

# Interim Report

HORNBACH HOLDING AG GROUP

FIRST NINE MONTHS **2005/2006**

(MARCH 1 – NOVEMBER 30, 2005)



**HORNBACH.**  
HOLDING AG

## HORNBACH HOLDING AG Group

### Interim Report (IFRS): First Nine Months of 2005/2006

(March 1 – November 30, 2005)

- 8.3% increase in consolidated sales in third quarter
- DIY megastores with garden centers report like-for-like sales growth of 1.8% in Q3
- Earnings fall short of previous year

Consolidated sales rose by 7.2% to € 1,892m at HORNBACH HOLDING AG in the first nine months of the current financial year (March 1 – November 30, 2005). Third-quarter (Q3) sales showed overall growth of 8.3%. Like-for-like sales at the DIY megastores with garden centers of the HORNBACH-Baumarkt-AG subgroup rose by 1.8% in the third quarter and cumulatively by 1.1% in the first nine months.

It was not possible to make up the shortfall in earnings compared with the previous year during the reporting period from March to November 2005. Earnings at the HORNBACH-Baumarkt-AG subgroup continued to fall short of the record level reported in the previous year, while the improvement in earnings at the HORNBACH Baustoff Union GmbH subgroup and an increase in earnings at the HORNBACH Immobilien AG subgroup had a positive impact on the earnings of the overall Group.

The earnings before interest, taxes, depreciation and amortization (EBITDA) of the HORNBACH HOLDING AG Group fell by 7.0% to € 33.8m in the third quarter, and cumulatively by 8.7% to € 152.0m for the first nine months (previous year: € 166.4m). Earnings before interest and taxes (EBIT) amounted to € 13.2m in the quarter under report (previous year: € 17.5m) and to € 95.3m on a cumulative basis (previous year: € 112.5m). Consolidated earnings before taxes were reported at € 5.0m for the period from September to November 2005 (previous year: € 8.5m) and at € 66.0m on a cumulative basis (previous year: € 86.5m).

Key Figures for the Group (in € million, unless otherwise stated)	3rd Quarter 2005/2006	3rd Quarter 2004/2005	Change in %	Nine Months 2005/2006	Nine Months 2004/2005	Change in %
<b>Net sales</b>	<b>599.9</b>	<b>554.1</b>	<b>8.3</b>	<b>1,892.0</b>	<b>1,765.7</b>	<b>7.2</b>
of which in other European countries	200.2	172.2	16.3	627.9	542.5	15.7
Gross margin (as % of net sales)	33.8%	34.2%		34.4%	35.6%	
EBITDA	33.8	36.3	-7.0	152.0	166.4	-8.7
Earnings before interest and taxes (EBIT)	13.2	17.5	-24.3	95.3	112.5	-15.3
<b>Consolidated earnings before taxes and minority interests</b>	<b>5.0</b>	<b>8.5</b>	<b>-40.5</b>	<b>66.0</b>	<b>86.5</b>	<b>-23.7</b>
Consolidated net income*	0.5	3.7	-85.5	33.9	41.3	-18.0
Earnings per preference share (€)	0.10	0.49	-79.6	4.27	5.20	-17.9
No. of employees at HORNBACH-Group				12,090	11,411	6.0
Investments				170.9	118.7	44.0
Total assets				1,835.6	1,868.8	-0.2
Shareholders' equity				566.4	547.4	3.5
Shareholders' equity as % of total assets				30.9%	29.4%	

\* after minority interests  
(Percentage changes calculated on € 000s basis)

## Sales Performance

The HORNBAACH HOLDING AG Group consists of the HORNBAACH-Baumarkt-AG, HORNBAACH Baustoff Union GmbH and HORNBAACH Immobilien AG subgroups.

The net sales of the HORNBAACH HOLDING AG Group increased by 8.3% to € 599.9m (previous year: € 554.1m) in the third quarter (September 1 to November 30, 2005). On a cumulative basis for the first nine months of the financial year, consolidated sales rose by 7.2% to € 1,892.0m (previous year: € 1,765.7m).

Following three new store openings in the third quarter, the HORNBAACH-Baumarkt-AG subsidiary was operating 123 DIY megastores with garden centers across Europe with a total sales area of 1.3 million square meters as of November 30, 2005. The net sales of the HORNBAACH-Baumarkt-AG subgroup rose by 8.3% to € 561.6m in the third quarter (previous year: € 518.3m) and by 7.2% to € 1,779.1m in the first nine months (previous year: € 1,658.8m).

Sales at the HORNBAACH DIY megastores with garden centers outside Germany rose from € 542.5m to € 627.9m in the first nine months. Foreign sales have therefore risen as a proportion of overall sales of the subgroup from 32.7% to 35.3%.

During the reporting period from March to November 2005, like-for-like sales showed overall growth of 1.1% (previous year: 2.5%). This growth was driven by the HORNBAACH stores in other European countries, whose like-for-like sales showed a cumulative increase of 3.9%. With like-for-like sales growth of 5.7% in the third quarter, the international locations have reported their strongest quarter in the current financial year. In the German DIY market, which continues to be characterized by intense pricing competition, HORNBAACH's sales were at virtually the same level as in the previous year, with like-for-like sales growth of minus 0.2% in the third quarter and of minus 0.3% in the first nine months. Further details concerning the business performance of HORNBAACH-Baumarkt-AG can be found in the interim report published separately by the subgroup.

Sales at the 18 existing outlets of the HORNBAACH Baustoff Union GmbH subgroup rose by 6.4% in the third quarter and by 5.8% in the first nine months.

## Earnings Performance

In contrast to the second quarter, in the third quarter the HORNBAACH Group did not succeed in reducing the earnings shortfall compared with the excellent figures reported in 2004/2005. Earnings fell short of the previous year's figures.

At € 33.8m, the EBITDA for the third quarter was 7.0% down on the previous year's figure of € 36.3m. The EBIT fell by 24.3% to € 13.2m (previous year: € 17.5m). Consolidated earnings before taxes and minority interests amounted to € 5.0m in the third quarter (previous year: € 8.5m).

The EBITDA for the reporting period from March to November 2005 declined by 8.7% to € 152.0m (previous year: € 166.4m). Cumulative operating earnings (EBIT) fell from € 112.5m in the previous year to € 95.3m (minus 15.4%). Consolidated earnings before taxes and minority interests amounted to € 66.0m at the end of the first nine months, compared with € 86.5m in the previous year. Consolidated net income after minority interests amounted to € 0.5m in the first nine months of 2005/2006 (previous year: € 3.7m). Earnings per preference share were reported at € 4.27, compared with € 5.20 in the equivalent period in the previous year.

One of the main reasons for the weaker earnings performance in the first nine months compared with the record figures for the previous year can be found in the below-budget level of sales at the DIY megastores with garden centers, coupled with a lower gross margin. The gross margin of the HORNBAACH HOLDING AG Group declined as a percentage of net sales from 35.6% to 34.4%. This is primarily attributable to a reduction in retail prices as a result of the consistent implementation of the permanent low price strategy. The sales growth in the course of the year was insufficient to compensate for the lower gross margin. It is positive to note, however, that the margin has shown a trend towards improvement on a monthly basis since August and that most recently in November it was above the equivalent figure for the previous year.

Although cumulative selling, store, general and administration expenses (March to November 2005), which have been burdened by the launch of SAP across the Group, are below budget, they have nevertheless risen as a percentage of net sales from 25.5% to 25.9% in the case of selling and store expenses and from 3.8% to 4.0% in the case of general and administration expenses. As a result of the interest expenses for the corporate bond issued by HORNBACH-Baumarkt-AG, net financial expenses have also deteriorated from minus € 26.0m to minus € 29.3m. Moreover, the greater number of openings of DIY megastores with garden centers compared with the 2004/2005 financial year meant that the company's earnings for the first nine months were also burdened by a higher level of pre-opening expenses.

Consolidated earnings were positively affected by the improvement in earnings at the HORNBACH Baustoff Union GmbH subgroup and by a higher level of earnings at the HORNBACH Immobilien AG subgroup.

### Employees

At the reporting date on November 30, 2005, the HORNBACH HOLDING AG Group had 12,090 employees across Europe (previous year: 11,411).

### Investments

A total of € 171m was invested during the first nine months of the current financial year (previous year: € 119m), primarily in land and buildings (67%) and in office and plant equipment and software (33%). Information as to the financing and investment activities of HORNBACH HOLDING AG has been provided in the cash flow statement in the notes to this report.

### Other Events during the Period under Report

A total of 46 HORNBACH DIY megastores with garden centers have so far been connected to the new SAP merchandising system in the 2005/2006 financial year. In order to enhance the functionality and user-friendliness of the system, experiences to date are to be evaluated in the coming months and optimizations undertaken. After this, the rollout is to be continued to all HORNBACH stores, with this process being completed by the end of the 2007/2008 financial year.

HORNBACH-Baumarkt-AG commenced operations at the third logistics center within the HORNBACH Group at the beginning of October. The location at Vilshofen near Passau will be used on the one hand for the storage of imported goods and seasonal items. On the other hand, the HORNBACH stores in South Eastern Germany, as well as those in Austria, the Czech Republic and Slovakia, will be supplied from this cross-docking depot.

### Outlook

One further DIY megastore is scheduled to be opened in the fourth quarter of the 2005/2006 financial year. This will take place in Munich-Fröttmaning at the end of December, thus marking the opening of the first HORNBACH DIY megastore with a garden center in the Bavarian capital. The number of retail outlets in the HORNBACH-Baumarkt-AG Group will thereby rise to a total of 124. The standalone Lafiora garden centers in Ludwigshafen and Germersheim, which can no longer be operated profitably, are expected to be closed at the end of the spring season on May 31, 2006.

Net sales, including those at newly opened stores, are expected to rise to around € 2.4 billion at the HORNBACH HOLDING AG Group and to almost € 2.3 billion at the HORNBACH-Baumarkt-AG subgroup. It is still expected not to be possible to make up for the earnings shortfall compared with the high level reported in the previous year. Consolidated earnings before taxes for the overall year are expected to fall short of the previous year's figure (€ 62.0m). Mainly as a result of the improvement in earnings at the HORNBACH Baustoff Union GmbH subgroup, the earnings performance of the overall Group will be more positive in this respect than that of the HORNBACH-Baumarkt-AG subgroup.

Neustadt an der Weinstrasse, December 21, 2005

– The Board of Management –



## Financial Calendar for 2006

March 23, 2006	<b>Preliminary Sales Figures 2005/2006</b>
May 19, 2006	<b>Annual Results Press Conference 2005/2006</b> and Publication of Annual Report
July 6, 2006	<b>Interim Report</b> as of May 31, 2006
July 14, 2006	<b>Annual General Meeting</b> in Frankfurt am Main
September 28, 2006	<b>Interim Report</b> as of August 31, 2006 <b>DVFA Analysts' Conference</b>

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# HORNBACH HOLDING AG Group

## Income Statement

€ million	3rd Quarter 2005/2006	3rd Quarter 2004/2005	Change in %	Nine Months 2005/2006	Nine Months 2004/2005	Change in %
Sales	599.9	554.1	8.3	1,892.0	1,765.7	7.2
Costs of goods sold	397.1	364.4	9.0	1,240.6	1,137.7	9.0
<b>Gross profit</b>	<b>202.8</b>	<b>189.7</b>	<b>6.9</b>	<b>651.5</b>	<b>628.0</b>	<b>3.7</b>
Selling and store expenses	163.4	150.6	8.5	489.9	450.6	8.7
Pre-opening expenses	3.4	3.1	9.2	9.8	7.9	24.4
General and administration expenses	25.6	22.5	13.6	75.6	67.5	12.1
Other income and expenses	2.9	4.0	-27.0	19.2	10.5	82.6
<b>Earnings before interest and taxes (EBIT)</b>	<b>13.2</b>	<b>17.5</b>	<b>-24.3</b>	<b>95.3</b>	<b>112.5</b>	<b>-15.3</b>
Net financial expenses	-8.2	-9.0	-9.0	-29.3	-26.0	12.5
<b>Consolidated earnings before taxes and minority interests</b>	<b>5.0</b>	<b>8.5</b>	<b>-40.5</b>	<b>66.0</b>	<b>86.5</b>	<b>-23.7</b>
Taxes on income	4.5	3.7	20.0	25.1	34.8	-28.0
<b>Consolidated earnings after taxes and before minority interests</b>	<b>0.5</b>	<b>4.8</b>	<b>-88.6</b>	<b>40.9</b>	<b>51.7</b>	<b>-20.9</b>
Minority interests	0.0	-1.1	-98.8	-7.0	-10.4	-32.6
<b>Consolidated net income</b>	<b>0.5</b>	<b>3.7</b>	<b>-85.5</b>	<b>33.9</b>	<b>41.3</b>	<b>-18.0</b>

As a result of rounding up or down, slight discrepancies may arise between the figures and the respective percentages.

# HORNBACH HOLDING AG Group

## Balance Sheet

ASSETS	November 30, 2005		November 30, 2004		February 28, 2005	
	€ million	%	€ million	%	€ million	%
<b>A. Long-term assets</b>	<b>1,110.3</b>	<b>60.5</b>	<b>1,078.6</b>	<b>57.7</b>	<b>1,075.6</b>	<b>61.1</b>
I. Intangible assets	25.9	1.4	25.2	1.3	25.1	1.4
II. Property, plant and equipment	1,053.0	57.4	1,024.3	54.8	1,018.2	57.8
III. Financial assets	1.9	0.1	2.1	0.1	2.0	0.1
IV. Other long-term assets	3.1	0.2	2.9	0.2	3.0	0.2
V. Deferred tax claims	26.5	1.4	24.1	1.3	27.3	1.5
<b>B. Short-term assets</b>	<b>725.3</b>	<b>39.5</b>	<b>790.2</b>	<b>42.3</b>	<b>686.0</b>	<b>38.9</b>
I. Inventories	473.4	25.8	433.1	23.2	443.5	25.2
II. Accounts receivable and other assets	80.5	4.4	103.4	5.5	80.6	4.6
III. Cash and cash equivalents	171.4	9.3	253.7	13.6	161.8	9.2
<b>TOTAL ASSETS</b>	<b>1,835.6</b>	<b>100.0</b>	<b>1,868.8</b>	<b>100.0</b>	<b>1,761.5</b>	<b>100.0</b>

EQUITY AND LIABILITIES	November 30, 2005		November 30, 2004		February 28, 2005	
	€ million	%	€ million	%	€ million	%
<b>A. Shareholders' equity</b>	<b>566.4</b>	<b>30.9</b>	<b>547.4</b>	<b>29.4</b>	<b>536.0</b>	<b>30.4</b>
I. Share capital	24.0	1.3	24.0	1.3	24.0	1.4
II. Capital reserve	130.4	7.1	130.4	7.0	130.4	7.4
III. Retained earnings	290.7	15.8	270.2	14.5	270.9	15.4
IV. Minority interests	87.4	4.8	81.5	4.4	82.9	4.7
V. Consolidated net income	33.9	1.8	41.3	2.2	27.7	1.6
<b>B. Long-term liabilities</b>	<b>732.6</b>	<b>39.9</b>	<b>851.4</b>	<b>45.5</b>	<b>830.1</b>	<b>47.1</b>
I. Long-term debt	638.6	34.8	759.2	40.6	735.1	41.7
II. Deferred taxes	86.7	4.7	90.5	4.8	87.3	5.0
III. Other liabilities	7.3	0.4	1.7	0.1	7.7	0.4
<b>C. Short-term liabilities</b>	<b>536.6</b>	<b>29.2</b>	<b>470.0</b>	<b>25.2</b>	<b>395.5</b>	<b>22.4</b>
I. Short-term debt	182.4	9.9	124.2	6.6	105.7	6.0
II. Accounts payable and other liabilities	283.5	15.4	257.5	13.8	225.7	12.8
III. Tax provisions	25.6	1.4	38.8	2.1	14.7	0.8
IV. Other provisions	45.1	2.5	49.5	2.6	49.3	2.8
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,835.6</b>	<b>100.0</b>	<b>1,868.8</b>	<b>100.0</b>	<b>1,761.5</b>	<b>100.0</b>

As a result of rounding up or down, slight discrepancies may arise between the figures and the respective percentages.

# HORNBACH HOLDING AG Group

## Cash Flow Statement

€ million	Nine Months 2005/2006	Nine Months 2004/2005
<b>Consolidated earnings after taxes and before minority interests</b>	<b>41</b>	<b>52</b>
Depreciation and amortization of long-term assets	57	54
Change in provisions	2	3
Profits/losses on the sale of long-term assets	-10	0
Change in inventories, accounts receivable and other assets	-50	1
Change in accounts payable and other liabilities	65	38
Other income/expenses with no cash effect	0	12
<b>Cash flow from operating activities</b>	<b>104</b>	<b>160</b>
Proceeds from disposals of long-term assets	106	24
Payments for investments in property, plant and equipment	-166	-82
Payments for investments in intangible assets	-5	-8
Payments for the acquisition of shareholdings and other business units	0	-9
<b>Cash flow from investing activities</b>	<b>-65</b>	<b>-75</b>
Receipts from capital increases	2	0
Payments to shareholders	-12	-12
Receipts from taking up of long-term debt	10	265
Repayment of long-term debt	-36	-46
Change in short-term debt	5	-107
<b>Cash flow from financing activities</b>	<b>-31</b>	<b>100</b>
Change in cash and cash equivalents	9	185
Cash and cash equivalents at March 1	162	69
<b>Cash and cash equivalents at November 30</b>	<b>171</b>	<b>254</b>

The change in provisions items only includes provisions whose maturity or amount is uncertain. The figure for the previous year has accordingly been adjusted by € 9 million.

# HORNBACH HOLDING AG Group

## Statement of Shareholders' Equity

2004/2005 Financial Year								
€ million	Share Capital	Capital Reserve	Hedging Reserve	Cumulative Currency Conversion	Other Retained Earnings	Minority Interests	Net Income for the Year	Total Equity
<b>Balance at March 1, 2004</b>	24	130	-2	0	259	73	22	506
Dividend payments						-3	-9	-12
Foreign currency adjustments				2				2
Valuation of derivative financial instruments, net after taxes			-1					-1
Transfer to reserves					13		-13	0
Net income for the year						11	41	52
<b>Balance at November 30, 2004</b>	24	130	-3	2	272	81	41	547

2005/2006 Financial Year								
€ million	Share Capital	Capital Reserve	Hedging Reserve	Cumulative Currency Conversion	Other Retained Earnings	Minority Interests	Net Income for the Year	Total Equity
<b>Balance at March 1, 2005</b>	24	130	-3	2	272	83	28	536
Dividend payments						-3	-9	-12
Change in reporting entity						-2		-2
Currency adjustments				1				1
Capital increase from share option plans						2		2
Transfer to reserves					19		-19	0
Net income for the year						7	34	41
<b>Balance at November 30, 2005</b>	24	130	-3	3	291	87	34	566

## HORNBACH HOLDING AG Group

### NOTES TO THE GROUP INTERIM REPORT AS OF NOVEMBER 30, 2005

#### (1) Accounting principles

This non-audited group interim report of HORNBACH HOLDING AG and its subsidiaries for the first nine months as of November 30, 2005 has been compiled in accordance with the accounting principles promulgated by the International Accounting Standards Board (IASB). Application has been made of all International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretation Committee (IFRIC), previously the Standing Interpretation Committee "SIC", valid as of November 30, 2005.

The accounting principles applied in the compilation of this interim report correspond to those applied in the consolidated financial statements as of February 28, 2005. The Group has made additional application of IAS 34 "Interim Reporting". This interim report is to be read in conjunction with the consolidated financial statements of HORNBACH HOLDING AG for the 2004/2005 financial year. Reference is made to these financial statements on account of the additional information they contain as to the specific accounting and valuation methods applied. The notes included therein also apply to this interim report unless expressly indicated otherwise.

In March 2004, the IASB issued the new accounting standard IFRS 3 "Business Combinations" and the revised standards IAS 36 "Impairment of Assets" and IAS 38 "Intangible Assets". These require that no scheduled amortization is undertaken on capitalized goodwill or intangible assets with unlimited useful lives. Such assets are to be subject to impairment tests at least once per financial year and to be subject to exceptional amortization as appropriate. In the event of any events or circumstances indicating a reduction in the value of such assets, the impairment test is to be undertaken more frequently. The value of goodwill may not be appreciated at a later date. IFRS 3, IAS 36 (2004 revision) and IAS 38 (2004 revision) are to be applied to acquisitions undertaken on the basis of contracts concluded subsequent to March 31, 2004. In the case of acquisitions undertaken on the basis of contracts dated prior to March 31, 2004, the standards are to be applied for the first time from March 1, 2005. Scheduled amortization of goodwill amounting to € 503k was undertaken in the first nine months of the 2004/2005 financial year.

IAS 1 "Presentation of Financial Statements", which was also revised within the framework of the "Improvement Projects", now prohibits the statement of extraordinary income and expenses. The income and expenses incurred for the DIY megastore with a garden center at Littau, Switzerland, as a result of the flood in August 2005, have therefore been reported as non-operating items within the other income and expenses item.

The initial application of the standards, particularly of those revised within the framework of the "Improvement Projects", has not had any significant overall impact on the depiction of the net asset, financial and earnings position of the HORNBACH HOLDING AG Group.

#### (2) Reporting entity

The companies BM Immobilien Zeta GmbH, Bornheim, HIAG Fastigheter i Malmö AB, Gothenburg, and HIAG Fastigheter i Norrköping AB, Gothenburg, were deconsolidated in the first nine months of 2005/2006. Furthermore, BM Immobilien Beta GmbH, Bornheim, was also disposed of in the third quarter and deconsolidated as of October 31, 2005.

#### (3) Seasonal influences

Due to weather conditions, the HORNBACH HOLDING AG Group is subject to lower sales in the autumn and winter months than in the spring and summer months. These seasonal variations are reflected in the figures for the first nine months. The results of business operations for the first nine months up to November 30, 2005 do not necessarily provide an accurate indication of the results to be expected for the overall financial year.

#### (4) Other income and expenses

Other income and expenses are structured as follows:

€ million	3rd Quarter 2005/2006	3rd Quarter 2004/2005	Change in %
Other operating income	17.1	8.6	97.1
Other operating expenses	14.2	4.6	200.4
<b>Other income and expenses</b>	<b>2.9</b>	<b>4.0</b>	<b>-27.6</b>

€ million	Nine Months 2005/2006	Nine Months 2004/2005	Change in %
Other operating income	40.4	23.8	69.5
Other operating expenses	21.2	13.3	59.3
<b>Other income and expenses</b>	<b>19.2</b>	<b>10.5</b>	<b>82.6</b>

Other operating income primarily relates to advertising grants, income from the release of provisions, income from exchange rate and payment differences, and non-operating income.

The non-operating income amounting to € 19.2m principally relates to damages payments received on account of the damages incurred at the DIY megastore with a garden center at Littau, Switzerland, as a result of the August floods, and to the disposal of three DIY store properties and a real estate shareholding. The DIY store properties were subsequently rented back on a long-term basis within the framework of an operating lease. At the end of the non-terminable basic rental period, there is the option of extending the rental period or of repurchasing the property. Moreover, non-operating income also includes the profits on the disposal of a section of a surface not used for operating purposes and on the disposal of an option to the acquisition of a piece of land.

The non-operating income of € 2.1m for the previous year as of November 30, 2004 relates to the disposal of four DIY store properties, one specialist retail center and one section of a piece of land. The DIY store properties were subsequently rented back on a long-term basis within the framework of an operating lease. At the end of the non-terminable basic rental period, there is the option of extending the rental period or of repurchasing the property.

The other operating expenses principally consist of expenses relating to exchange rate and currency differences, defaults on receivables, losses incurred on the sale of long-term assets and non-operating expenses.

The non-operating expenses amounting to € 10.9m primarily relate to the flood damage incurred at the DIY megastore with a garden center at Littau, Switzerland, and to extraordinary depreciation of € 4.1m undertaken on land (€ 2.9m) and buildings (€ 1.2m). The extraordinary depreciation was undertaken in the real estate segment and mainly involves the valuation of assets whose book values were in excess of their net disposal prices. The net disposal prices were in most cases determined by independent surveyors.

The non-operating expenses of € 1.9m for the previous year relate to the extraordinary depreciation of a piece of land undertaken in the real estate segment as of November 30, 2004. The book value was adjusted to the net disposal price expected to be achievable.

## (5) Net financial expenses

Net financial expenses are structured as follows:

€ million	3rd Quarter 2005/2006	3rd Quarter 2004/2005	Change in %
Interest and similar income	2.0	0.6	221.8
Interest and similar expenses	10.2	9.6	5.6
<b>Net financial expenses</b>	<b>8.2</b>	<b>9.0</b>	<b>-9.0</b>

€ million	Nine Months 2005/2006	Nine Months 2004/2005	Change in %
Interest and similar income	4.0	1.2	228.1
Interest and similar expenses	33.3	27.2	22.2
<b>Net financial expenses</b>	<b>29.3</b>	<b>26.0</b>	<b>12.5</b>

The net financial expenses for the first nine months of 2005/2006 include net income of € 1.1m (previous year: € 0.2m) relating to the valuation of derivative financial instruments.

## (6) Other disclosures

The personnel expenses of the HORNBAACH HOLDING AG Group amounted to € 286.9m at the end of the first nine months on November 30, 2005 (previous year: € 267.7m).

Depreciation and amortization totaling € 56.7m was undertaken on intangible assets and property, plant and equipment at the HORNBAACH HOLDING AG Group in the first nine months of the 2005/2006 financial year (previous year: € 53.9m).

## (7) Dividends

In line with the proposal made by the Board of Management and Supervisory Board of HORNBAACH HOLDING AG, a dividend of € 1.08 per ordinary share and of € 1.14 per preference share was paid to the shareholders for the 2004/2005 financial year on September 5, 2005 following the approval by the Annual General Meeting.

## (8) Taxes and income

Taxes on income are structured as follows:

€ million	3rd Quarter 2005/2006	3rd Quarter 2004/2005	Change in %
Current tax expenses	4.5	-1.2	-461.4
Deferred tax expenses	0.0	4.9	-99.8
	<b>4.5</b>	<b>3.7</b>	<b>20.0</b>

€ million	Nine Months 2005/2006	Nine Months 2004/2005	Change in %
Current tax expenses	25.5	22.8	12.1
Deferred tax expenses	-0.4	12.0	-103.7
	<b>25.1</b>	<b>34.8</b>	<b>-28.0</b>

## (9) Earnings per share

Undiluted earnings per share are calculated pursuant to IAS 33 (Earnings per Share) as the quotient of the income allocable to the shareholders of HORNBAACH HOLDING AG for the period under report and the weighted average number of shares in circulation.

### Earnings per Share

€ million	3rd Quarter 2005/2006	3rd Quarter 2004/2005
Consolidated net income	0.5	3.7
Additional dividend for preference shares	0.2	0.2
<b>Consolidated net income adjusted to account for additional dividend claims</b>	<b>0.3</b>	<b>3.5</b>
Number of ordinary shares issued	4,000,000	4,000,000
Number of preference shares issued	4,000,000	4,000,000
	<b>8,000,000</b>	<b>8,000,000</b>
Earnings per share (in €)	0.04	0.43
Additional dividend claim per preference share (in €)	0.06	0.06
Earnings per preference share (in €)	0.10	0.49

€ million	Nine Months 2005/2006	Nine Months 2004/2005
Consolidated net income	33.9	41.3
Additional dividend for preference shares	0.2	0.2
<b>Consolidated net income adjusted to account for additional dividend claims</b>	<b>33.7</b>	<b>41.1</b>
Number of ordinary shares issued	4,000,000	4,000,000
Number of preference shares issued	4,000,000	4,000,000
	<b>8,000,000</b>	<b>8,000,000</b>
Earnings per share (in €)	4.21	5.14
Additional dividend claim per preference share (in €)	0.06	0.06
Earnings per preference share (in €)	4.27	5.20

## (10) Segmental reporting

Nine Months 2005/2006 in € million (Nine Months 2004/2005 in € million)	Retail	Real Estate	Miscellaneous and Consolidation	HORNBACH HOLDING AG Group
<b>Segment income</b>	<b>1,889.7</b>	<b>105.3</b>	<b>-103.0</b>	<b>1,892.0</b>
	(1,762.8)	(100.0)	(-97.1)	(1,765.7)
- Sales to external third parties	1,889.7	0.0	0.0	1,889.7
	(1,762.8)	(0.0)	(0.0)	(1,762.8)
- Rental income from affiliated companies, internal rental income	0.0	103.0	-103.0	0.0
	(0.0)	(97.1)	(-97.1)	(0.0)
- Rental income from external third parties	0.0	2.3	0.0	2.3
	(0.0)	(2.9)	(0.0)	(2.9)
<b>Segment earnings (EBIT)</b>	<b>60.0</b>	<b>50.5</b>	<b>-15.2</b>	<b>95.3</b>
	(81.1)	(40.4)	(-9.0)	(112.5)
<b>Depreciation</b>	<b>31.6</b>	<b>19.0</b>	<b>6.1</b>	<b>56.7</b>
	(30.3)	(18.4)	(5.2)	(53.9)
<b>EBITDA</b>	<b>91.6</b>	<b>69.5</b>	<b>-9.1</b>	<b>152.0</b>
	(111.4)	(58.8)	(-3.8)	(166.4)

Neustadt an der Weinstrasse, December 21, 2005

- The Board of Management -