federal Cartel Office and the one-off tax effect, undiluted earnings per share were €0.40 for the nine months period and €-0.16 for the third quarter.

Financial position

Net cash / debt position

Cash and cash equivalents amounted to €315.2 million as of September 30, 2007, while financial liabilities totaled €385.2 million. The net debt position of the Group thus amounted to €70.0 million, nearly €40 million lower than at the end of the first six months of the year.

Net working capital

Net working capital at the end of the reporting period amounted to €346.2 million. The year-on-year comparison is distorted by the acquisition of Max Bahr. The change as against the end of the previous year results from optimization of all positions of the working capital.

Cash flow

The increase in the cash flow from operating activities, which rose by €158.7 million to €203.7 million, is primarily related to good operating business and improved management of working capital. The acceleration of the Group's international activities and the payment of the acquisition price of Max Bahr during the period under review meant that the cash flow from investing activities declined to €316.6 million. The cash flow from financing activities reflects the fact that the Praktiker Group did not rely on external financing in 2007.

Asset position

Balance sheet

As discussed in the reports on the first three months and the first half year, length and structure of the Praktiker Group's balance sheet changed significantly as a result of the acquisition of Max Bahr. At the end of September, the Group's total assets amounted to €2,246 million. The consolidation of Max Bahr had an impact on practically all balance sheet items. On the asset side, inventories and property, plant and equipment were affected to the largest extent, while on the liability side, the most significant changes related to financial liabilities and trade

9M Cash flow statement

in € m (01/01-09/30)

	9M 2007	9M 2006	Change
Earnings before taxes (EBT)	81.5	85.7	-5.0 %
Cash flow from operating activities	203.7	45.0	158.7
Cash flow from investing activities	-316.6	-15.9	-300.7
Cash flow from financing activities	-38.4	117.3	-155.7
Cash and cash equivalents at 09/30	315.2	494.8	-179.6

9M Balance sheet

in € m

	09/30/2007	12/31/2006	Change
Equity	944.1	945.5	-0.2 %
Total assets	2,245.6	1,888.9	18.9 %
Net cash/net debt (-)	-70.0	172.5	-242.5
Net working capital	346.2	336.0	3.0 %

payables. At the end of the previous financial year, total assets amounted to €1,889 million. Liquid funds of €315.2 million are supplemented by a credit line of € 200 million.

Equity

At the end of the third quarter, equity was practically unchanged as against the end of the previous financial year at €944.1 million.

Equity ratio

The equity ratio at the end of the third quarter of 2007 was 42.0 percent. At the end of the first quarter, i.e. after the consolidation of Max Bahr, the equity ratio had been reported at 41.3 percent.

Segment reporting: Germany

Net sales

In the first nine months of the current financial year, the segment Germany recorded net sales of €2,248.0 million, up 26.0 percent on the previous year. On a like-for-like basis, based exclusively on the Praktiker brand, sales decreased by 2.3 percent in the first nine months.

In the third quarter of 2007, the Praktiker Group recorded total net sales in Germany of €738.4 million, up €169.9 million or 29.9 percent on the same period of the previous year. This increase is due solely to the Max Bahr brand, which has been included in the consolidated financial statements since beginning of February. In terms of the like-for-like sales recorded by the Praktiker brand, the figure for the third quarter was 0.6 percent lower than in the previous year. However, this development should be assessed in light of the overall sharp decline in the German DIY market.

Current figures show that, contrary to the expectations of a number of economic experts at the start of the year, private consumption, consumer sentiment, retail sales and the German DIY market all declined in the third quarter. According to the latest data on the German retail sector, sales fell by 1.1 percent in August, while the industry association BHB announced a drop in gross sales in the DIY sector of up to 7 percent in July and August. Taking into account the VAT increase at the start of the year, the market contracted by around 10 percent in these two months in terms of net sales and the volume of goods.

Given these developments, Praktiker is likely to have gained market share in the third quarter. These figures clearly demonstrate that price pressure and the need for consolidation in Germany are still on the rise.

By the end of the third quarter, a total of 50 Praktiker stores had been converted to the Easy-to-Shop concept. The most recent conversions reinforce the positive results that Praktiker has experienced with its new concept to date, with sales in the converted stores quickly developing more positively than in the rest of the Praktiker portfolio.

In the third quarter, two stores were removed from Praktiker's portfolio. One store was closed, while the store in Adendorf, near Lueneburg, was sold with effect from September 1, 2007 in order to meet the requirements of the Federal Cartel Office.

Shortly after the end of the reporting period on October 8, Praktiker opened a new store in Lueneburg that was originally intended for the Max Bahr brand. This is the first demonstration of the way in which the two-brand strategy provides the Group with additional options in terms of brand allocation.

At the end of September 2007, the Praktiker Group had a total of 341 stores in Germany (previous year: 269 stores), of which 265 were operated under the Praktiker brand and 76 under the Max Bahr brand.

Q3 Key data Germany

in € m (07/01 – 09/30)

	Q3 2007	Q3 2006	Change
Net sales	738.4	568.5	29.9 %
like-for-like sales growth in %	-0.6	4.4	—
EBITA before conditions set by the Federal Cartel Office	24.2	20.4	18.6 %
EBITA	14.0	20.4	-31.0 %
Capital expenditure	10.1	4.5	5.6

9M Key data Germany

in € m (01/01 – 09/30)

	9M 2007	9M 2006	Change
Net sales	2,248.0	1,783.8	26.0 %
like-for-like sales growth in %	-2.3	3.0	—
EBITA before conditions set by the Federal Cartel Office	47.6	54.6	-12.8 %
EBITA	37.4	54.6	-31.4 %
Capital expenditure	35.5	9.4	26.1
Number of stores (09/30)	341	269	72
Selling space in sq m 1,000 (09/30)	2,111	1,522	38.7 %
Employees, average on a full-time basis (01/01 – 09/30)	13,708	10,515	30.4 %

Operating result (EBITA)

In the first nine months of the year, the segment Germany generated EBITA before the requirements of the Federal Cartel Office in the amount of €47.6 million – down €7.0 million on the same period of the previous year. However, developments in the third quarter partially offset the decline recorded in the first half of the year. EBITA for the third quarter totaled €24.2 million, €3.8 million higher than in the previous year.

In the third quarter, the Group met the conditions for the formal completion of the acquisition of Max Bahr. The Federal Cartel Office had originally demanded the sale of four stores, but subsequently reduced this to three stores following a change in the competitive environment. Sales contracts have now been signed for all three stores affected. The disposal of these stores had a one-time effect on earnings in the amount of €10.2 million as a result of early termination and settlement of long-term rental agreements, depreciation of inventories, fixtures and fittings, and some additional restructuring costs.

Taking this non-recurring effect into account, EBITA for the third quarter amounted to €14.0 million, while the figure for the first nine months was €37.4 million.

Other factors that negatively impacted the operating result in the first half of the year, such as the one-time integration costs for Max Bahr or the negative effect on gross profit due to the fact that the VAT increase could not be passed on to customers, did not recur in the third quarter. However, the conversion of additional Praktiker stores to the Easy-to-Shop concept in the third quarter again required expenditure in the medium single-digit million range. In addition, significant investments in prices were necessary in the German market. In order to reinforce the Praktiker brand's price leadership, marketing activities were intensified in the third quarter, with the result that sales volumes increased whereas like-for-like sales remained essentially unchanged as against the previous year. As such, the third quarter was dominated by the drive towards gaining market share rather than short-term earnings optimization.

Capital expenditure

In the first three quarters of 2007, a total of €35.5 million was invested in Germany (previous year: €9.4 million). This related to concept conversion, modernization measures and replacement investments for both the Praktiker and Max Bahr brands. The first half of the year also saw capital expenditure in relation to the opening of five new Max Bahr stores.

Significant events

The integration of Max Bahr is continuing to progress as planned. The majority of the individual projects have now been completed, with only the IT coordination and logistics projects stretching into 2008. In both of these cases, a longer integration period was included in the original planning.

Praktiker is perceived by the customers as price leader on the German market. This was confirmed by the results of the "Kundenmonitor 2007" consumer survey, in which Praktiker outperformed its competitors in terms of providing the best special offers and campaigns, as well as in a direct price comparison. In both categories, Praktiker was awarded the first place. In terms of the overall price/performance ratio, Praktiker was ranked third, immediately followed by Max Bahr. Reflecting its commitment to operating as a service-oriented provider with an extensive product range and a high level of staff expertise, Max Bahr was particularly successful in the "Global satisfaction", "Expert service" and "Product range/assortment" categories, ranking among the top 3 on all of these aspects.

In August, warning strikes led to temporary service disruptions at various Praktiker and Max Bahr stores in Germany on a total of 11 days. These walkouts were intended to draw attention to the wage demands of the verdi union in the service industry. The economic impact of these measures cannot be precisely quantified, but was only felt on a local basis. The collective negotiations for the retail sector were still in progress at the reporting date.

International – the countries

9 months 2007	Net sales in € m	Change in %		Number of stores	Market position
			currency adjusted		
Luxembourg	30.3	1.8	1.8	3	# 1
Greece	194.7	3.6	3.6	8	# 1
Poland	152.4	35.2	32.2	19	# 4
Hungary	117.0	8.3	2.2	17	# 2
Turkey	68.8	4.9	6.2	9	# 1
Romania	181.9	71.1	59.4	18	# 1
Bulgaria	48.3	77.9	77.9	7	# 2

Segment reporting: International

Net sales

In the first nine months of the current financial year, the segment International recorded net sales of €793.5 million, up €155.8 million or 24.4 percent on the previous year. This equates to like-for-like growth of 13.2 percent.

The sales momentum enjoyed by the segment International in the first half of the year continued into the third quarter, with sales growth of 20.7 percent to €298.1 million. On a like-for-like basis, sales in the third quarter were up by 9.6 percent. As in the previous months, this development is attributable to the expansion of the available selling space as well as to the improved sales density at the Group's existing stores.

All of the countries in which the Group is represented made a contribution to the sales growth in the first nine months. The key drivers were the high-growth markets of Romania and Bulgaria, but above-average sales growth was also recorded in Poland.

Store locations

In the third quarter, a total of seven new stores were opened: two in Hungary, and one each in Bulgaria, Greece, Poland, Romania and Turkey. At the end of September 2007, the Group's international portfolio comprised a total of 81 stores, 15 more than at the end of the first nine months of the previous year.

Operating result (EBITA)

EBITA in the segment International amounted to €52.9 million in the first nine months of 2007, up €19.8 million or 59.9 percent year-on-year.

The segment International generated EBITA of €27.2 million in the third quarter. This represents an increase of €6.3 million or 30.1 percent compared with the previous year.

In percentage terms, EBITA growth was down slightly on the second quarter, as the larger number of store openings was accompanied by higher pre-opening expenses and start-up losses.

Capital expenditure

A total of €65.0 million was invested in the segment International in the first nine months of the year (previous year: €13.1 million). Capital expenditure primarily related to the expansion of the Group's store portfolio by nine stores.

Significant events

Praktiker has opened a number of small-format stores in Greece and Romania. With a sales area of around 4,000 square meters, these stores offer the same range of DIY products as Praktiker's larger stores, but with less product depth. The smaller format allows Praktiker to develop into catchment areas in which it would not be possible to operate the existing, larger format profitably.

In its newly opened store in Hungary, Praktiker tests innovations like electronic price labeling for their use in daily operations.

At the store in Thessaloniki, which was partially destroyed by a fire in early July, work on the provisional resumption of the selling process is almost complete. In the course of November, customers will again be offered at least a partial selection from the store's product range.

Q3 Key data International

in € m (07/01 – 09/30)

	Q3 2007	Q3 2006	Change
Net sales	298.1	247.0	20.7 %
like-for-like sales growth in %	9.6	8.3	—
EBITA	27.2	20.9	30.1 %
in % on sales	9.1	8.5	—
Capital expenditure	25.8	7.0	18.8

9M Key data International

in € m (01/01 – 09/30)

	9M 2007	9M 2006	Change
Net sales	793.5	637.7	24.4 %
like-for-like sales growth in %	13.2	6.5	—
EBITA	52.9	33.1	59.9 %
in % on sales	6.7	5.2	—
Capital expenditure	65.0	13.1	51.9
Number of stores (09/30)	81	66	15
Selling space in sq m 1,000 (09/30)	565	472	19.7 %
Employees, average on a full-time basis (01/01 – 09/30)	8,581	6,890	24.5 %

Report on risks and opportunities

Risks

In its 2006 Annual Report and the report on the first half year 2007, Praktiker gave an extensive account of the various risks faced by the Group, as well as the opportunities presented by the potential further consolidation of the German DIY market in particular.

The risks from the conditions set by the Federal Cartel Office for the approval of the acquisition of Max Bahr have now been realized. The Group's earnings for the third quarter were impacted by the required sale of three stores to the tune of €10.2 million.

The uncertainty concerning the effects of the imminent corporate tax reform in Germany has also been resolved. In the third quarter, a non-cash tax expense amounting to €36.7 million was recognized on the basis of the resulting adjustment of deferred taxes.

A new risk factor for the Group's sales and earnings performance is the unexpectedly poor performance of the German DIY market. Although Praktiker predicted only muted growth at the start of the year, it now looks as if demand will actually decline across 2007 as a whole, making for an unexpected source of increased pressure on prices and margins.

In Germany, wage negotiations between the parties to the collective bargaining have faltered. Although the initial warning strikes have not had a tangible economic impact, the risk of further strikes – whether in the form of warning measures or large-scale walkouts – has increased substantially.

Opportunities

At the same time, the opportunities presented by the further, potentially rapid consolidation of the German DIY market have increased as a result of the persistently decreasing level of demand. In a contracting market with increasingly intense price competition, the larger competitors face advantages on account of their size-related stronger purchasing position, their greater cost efficiency and their marketing strength.

Accordingly, Praktiker can expect to benefit from further consolidation measures on the German market.

Outlook

The Company's management is anticipating a further improvement in sales and earnings in the remaining months of the year. Although the market environment in Germany has deteriorated significantly compared with initial forecasts, consolidated net sales for the year as a whole are expected to amount to around €4 billion, with an operating result (EBITA) before the requirements of the Federal Cartel Office of around €125 million.

However, the risk/opportunity profile underlying this forecast has worsened substantially since the last reporting date, with business prospects on the German market having become comparatively somber. To date, there has been no overall recovery in private consumption such as predicted at the start of the year, the DIY market has even experienced a sharp decline.

As a result of these changes in the market environment, the earnings forecast issued in July has taken on a different quality: It can still be achieved, but it is clearly more ambitious than at mid-year. The aim of gaining additional market share and maintaining the drive towards consolidation in Germany has gained weight. The Praktiker brand will therefore stay price aggressive in Germany.

The Company's forecast is supported by the fact that the acquisition of Max Bahr has progressed according to plan, with the brand's contribution to earnings materializing as expected. With the exception of a few topics, the integration process has now been completed, and Max Bahr is expected to contribute some €20 million to the Group's operating result for 2007. The conversion of Praktiker stores to the Easy-to-Shop concept is also progressing as planned with related expenses equally in line with expectations.

The Group's international business is expected to maintain the dynamics seen in the first nine months of the year. A further six stores are scheduled to be opened in the fourth quarter, with a particular focus on Romania, as well as the opening of the Group's first store in Ukraine. However, the associated pre-opening expenses and start-up losses make it unlikely that earnings growth in the fourth quarter will reach the levels recorded in the first nine months of the year.

The Group's liquidity and net debt position have developed positively, with working capital benefiting from the measures aimed at reducing capital intensity. This means that the Praktiker Group has gained additional financial stability in 2007 despite the difficult overall environment.

Income statement for the 3. quarter

in € thousand	Jul. 01– Sep. 30, 2007	Jul. 01– Sep. 30, 2006
Net sales	1,036,523	815,463
Cost of sales	–695,913	–551,954
Gross profit on sales	340,610	263,509
Other operating income	17,330	10,032
Selling expenses	–298,892	–216,257
General administrative expenses	–17,661	–15,726
Other operating expenses	–170	–301
Earnings before interest, taxes and amortization (EBITA) ¹⁾	41,217	41,257
Net interest result	–5,158	–1,601
Other financial result	973	222
Net financial income	–4,185	–1,379
Earnings before taxes	37,032	39,878
Income taxes ²⁾	–45,912	–7,628
Net income	–8,880	32,250
of which attributable to minorities	383	327
of which attributable to group shareholders	–9,263	31,923

Earning per share (€)		
undiluted	–0.16	0.55
diluted	–0.12	0.55

1) The EBITA would amount to €51,373 thousand without effects from the requirements of the Federal Cartel Office (expenditures to the amount of €10,156 thousand).

2) Tax ratio would have been about 25 % without extraordinary effects from the corporation tax reform. Without the effects from the requirements of the Federal Cartel Office and the tax reform the profit would be €35,391 thousand and the undiluted earning per share €0.60.

Income statement 9 months

in € thousand	Jan.01 – Sep.30,2007	Jan. 01 – Sep.30,2006
Net sales	3,041,455	2,421,435
Cost of sales	-2,078,834	-1,680,732
Gross profit on sales	962,621	740,703
Other operating income	45,774	36,826
Selling expenses	-860,423	-646,152
General administrative expenses	-57,103	-42,624
Other operating expenses	-553	-1,063
Earnings before interest, taxes and amortization (EBITA) ¹⁾	90,316	87,690
Net interest result	-15,029	-4,909
Other financial result	6,167	2,940
Net financial income	-8,862	-1,969
Earnings before taxes	81,454	85,721
Income taxes ²⁾	-57,018	-18,859
Net income	24,436	66,862
of which attributable to minorities	1,222	873
of which attributable to group shareholders	23,214	65,989

Earning per share (€)		
undiluted	0.40	1.14
diluted	0.43	1.14

1) The EBITA would amount to €100,472 thousand without effects from the requirements of the Federal Cartel Office (expenditures to the amount of €10,156 thousand).

2) Tax ratio would have been about 25 % without extraordinary effects from the corporation tax reform. Without the effects from the requirements of the Federal Cartel Office and the tax reform the profit would be €68,707 thousand and the undiluted earning per share €1.16.

Balance sheet as at September 30, 2007

Assets in € thousand	Sep.30,2007	Dec.31,2006
Non-current assets		
Goodwill	214,621	116,590
Other intangible assets	66,678	10,795
Tangible assets	425,049	273,792
Financial assets	123	322
Miscellaneous receivables and other non-current assets	5,755	10,921
Deferred tax assets	188,286	198,831
	900,512	611,251
Current assets		
Inventories	849,508	625,983
Trade receivables	22,810	16,372
Miscellaneous receivables and other current assets	151,625	168,746
Income tax receivables	5,658	345
Cash and cash equivalents	315,220	466,251
	1,344,821	1,277,697
Assets classified as held for sale	291	0
Total assets	2,245,624	1,888,948

Balance sheet as at September 30, 2007

Liabilities in € thousand	Sep.30,2007	Dec.31,2006
Equity		
Share capital	58,000	58,000
Additional paid-in capital	707,077	705,896
Balance sheet profit	177,339	180,225
	942,416	944,121
Minority interests	1,649	1,417
	944,065	945,538
Non-current liabilities		
Provisions for pensions and similar commitments	660	516
Other provisions	63,001	52,715
Payable from convertible bonds	133,188	130,433
Payable under finance leases	236,904	154,831
Other liabilities	7,276	9,148
Deferred tax liabilities	81,625	50,212
	522,654	397,855
Current liabilities		
Other provisions	50,528	27,266
Due to banks	0	50
Payable under finance leases	15,146	8,435
Trade payables	589,531	417,767
Prepayments received on orders	9,568	10,745
Other liabilities	86,688	70,858
Current income tax liabilities	27,444	10,434
	778,905	545,555
Total liabilities	2,245,624	1,888,948

Statement of changes in equity

in € thousand	Share capital	Capital reserves	Other revenue reserves	Balance sheet profit	Subtotal	Minority interest	Total
Dec. 31, 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
Fair value's adjustment of available-for-sale financial assets		-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
Sep. 30, 2006	58,000	822,685	-121,260	163,936	923,361	1,317	924,678
Dec. 31, 2006	58,000	822,685	-116,789	180,225	944,121	1,417	945,538
Currency translation			1,181		1,181		1,181
Payment to shareholders				-26,100	-26,100		-26,100
Payment to minority interests						-1,007	-1,007
Group net profit				23,214	23,214	1,222	24,436
Other changes in minority interests						17	17
Sep. 30, 2007	58,000	822,685	-115,608	177,339	942,416	1,649	944,065

Cash flow statement

in € thousand	Jan.01 – Sep.30,2007	Jan.01 – Sep.30,2006
Earnings before taxes	81,454	85,721
Depreciation and amortization (+)/Reversal of impairment losses (-)	42,386	28,168
Increase (Decrease) in provisions	6,139	-12,510
Gain from the disposal of fixed and intangible assets	-181	-130
Increase in inventories	-44,992	-10,226
Increase in trade payables	107,496	1,090
Loss (Gain) from foreign currencies	691	-2,940
Other non-cash expenses and income	-11,963	-16,210
Decrease (Increase) in other assets	25,379	-41,887
Decrease (Increase) in other liabilities	-9,471	11,958
Income taxes paid	-16,342	-9,225
Interest Result	15,031	4,909
Interest Received	8,057	6,274
Cash flow from operating activities	203,684	44,992
Proceeds from disposal of fixed and intangible assets	2,506	1,118
Net cash used in investing activities	-89,906	-17,010
Net cash used in acquisition Max Bahr	-229,170	0
Cash flow from investing activities	-316,570	-15,892
Interest paid	-715	-717
Payment to minorities	-1,007	-976
Payment to shareholders	-26,100	-26,100
Gain on cash flow hedges recognized directly in equity	0	292
Decrease in liabilities from finance leases	-9,949	-4,971
Change financial balance	2,755	0
Interest paid for convertible bond	-3,375	0
Equity component of convertible bond	0	20,269
Financial liabilities from convertible bond	0	129,495
Cash flow from financing activities	-38,391	117,292
Change in cash and cash equivalents	-151,277	146,392
Effect of foreign exchange rate changes	246	-2,235
Cash and cash equivalents at beginning of period	466,251	323,682
Cash and cash equivalents at end of period	315,220	467,839
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	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	-151,277	146,392
Effect of foreign exchange rate changes	246	-2,235
Change in pledged cash and cash equivalents	0	1,556
Cash and cash equivalents at end of period according to the Group Balance Sheet	315,220	494,786
Pledged cash and cash equivalents	0	-26,947
Cash and cash equivalents at end of period	315,220	467,839

Notes to the cash flow statement

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

The cash flow for the period under review includes non-cash additions of finance lease assets in the amount of € 11,714 thousand (previous year: € 5,562 thousand). In the period under review, there were non-cash disposals of finance lease assets amounting to € 2,149 thousand (previous year: € 443 thousand) and non-cash disposals of finance lease liabilities in the amount of € 575 thousand (previous year: € 1,776 thousand).

Cash and cash equivalents are composed of bank balances and cash in hand.

Explanatory notes to the financial statements

Accounting principles

The present interim financial statements for the period ended September 30, 2007 were prepared in accordance with the provisions of IAS 34 and the supplementary provisions contained in section 315a of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB), London, and approved by the European Union that were valid at 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 interim financial statements were prepared using the same accounting, valuation and calculation principles as the consolidated financial statements for the year ended December 31, 2006. These are discussed in detail on pages 48ff. of the 2006 Annual Report.

Income tax expense was deferred on the basis of the applicable tax rate for to the total net profit for the year, i.e., the estimated average annual effective tax rate is applied to the pre-tax result for the interim reporting period.

Valuation of income tax expense

Changes in shareholder structure

At the end of the period under review, five institutions held interests in the Company in excess of the thresholds of 3 %, 5 % or 10 % of the voting rights, hence requiring disclosure.

Newton Investment Management Limited, London (United Kingdom), exceeded the threshold of 5 % of the voting rights on March 31, 2006, and held 5.07 % of the voting rights at this date.

Lansdowne Partners Limited, London (United Kingdom), exceeded the threshold of 5 % of the voting rights on January 8, 2007, and held 6.89 % of the voting rights at this date (corresponding to 3,995,485 shares). On July 25, 2007, Lansdowne Partners Limited, London (United Kingdom) exceeded the threshold of 10 % of the voting rights and held 10.15 % of the voting rights at this date (corresponding to 5,888,920 shares).

Ivory Investment Management, L. P., Los Angeles (USA), exceeded the threshold of 3 % of the voting rights on February 7, 2007, and held 3.20 % of the voting rights at this date (corresponding to 1,854,954 shares). On July 27, 2007, Ivory Flagship Master, Ltd., George Town, Grand Cayman (Cayman Islands), informed us that 3.01 % of these voting rights (corresponding to 1,743,889 shares) had been allocable to it since June 21, 2007. On the same date, Ivory Offshore Flagship Fund, Ltd. informed us that 3.01 % of these voting rights (corresponding to 1,743,889 shares) were allocable to it via Ivory Flagship Master, Ltd. in accordance with section 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

After the end of the reporting period on October 1, 2007, Ivory Investment Management, L.P., exceeded the threshold of 5 % of the voting rights, and held 5.00 % of the voting rights at this date (corresponding to 2,900,595 shares).

Capital Research and Management Company, Los Angeles (USA), exceeded the threshold of 5 % of the voting rights on March 16, 2007, and held 5.59 % of the voting rights at this date (corresponding to 3,242,183 shares).

UBS AG, Zurich (Switzerland), fell below the threshold of 5 % of the voting rights on June 19, 2007, and held 4.84 % of the voting rights at this date (corresponding to 2,804,429 shares). This primarily related to shares held for trading. Only 0.16 % of the voting rights (corresponding to 94,731 shares) were attributable to UBS AG in accordance with section 22 (1) sentence 1 no. 1 of the WpHG. UBS AG temporarily exceeded and fell below the threshold

several times during the reporting period. At the end of the reporting period, it held 4.60 % of the voting rights in the Company (corresponding to 2,669,292 shares).

After the end of the reporting period on October 1, 2007, UBS AG exceeded the threshold of 5 % of the voting rights, and held 5.43 % of the voting rights at this date (corresponding to 3,147,459 shares). Of this figure, 0.05 % of the voting rights (corresponding to 30,825 shares) were allocable to UBS AG.

As shares with a short-term investment strategy, the Company's shares are not considered to be in fixed ownership in accordance with the definition prescribed by Deutsche Börse AG. As such, 100 % of the Company's shares were considered to be in free float as of September 30, 2007.

A further two companies temporarily held a share of the voting rights in excess of the thresholds of 3 % of 5 % during the period under review.

BlueCrest Capital Management L.P., London (United Kingdom), exceeded the threshold of 3 % of the voting rights on February 22, 2007, and held 3.02 % of the voting rights at this date (corresponding to 1,753,094 shares). On May 11, 2007, BlueCrest Capital Management L.P. fell below the threshold of 3 % of the voting rights once again, and held 2.70 % of the voting rights at this date (corresponding to 1,567,695 shares).

Ameriprise Financial, Inc., Minneapolis (USA), exceeded the threshold of 3 % of the voting rights on August 2, 2007, and held 3.02 % of the voting rights at this date (corresponding to 1,749,996 shares). Ameriprise Financial, Inc. briefly exceeded and fell below the threshold several times during the reporting period. On September 14, 2007, Ameriprise Financial, Inc. fell below the threshold of 3 % of the voting rights once again, and held 2.97 % of the voting rights at this date (corresponding to 1,722,121 shares).

The option to convert the convertible bond issued in August 2006 was not exercised by the end of the period under review, meaning that there was no change in the shareholder structure as a result.

Acquisition of real estate

In the first nine months of 2007, the Praktiker Group acquired the ownership of three DIY store properties (in Bulgaria, Greece and Romania). This resulted in additions to assets in the amount of around €8.5 million (land), €8.9 million (buildings) and €6.9 million (assets under construction) in the period under review.

Scope of consolidation

In April 2007, SC ARIS CONSULT INVEST SRL formed ARIS PROJECT DEVELOPMENT S. R. L. for the purpose of implementing construction projects. By way of a purchase agreement dated May 31, 2007, Praktiker Grundstücksbeteiligungsgesellschaft mbH, Kirkel, acquired 99 % of the shares and BMH Baumarkt Holding GmbH, Kirkel, acquired 1 % of the shares of ARIS PROJECT DEVELOPMENT S.R.L. On June 25, 2007, it was resolved that ARIS PROJECT DEVELOPMENT S. R. L. would be renamed PRAKTIKER REAL ESTATE ROMANIA SRL. The share capital of PRAKTIKER REAL ESTATE ROMANIA SRL. amounts to RON 9,300,000 (€2,781,017.31).

With the certificate of incorporation dated June 11, 2007, Praktiker Real Estate EOOD, Sofia, Bulgaria was formed as a wholly-owned subsidiary of Praktiker Grundstücksbeteiligungsgesellschaft mbH, Kirkel. The share capital of Praktiker Real Estate EOOD amounts to BGN 2,453,180 (€1,254,291.02). The main purpose of the company is the leasing, acquisition and sale of land and buildings.

Corporate merger

By way of a purchase agreement dated August 16, 2006, Praktiker Bau- und Heimwerkermärkte Holding AG acquired 100 % of the shares of Max Bahr Holzhandlung GmbH & Co. KG. The German Antitrust Authorities approved the acquisition on January 10, 2007, subject to the condition that four DIY stores were sold. The store in Adendorf, Lüneburg district, was transferred to a new owner with effect from September 1, 2007. Buyers have also been found for the Rostock and Schwerin stores, with the acquisitions expected to be effected on January 1, 2008 (Rostock) and March 1, 2008 (Schwerin) respectively. Following a ruling by the German Antitrust Authorities, the Company is no longer required to sell the fourth store in Cottbus on account of the change in the competitive situation.

The assets that are expected to be transferred as part of the disposal of the stores are reported in the consolidated balance sheet under "Assets held for sale". The sale of the three stores resulted in expenses of €10,156 thousand in the period under review, particularly due to the early termination of long-term rental agreements. Max Bahr Holzhandlung GmbH & Co. KG bundles the operating activities of the Max Bahr Group.

Max Bahr Holzhandlung GmbH & Co. KG holds 100 % of the shares of Max der kleine Baumarkt GmbH, Hamburg, and ANTENOR Vermögensverwaltungsgesellschaft mbH, Hamburg. In turn, the latter company has a 100 % interest in SINCO Trade Ltd., Hong Kong. Max Bahr Holzhandlung GmbH & Co. KG also held 50 % of the shares of DIYCO GmbH, Hamburg (joint venture). The interest in DIYCO GmbH, Hamburg, was sold by now at amortized cost. The transaction of Max Bahr also included 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 purpose of the companies acquired primarily involves the operation of DIY stores.

The business combination was accounted for in accordance with the provisions of IFRS 3. The closing date, i.e., the date on which the business combination was considered to be completed in accordance with the terms of the purchase agreement and, as such, the acquisition date within the meaning of IFRS 3.25, was January 31, 2007.

The total costs of purchase were €276,081 thousand, broken down follows:

Purchase price: €270,968 thousand

Ancillary purchase costs: €5,113 thousand

The ancillary purchase costs include the costs incurred for tax and legal advisory services. The purchase price was settled in cash on January 31, 2007.

The costs recognized for the companies acquired were offset by the following assets and liabilities at the acquisition date (for reasons of materiality, only the assets and liabilities relating to Max Bahr Holzhandlung GmbH & Co. KG are disclosed individually):

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

Material changes regarding other provisions

The goodwill reported largely reflects the expectations in terms of future positive earnings contributions on the part of Max Bahr Group, which are attributable to synergy effects and unrecognized intangible assets, among other things. Accordingly, the following assets have been identified as not meeting the recognition criteria set out under IFRS 3, meaning that they cannot be recognized separately from goodwill:

- “Max der kleine Baumarkt” brand: This brand has no public awareness that could result in economic benefits
- Other product brands: The value contributions of such brands cannot be separated from the umbrella brand, and the latter is more important
- “Max Bahr” product brand: The value contributions of this brand cannot be separated from the umbrella brand, and the latter is more important
- “Meisterklasse” product brand: The value contributions of this brand cannot be separated from the umbrella brand, and the latter is more important
- ERP software: The data required for fair value determination is not available

In addition, the “Bonus” product brand and the “Bahr Card” customer loyalty program meet the recognition criteria set out under IFRS 3, but were considered to be immaterial.

The net profit reported by the companies acquired, which are included in the Company’s figures for the first nine months (third quarter) of 2007, totaled approximately €19.7 million (€8.5 million). If the acquisition date had been January 1, 2007, the Group would have recorded net sales of around €3,090.0 million and a net profit of around €16.9 million in the first nine months of 2007.

The property holdings of the Max Bahr Group, which were bundled in the real estate management company Max Bahr Holzhandlung GmbH & Co. KG, were acquired by a foreign financial investor. The property holdings concerned were transferred to two new limited partnerships: Moor Park MB OHG & Co. MBE KG, Oststeinbeck, and Moor Park MB OHG & Co. PSK KG, Norderfriedrichskoog. Praktiker Grundstücksbeteiligungsgesellschaft mbH held a stake in the former with a carrying amount of €2,457 thousand (corresponding to an equity interest of 19.96 %) and a stake in the latter with a carrying amount of €13,922 thousand (also corresponding to an equity interest of 19.96 %) from January 31, 2007 onwards.

These equity interests were sold in July 2007, resulting in disposal proceeds of €6,841 thousand in the period under review. This amount is reported in other financial income.

Significant changes in other provisions

The changes in noncurrent and current provisions are primarily attributable to the increase in provisions relating to the acquisition of Max Bahr Holzhandlung GmbH & Co. KG, which were recognized in noncurrent provisions in the amount of €14,305 thousand and current provisions in the amount of €12,426 thousand. The development of current and noncurrent provisions was also impacted by the recognition of a provision for matters relating to fiscal law, the increase in provisions for store closure costs and the reduction in provisions for loss-making stores.

Earnings per share

Undiluted earnings per share are calculated as the quotient of the net profit attributable to the Company's shareholders and the average number of shares outstanding during the nine-month reporting period and the third quarter.

(a) Undiluted

Earnings per share	Jan.01 – Sep.30,2007	Jan.01 – Sep.30,2006	Jul.01 – Sep.30,2007	Jul.01 – Sep.30,2006
Earnings allocable to equity providers (€)	23,214	65,989	-9,263	31,923
Average number of shares issued (in thousands)	58,000	58,000	58,000	58,000
Undiluted earnings per share (€)	0.40	1.14	-0.16	0.55

The calculation of diluted earnings per share is based on the net profit attributable to the Company's shareholders, adjusted for changes in expenses and income, that would result from the conversion of potential ordinary shares with a dilutive effect. The average number of shares outstanding during the nine-month reporting period and the third quarter is increased by the number of additional ordinary shares that would have been in circulation if all potential ordinary shares with a dilutive effect had been converted.

(b) Diluted

Earnings per share	Jan.01 – Sep.30,2007	Jan.01 – Sep.30,2006	Jul.01 – Sep.30,2007	Jul.01 – Sep.30,2006
Earnings allocable to equity providers (€)	27,145	66,028	-7,291	31,962
Average number of shares issued (in thousands)	62,419	58,049	62,419	58,144
Diluted earnings per share (€)	0.43	1.14	-0.12	0.55

Split in net financial income

in € thousand	Jan.01 – Sep.30,2007	Jan.01 – Sep.30,2006	Jul.01 – Sep.30,2007	Jul.01 – Sep.30,2006
Financial incomes	30,011	15,680	12,334	3,736
Financial expenses	-38,873	-17,649	-16,519	-5,115
Financial result	-8,862	-1,969	-4,185	-1,379

Net finance costs include the proceeds from the disposal of the Moor Park real estate management companies in the amount of €6,841 thousand (further details can be found under "Scope of consolidation" above).

Dividend payout

The Annual General Shareholder's Meeting of Praktiker Bau- und Heimwerkermärkte Holding AG on June 11, 2007 resolved to appropriate the net retained profits of Praktiker Bau- und Heimwerkermärkte Holding AG for the 2006 financial year, which amounted to €29,585,023.12, as follows: A dividend of €0.45 was distributed for each ordinary share, resulting in a total dividend distribution of €26,100,000. The remaining €3,485,023.12 were carried forward to new account.

Significant changes in contingent liabilities and other financial obligations

Commitments under operating lease arrangements will fall due in subsequent periods in a total amount of € 2,661 million (previous year: € 1,943 million), of which € 274 million (previous year: € 217 million) will fall due within one year, € 999 million (previous year: € 795 million) between one and five years and € 1,388 million (previous year: € 931 million) after more than five years.

Commitments under finance lease arrangements will fall due in subsequent periods in a total amount of € 432 million (previous year: € 242 million), of which € 37 million (previous year: € 20 million) will fall due within one year, € 134 million (previous year: € 82 million) between one and five years and € 261 million (previous year: € 140 million) after more than five years.

Related party disclosures

In the first nine months of 2007 and the third quarter of 2007, the Praktiker Holding AG Group had no business relationships or transactions with related parties. For completeness, the amounts for the comparable periods of the previous year are presented below:

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

Services received primarily relate to services such as cleaning, waste disposal and advertising provided by service companies of the METRO GROUP. They also include rental expenses.

Services rendered primarily relate to ERP remuneration from a service company of the METRO GROUP.

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

All business relationships and transactions with related parties are contractually agreed and are conducted at arm's length prices.

Effects of the 2008 German Corporate Tax Reform Act on the interim financial statements

In its session on July 6, 2007, the upper house of the German Federal Parliament (Bundesrat) approved the 2008 German Corporate Tax Reform Act (Unternehmenssteuerreformgesetz 2008). Following this decision, it is now certain that this reform will come into force in 2008. The reform already had an impact on Praktiker's consolidated financial statements in the third quarter of 2007. The tax expense reported in the period is € 36.7 million higher than would have been the case if the new legislation had not been taken into account. However, this did not have a negative effect on the Company's cash flow, as the additional expense resulted from the adjustment of deferred tax items. This constitutes a non-recurring event, as a result of which the tax rate for 2007 is expected to increase to 70%.

According to preliminary estimates, the additional tax expense for the fourth quarter in 2007 will be within a low two-digit million area. Without this effect, the estimated tax ratio would be around 25%.

Miscellaneous

On March 31, 2007, Mr. Walter Weber, the member of the Management Board of Praktiker Bau- und Heimwerkermärkte Holding AG responsible for Accounting/Taxes, stepped down from the Board at his own request prior to the end of his term. Mr. Weber's areas of responsibility were assumed by Mr. Thomas Gabel.

Segment reporting

In € thousand	Domestic operations	Foreign operations	Reconciliation	Total
	Jan. 01, – Sep. 30, 2007	Jan. 01, – Sep. 30, 2007	Jan. 01, – Sep. 30, 2007	Jan. 01, – Sep. 30, 2007
Net Sales	2,249,526	793,546	-1,617	3,041,455
Other operating income	43,247	8,825	-6,298	45,774
Earnings before interest, taxes, depreciation and amortization	63,387	69,779	0	133,166
All other amortization on fixed assets	-25,930	-16,920	0	-42,850
Earnings before interest, taxes and amortization	37,457	52,859	0	90,316
Earnings before interest and taxes	37,457	52,859	0	90,316
Financial result				-8,862
Earnings before taxes				81,454
Income taxes				-57,018
Net profit				24,436

In € thousand	Domestic operations	Foreign operations	Reconciliation	Total
	Jan. 01, – Sep. 30, 2006	Jan. 01, – Sep. 30, 2006	Jan. 01, – Sep. 30, 2006	Jan. 01, – Sep. 30, 2006
Net Sales	1,785,317	637,675	-1,557	2,421,435
Other operating income	37,265	4,638	-5,078	36,826
Earnings before interest, taxes, depreciation and amortization	69,684	46,174	0	115,858
All other amortization on fixed assets	-15,049	-13,119	0	-28,168
Earnings before interest, taxes and amortization	54,635	33,055	0	87,690
Earnings before interest and taxes	54,635	33,055	0	87,690
Financial result				-1,969
Earnings before taxes				85,721
Income taxes				-18,859
Net profit				66,862

In € thousand	Domestic operations	Foreign operations	Reconciliation	Total
	Jul. 01, – Sep. 30, 2007	Jul. 01, – Sep. 30, 2007	Jul. 01, – Sep. 30, 2007	Jul. 01, – Sep. 30, 2007
Net Sales	738,734	298,120	–331	1,036,523
Other operating income	13,827	5,885	–2,382	17,330
Earnings before interest, taxes, depreciation and amortization	23,240	33,428	0	56,668
All other amortization on fixed assets	–9,178	–6,272	0	–15,450
Earnings before interest, taxes and amortization	14,061	27,156	0	41,217
Earnings before interest and taxes	14,061	27,156	0	41,217
Financial result				–4,185
Earnings before taxes				37,032
Income taxes				–45,912
Net profit				–8,880

In € thousand	Domestic operations	Foreign operations	Reconciliation	Total
	Jul. 01, – Sep. 30, 2006	Jul. 01, – Sep. 30, 2006	Jul. 01, – Sep. 30, 2006	Jul. 01, – Sep. 30, 2006
Net Sales	568,769	247,035	–341	815,463
Other operating income	9,816	1,605	–1,390	10,032
Earnings before interest, taxes, depreciation and amortization	25,346	25,152	0	50,498
All other amortization on fixed assets	–4,966	–4,275	0	–9,241
Earnings before interest, taxes and amortization	20,380	20,877	0	41,257
Earnings before interest and taxes	20,380	20,877	0	41,257
Financial result				–1,379
Earnings before taxes				39,878
Income taxes				–7,628
Net profit				32,250

Notes on segment information

The Company's segment reporting has not been divided into primary and secondary areas. As the Praktiker Group is almost exclusively responsible for the operation of DIY stores, the only breakdown is a geographical one based on the locations of its various stores.

Transfers between the regions are conducted at arm's length prices.

The effects of consolidation measures were reported separately in the "Reconciliation" column.

Praktiker on the capital markets

In the third quarter of 2007, Praktiker's shares lost significant value for the first time since the Company's IPO in November 2005. On September 26, 2007, the share was quoted at € 24.57, its lowest level since the start of the year. At the end of the period under review, Praktiker's share price was down 3.0 percent on the start of the year at € 26.25.

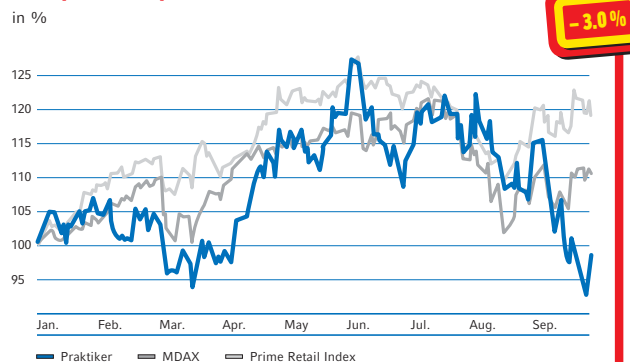
This development was triggered in particular by difficulties in the US mortgage market and the ensuing worldwide financial crisis.

In the wake of the crisis, the DAX fell by around 5 percent between the start of July and the end of August and the MDAX slipped by almost 7 percent over the same period. By contrast, Praktiker's share price held its ground during this period and increased slightly by around 3 percent.

The Praktiker share started to decline when a fund which held around 2.7 percent of the Praktiker shares at the time, was hit by the financial crisis and had to liquidate its holdings.

In this already strained market environment, two pieces of news from the DIY industry led to additional uncertainty on the part of investors. Firstly, the industry association BHB announced on September 11 that the German DIY industry had experienced a decline in gross sales of around 7 percent in July and August compared with the same period of the previous year. As a result, the BHB adjusted its overall guidance for the expected 2007 sales development of the industry from between plus 1 to 2 percent to minus 1 to 2 percent. At the same time, Hornbach group, fifth largest competitor in the German DIY market, published a profit warning.

Share price development 9 months 2007



Financial calendar 2007/2008

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
Third quarter report 2008	October 23, 2008

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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.