

Building Better Businesses



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- **Positive results in the first half of 2007 compared to the first half of 2006**
 - **Net Sales (including concessionaire sales) increased by 6.6% to EUR 1,559 million. Same store sales up by 5.0%**
 - **Operating EBITDA increased by 11.9% to EUR 92.2 million**
 - **Gross Asset Investments amounted to EUR 52.1 million**
 - **Working Capital improvement of EUR 123.1 million**
- **Market share gains for Maxeda overall and in most formats and product categories**
- **Number of stores increased by 6.4% to 1,283 stores**
- **Strategy of Selling More, Sourcing Better, Saving Costs and Cash, Exploiting Synergies and Smile! continues to build better businesses.**

Semi Annual Results

2007

Strategy Delivering Results

At Maxeda, our overriding goal is to build better businesses. We aim to create retail leaders delivering sustainable growth in their marketplaces. Our strategy is focused on executing the five S's – Selling More, Sourcing Better, Saving Costs and Cash, Driving Group Synergies and Smile! – thereby delivering improved results and higher colleague and customer satisfaction. All our colleagues have worked hard in the last six months to build better businesses and to achieve success for all of our formats. Overall, we delivered good results in market share, financially and for all our stakeholders. Over the last six months Maxeda continued to improve its business and its performance, despite the volatility of weather conditions and trading patterns.

In our largest business unit, Do-It-Yourself (DIY), the performance of our formats continued to be strong in a competitive marketplace. Our DIY formats invested in product categories, in joint sourcing, in new (IT) systems and in format renewals to improve their market positioning and results.

In Fashion, the performance of our department stores was very good. The renewal strategy of V&D is on track. The premium positioning of Bijenkorf strengthened its appeal to customers and their increased spend translated into a stronger performance. Our apparel formats were negatively impacted by the adverse weather of the second quarter. However, M&S has refocused its offer and this drove improved profit. Hunkemöller continued to expand in the Netherlands and abroad. The results of Claudia Sträter were disappointing due to collection issues. HEMA strengthened its retail leadership position and graduated from the 'Maxeda Retail Academy'.

A Passion to Serve

The driving force behind the improved results are of course the Maxeda colleagues. We will do everything we can to satisfy our colleagues, our customers and all our stakeholders. In retail stores, it is our people who make the difference. We are particularly pleased with our colleague satisfaction results, which showed a response rate of no less than 86% (last year 77%) and an improved score of 7.6 (last year 7.5). This is significantly higher than the Dutch national and European averages. This is important, because we are convinced that a good performance depends on satisfied colleagues and customers in all our formats. This is visible in our improved market share and improved performance. Our 'Passion to Serve' philosophy was recognized by Effectory in April with two Maxeda formats winning Best Place to

Work in the Netherlands. Hunkemöller won the Best Place to Work for large companies and Claudia Sträter won for small companies. A great result!

Maxeda and its formats also shared other professional successes. In March Hunkemöller was voted 'Best Fashion Retail Chain' in Belgium. In June, we saw Paul Bringmann (General Manager La Place) and Ronald van der Mark (CFO Maxeda) being awarded 'Retail Personality 2007' and 'CFO of the Year' respectively. La Place celebrated its 20th anniversary and V&D and Hunkemöller celebrated their 120th anniversary. Recently Formido, Praxis and Hunkemöller were short-listed for the prestigious annual 'Visa Retail Prize'.

Maxeda relocated to a modern head office which symbolises our company philosophy better with a maximum of transparency, communication and teamwork.

Building Better Businesses

The composition of our group may change over time. This is part of our strategy to achieve retail leadership in every format. Maxeda can be viewed as a 'Retail Academy' in which a format is developed and supported to a point where it establishes its position as a retail leader and is ready for a strong future outside the group. It then 'graduates'.

In March HEMA, clearly a market leader, graduated. It outperformed the market and its original plan. July saw the completion of the HEMA sale to Lion Capital – a recognized leader in investing within the consumer sector. The new owner was welcomed by the HEMA colleagues, works councils and unions. Maxeda takes all stakeholder interests into account when deciding on the future direction of the company. A Success Bonus was awarded to all HEMA colleagues for contributing to the HEMA success story.

Our goal of retail leadership in every format remains undiminished. The same applies to the focus on our people and our customers, as they are the cornerstone of our success. Maximizing the opportunities for each of our formats and exploiting group synergies will result in better businesses.

Despite our progress over the last few years, we still see many opportunities to improve our business. We will continue to set ourselves challenging goals as we implement our five S's strategy. We will aim to exceed customer expectations, improve colleague satisfaction and deliver for all stakeholders.

Tony DeNunzio, Executive Chairman Maxeda

Semi Annual Results

2007

Further Progress in Results

The first quarter of this year started well for Maxeda. Almost all of our formats experienced good sales, margin and profit growth. The second quarter however was characterized by unseasonably cool and wet weather which resulted in lower than expected trading in our weather-sensitive businesses. Consumer confidence remains strong and we are pleased that overall Maxeda outperformed the market as did most of our formats and product categories.

All our formats continued to execute their five S's strategy. They all delivered improved operating results with the exception of Claudia Sträter.

Operating Performance

The organic growth of our stores together with focused expansion resulted in total net sales (including sales of concessionaires) of EUR 1,559 million which is an increase of 6.6%. On a comparable store basis, sales grew by 5.0%. Combined with margin gains through better sourcing and markdown management, Maxeda delivered an operating EBITDA of EUR 92.2 million which is a growth of 11.9%. We again successfully improved our cash management generating EUR 123.1 million in working capital reduction. Our strong financial position allowed further investments to ensure the sustainable growth of our formats. We have opened 77 stores (+ 6.4%) since the first half of 2006. We are now active in 11 countries and almost 50% of our stores are outside the Netherlands.

In order to optimize our managerial and financial structure, our group now consists of two main operating divisions: Maxeda DIY and Maxeda Fashion. We also refinanced our group in June, enabling the continuation of our growth strategy.

IFRS has been applied for the first time across the group with comparable figures provided for last year.

A Passion for Success

Overall, we are satisfied with the financial results of the first half year. While Maxeda benefited from the improved market conditions across Europe, our strategy continues to deliver improvements in our key economic parameters and market share outperformance. Strong financial results were delivered through the successful implementation of our strategy and our philosophy of 'A Passion to Serve'. We will continue to improve and grow each of our formats. We will further expand in the Netherlands and across Europe. We will build better businesses.

Ronald van der Mark, CFO Maxeda

The Group

Maxeda Do-It-Yourself

Maxeda Do-It-Yourself (DIY) is a market leader in the Benelux. It operates in a dynamic environment with increasing competition and with its strong local operating formats, Maxeda DIY is focused on being the best Benelux home improvement retailer. Cooperation, especially in the field of buying, between the Maxeda DIY formats is a key element in realizing this ambition. The Maxeda DIY central team was relocated in June from Breda to the new Maxeda building in Amsterdam. Maxeda DIY Asia was also established, and strengthened the sourcing operations of the DIY formats. The new ranges of commonly sourced products are proving popular with customers and selling well.

For the second half year, the potential of the DIY Group will be further exploited. For example, the supply chain will be improved, more stores will be opened to strengthen our market position in the Benelux and innovation in retail formats and category assortments will continue.

Since February of this year, the DIY Group has been led by international retail professional, Nick Wilkinson.

Praxis trades from a 137 stores, including 23 mega stores, and is a top DIY chain in the Netherlands. Praxis maintained its high market share. In addition to the opening of three new stores, Praxis refurbished two stores, adding improved signing and layouts and more product ranges for customers to buy. The first half of 2007 also saw the implementation of SAP in the Praxis head office as the start of a full roll out within Maxeda DIY.

With 74 stores, **Formido** continued its strong market position in the Netherlands. Next to its traditional DIY stores, Formido successfully added two new concepts. Early March saw the opening of Formido's new formula 'Deco Bouwmarkt'. Besides the traditional DIY range, 'Deco Bouwmarkt' devotes more space to decorative products. In July, Formido launched its new concept 'Formido Compact Deco-Bouwmarkt'. With the 'Compact' formula Formido serves customers in smaller towns which often lack the space for large-scale DIY stores.

Brico and **Brico Plan-It** are market leaders in the Belgian DIY-market. Brico and Brico Plan-It have 127 stores of which one store is Brico Depot and one store is located in Luxembourg. Brico and Brico Plan-It opened 5 new stores and adapted 2 stores to the latest concept for medium sized stores. These stores offer more products for customers to buy in an improved

store environment. Furthermore, Brico will continue to develop its new concept of Brico City, a compact convenience store located in busy city centers. E-commerce trials in Brico have shown a promising start.

Brico Plan-It opened its newest store in Antwerp in May of this year, bringing the total to 8. Brico Plan-It offers, besides a large choice of DIY-products, a vast range of home furnishing and decorative products. The customer response to the new store has been very positive.

Maxeda Fashion

V&D is full of ambition. The organisation is working hard to regain its market position as a respected and admired retailer in the Netherlands. V&D – which celebrates its 120th anniversary this year - has made good progress. To realise this ambition significant changes are necessary and are being implemented. The strategy of V&D is focused on offering inspiring fashion products to our target customers and their families. V&D stores are being upgraded, new A-brands are being introduced, private labels have been improved and new shop-in-shops have been added. Programs to improve customer service are in place. The new strategy had a positive impact on V&D's operating results in the first six months. Our confidence in the transformation of V&D is underlined by a remodeled Flagship Store in the Kalverstraat in Amsterdam and the opening of a new store in Doetinchem in November.

The exclusive **Bijenkorf** department stores had a very good first half year. Its premium positioning is more and more visible in the department stores. New top brands, such as Longchamp, Costume National and Karl Lagerfeld are being added to the assortment. Customers are spending more and the BIJcard continues to be a major success and source for growth. Individual departments are being upgraded with improved floors at our flagship stores in Amsterdam, The Hague and Rotterdam. Internal processes are being optimized resulting in lower stock levels.

M&S is one of the largest European fashion retailers with 426 shops operating in 6 countries. Although M&S is a Dutch company, France has become its most important market with Spain being a significant growth market. M&S is expanding its business and has opened 5 stores in the first half year. M&S has refocused its product offer with great value basics and fast fashion. M&S now introduces a new collection every week as part of the M&S 'total concept'. The benefits of this strategy drove improved margins and operating results.

Hunkemöller, with a total of 367 stores, is the Benelux lingerie market leader and largest lingerie retailer in Germany with 77 stores. This year, Hunkemöller is celebrating its 120th anniversary. Hunkemöller is expanding its own stores in Europe and its franchise operations worldwide. Hunkemöller recently opened stores in Curaçao, Aruba, Saudi-Arabia and Egypt and is planning to open a store in Turkey. A total of 21 stores were opened in the first half year of 2007. E-commerce is an important channel in the Netherlands. An online shop has been opened in Germany. In March, Hunkemöller was awarded 'Best Fashion Retail Chain' in Belgium. Together with Claudia Sträter it was also awarded best place to work in the Netherlands.

The results of **Claudia Sträter** were disappointing due to a change in the target group and the assortment. This did not appeal to our traditional customers. Phil Auld was recently appointed as CEO of Claudia Sträter in addition to his responsibilities as CEO of M&S. Under his leadership Claudia Sträter is now redefining its core customer, improving fashion processes and turning around business results. In April, Claudia Sträter opened new stores in Zwolle and Cologne (Germany) as well as three shop-in-shops in INNO, the well known Belgium department store. In April, Claudia Sträter was awarded best place to work in the Netherlands for small companies.

La Place, part of V&D, is the 2nd largest restaurant chain in the Netherlands, and continues to be a great success in the Netherlands. This unique and successful concept prepares and serves high quality fresh food to over 35 million customers a year in more than 200 stores in 90 locations and with 8 different formulas. We will continue to upgrade the La Place restaurants in V&D and look for opportunities to expand in standalone locations. In March, La Place celebrated its 20th anniversary. In June, General Manager of La Place Paul Bringmann was awarded 'Retail Personality of 2007'. La Place was nominated for the Most Innovative Format of the Year award at the World Retail Congress in Barcelona in March.

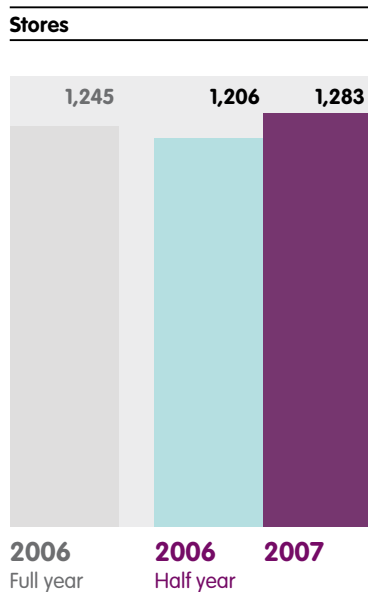
Schaap en Citroen is the top retail chain in the field of luxury timepieces and jewellery, with 9 outlets in the Netherlands. Recently Schaap en Citroen added Hermès to its brands. Schaap en Citroen maintained its strong market position and delivered improved results.

Key Figures

Consolidated Figures¹⁾ February – July for continued activities, excluding HEMA

Maxeda Total

Number of stores



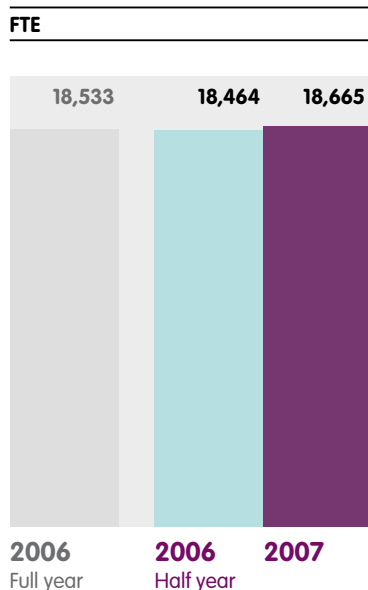
Net sales including concessionaire sales



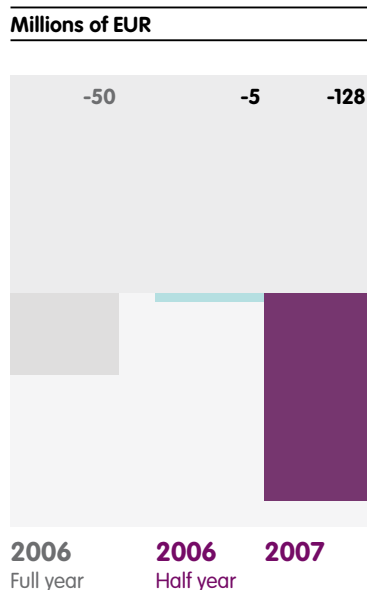
Operating EBITDA



Average FTE



Working capital



Gross investments in tangible fixed assets



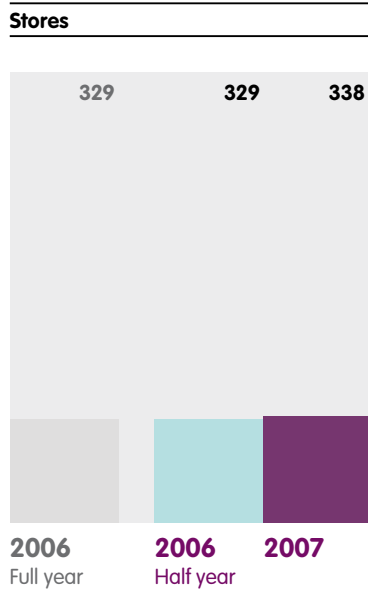
1) • In line with accounting best practise, Maxeda will, with effect from 2007, report on the basis of IFRS (International Financial Reporting Standards) to offer all its stakeholders maximum transparency and comparability. The tables in this semi annual report (for 2007 and 2006) have comparable unaudited figures both based on IFRS (except for pension accounting).
 • In order to optimize the managerial and financial structure of the group, the group now consists of two main operating divisions: Maxeda DIY and Maxeda Fashion.

Key Figures

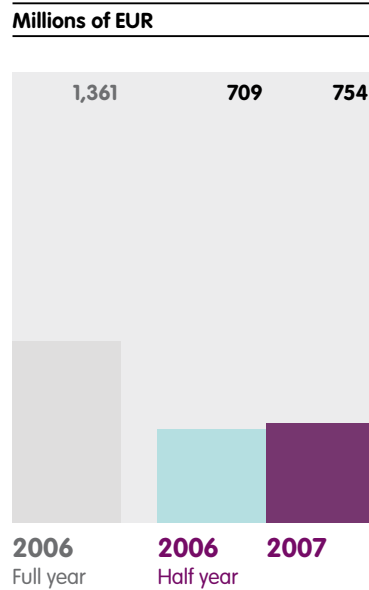
Consolidated Figures¹⁾ February – July for continued activities

Maxeda DIY

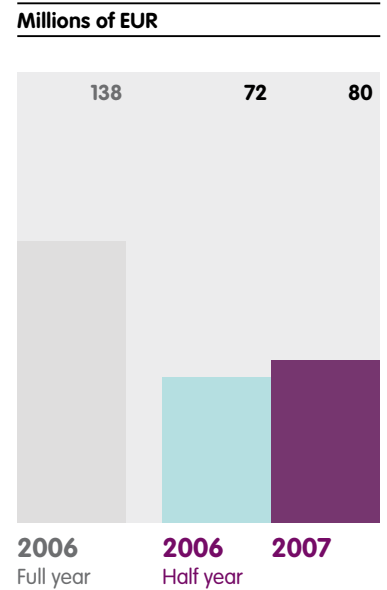
Number of stores



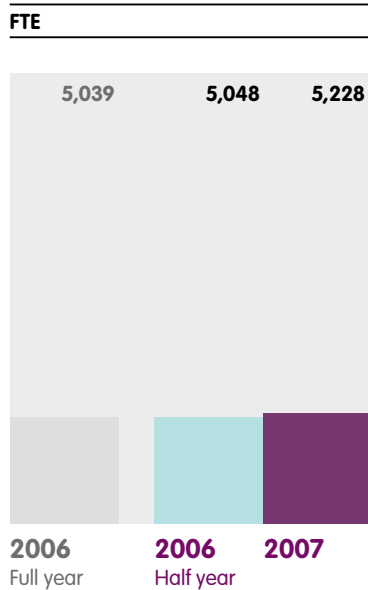
Net sales



Operating EBITDA



Average FTE



Key Figures

Consolidated Figures¹⁾ February – July for continued activities

Maxeda Fashion

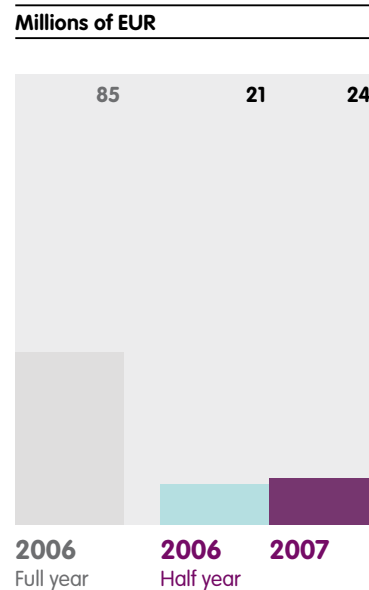
Number of stores



Net sales including concessionaire sales



Operating EBITDA



Average FTE



- **The largest non-food & 2nd largest food service retailer in the Netherlands**
- **The largest DIY retailer in the Benelux**
- **28,273 colleagues 1,283 stores**
- **Stores in the Netherlands, Belgium, Luxemburg, Denmark, Germany, France, Spain, Curaçao, Aruba, Saudi-Arabia and Egypt**
- **Award winning retailer. Best employer, best fashion retail chain, best retail personality, best CFO.**

Maxeda

Visitor's address

John M. Keynesplein 10
1066 EP Amsterdam
The Netherlands

Phone

+31 (0)20 5490 500

Fax

+31 (0)20 6612 435

Correspondence address

P.O. Box 7997
1008 AD Amsterdam
The Netherlands

E-mail

info@maxeda.com

Website

www.maxeda.com