

Amendment of Praktiker Consolidated Financial Statements for 2007 **The German Financial Reporting Enforcement Panel (FREP) queries first-time consolidation of Max Bahr**

In the context of a spot check, the German Financial Reporting Enforcement Panel (FREP) arrived at differing valuations of individual balance sheet items in the 2007 consolidated financial statements of Praktiker Bau- und Heimwerkmärkte Holding AG. They largely relate to the first-time consolidation of Max Bahr. Accordingly, the consolidated financial statements for 2007 and 2008 must be retrospectively adjusted in accordance with IAS 8. None of the changes have an impact on cash. There are no significant effects on the Group's income, financial and asset position for the fiscal year 2009 and the coming years. The Management Board has therefore decided not to appeal, also taking into consideration the costs of opposition proceedings, and to make the amendments demanded by the FREP.

In particular, the FREP believes that the valuation of the inventories and fixed assets of Max Bahr in the purchase price allocation was too low, thus inevitably leading to impacts on the level of the goodwill of Max Bahr as well as on the level of deferred taxes and earnings.

In accordance with IFRS, the value of inventories is calculated as part of first-time consolidation from the expected selling prices of the goods, less costs of disposal and a reasonable profit allowance for selling efforts. In the FREP test procedure, opinion differed between the FREP and Praktiker in particular in terms of the amount of the expected costs of disposal and the profit allowance applied for selling efforts. Taking into account the value of the goods calculated by Praktiker at the point of the first-time consolidation, the gross margin for Max Bahr in the fiscal year 2007 was on a level with the previous years. The

gross margin reached a similar level in the following year as well. The valuation applied by Praktiker led consequently to a high stability of the gross margin over time. The FREP argued in particular that the costs of disposal should have been reported lower. This results in a clear one-off reduction of the gross margin of Max Bahr in the year of the first-time consolidation.

Praktiker opines – also supported by the auditor's report of PricewaterhouseCoopers AG – that the original valuation was and is appropriate and justifiable. Nonetheless, the Management Board has decided not to appeal against the error findings and to make the amendments demanded by the FREP.

The amendments in detail

In the consolidated balance sheet as at 31 December 2007, the error findings

of the FREP mean a lower goodwill of Max Bahr of around euro 21.9 million – mainly due to the described valuation adjustment of inventories and fixed assets of Max Bahr within the first-time consolidation. Fixed assets increased by euro 5.8 million, and deferred tax assets are euro 11.8 million higher. Accordingly, total assets are reduced by euro 4.4 million. On the liabilities side of the balance sheet, equity decreases by euro 6.1 million, resulting in a slight decline in the equity ratio from 43.7 percent to 43.5 percent. Deferred tax liabilities are up by euro 1.8 million.

In particular, the calculative higher cost of sales due to the higher valuation of the inventories of Max Bahr at the date of acquisition leads to a decrease of around euro 11.1 million in operating earnings (EBITA) for 2007. Group net income is down to euro 7.2 million (prior to adjustment: euro 23.7 million),

and earnings per share (EPS) amount to euro 0.11 (prior to adjustment: euro 0.39). None of these effects have an impact on cash.

The resultant need to adjust the consolidated balance sheet for the 2008 fiscal year largely relates to the same items as for 2007. Equity decreases by euro 8.8 million. However, at 41.9 percent, the equity ratio is only slightly below the pre-adjustment figure (42.2 percent). EBITA for 2008 remains almost unchanged by the adjustment at euro 128.8 million (prior to adjustment: euro 129.1 million). Group net income is hit by euro 2.7 million, mainly due to a non cash-impacting tax effect of euro 2.4 million, and therefore amounts to euro 4.4 million. This results in EPS of euro 0.06 (prior to adjustment: euro 0.10).

There are no further significant effects on earnings for the financial statements for 2009 or subsequent years.

An overview of the corresponding adjustments to the balance sheet and income statement for 2007 and 2008 is available as an Excel download at http://www.praktiker.com/pb/site/praktiker_com/get/378792/090828_FREP_Amendments_error_findings_2007_2008_uk.xls

The full error findings of the FREP have been published in the German Electronic Federal Gazette and can be viewed at http://www.praktiker.com/pb/site/praktiker_com/get/378793/090828_DPR_Fehlerfeststellung.pdf (in German only).

The FREP is a Berlin-based private organisation that does not exercise State authority and is supported by major German trade associations. The work of the FREP is based on the German Commercial Code and the German Securities Trading Act. The companies to be checked are chosen either for specific reasons, i.e. if

there are firm grounds for suspicion of incorrect accounting, or in the form of routine spot checks (§ 342b para. 2 sentence 3 no. 3 of the German Commercial Code). Selection of the companies to be checked is geared towards the standards of the Committee of European Securities Regulators (CESR). According to these standards, MDAX-listed companies like Praktiker should undergo such a routine check every 4 to 5 years on average.

Praktiker Bau- und Heimwerkermärkte Holding AG
Am Tannenwald 2
D-66459 Kirkel
Phone: +49 (0) 68 49 / 95 37 03
Fax: +49 (0) 68 49 / 95 37 09
E-mail: InvestorRelations@praktiker.de
www.praktiker.com

Consolidated balance sheet as at December 31, 2007

Assets	before amendments		after amendments		Change in € thousands
	in € thousands	% of total assets	in € thousands	% of total assets	
Goodwill	214.621	10,0%	192.682	9,0%	-21.939
Other non-current assets	532.809	24,7%	538.620	25,1%	5.811
Other financial assets	122	0,0%	122	0,0%	0
Inventories	809.686	37,6%	809.686	37,7%	0
Cash and cash equivalents	270.769	12,6%	270.769	12,6%	0
Other current assets / accrued income	122.209	5,7%	122.209	5,7%	0
Deferred income tax assets	203.567	9,5%	215.329	10,0%	11.762
Total assets	2.153.783	100,0%	2.149.417	100,0%	-4.366

Equity and Liabilities	before amendments		after amendments		Change in € thousands
	in € thousands	% of total assets	in € thousands	% of total assets	
Equity	941.442	43,7%	935.302	43,5%	-6.140
Provisions for pensions	695	0,0%	695	0,0%	0
Other provisions	92.604	4,3%	92.604	4,3%	0
Financial commitments	417.825	19,4%	417.825	19,4%	0
Trade payables	463.806	21,5%	463.806	21,6%	0
Other liabilities / accrued expenses	127.944	5,9%	127.944	6,0%	0
Deferred income tax liabilities	109.467	5,1%	111.241	5,2%	1.774
Total assets	2.153.783	100,0%	2.149.417	100,0%	-4.366