



# Interim Report

HORNBACH-BAUMARKT-AG GROUP

FIRST HALF OF **2005/2006**

(MARCH 1 – AUGUST 31, 2005)

**HORNBACH**

Es gibt immer was zu tun.

# HORNBACH-Baumarkt-AG Group

## Interim Report (IFRS) for the First Half of 2005/2006 (March 1 – August 31, 2005)

- Consolidated sales growth of 6.7% at end of first six months
- Like-for-like sales growth of 2.1% in second quarter
- Reduction in earnings shortfall compared with record previous year

In the first six months of the current financial year (March 1 to August 31, 2005), HORNBACH-Baumarkt-AG succeeded in raising its consolidated sales by almost 7%. The improved business performance in the second quarter meant that the shortfall in like-for-like sales reported for the first three months has been more than made up. Like-for-like sales grew by 2.1% across the Group in the second quarter compared with the high level reported for the previous year (2004/2005: plus 6.1%). This resulted in an overall increase of 0.8% for the first half of the financial year. Improvements have also been seen in the earnings situation as a result of this sales growth. At € 65.7m, cumulative operating earnings (EBIT) are now 21% below the record value reported for the previous year, compared with the shortfall of 29% reported for the first quarter 2005/2006. Consolidated earnings before taxes were reported at € 51.0m for the first six months (previous year: € 73.1m).

Key Figures HORNBACH-Baumarkt-AG Group (in € m, unless otherwise stated)	2nd Quarter 2005/2006	2nd Quarter 2004/2005	Change in %	1st Half 2005/2006	1st Half 2004/2005	Change in %
<b>Net sales</b>	<b>600.8</b>	<b>555.3</b>	<b>8.2</b>	<b>1,217.5</b>	<b>1,140.5</b>	<b>6.7</b>
of which in other European countries	216.1	183.5	17.8	427.7	370.3	15.5
Like-for-like sales growth	2.1%	6.1%		0.8%	4.1%	
Gross margin (as % of net sales)	34.7%	36.4%		35.2%	36.6%	
EBITDA	49.0	52.8	-7.2	95.7	112.0	-14.5
Earnings before interest and taxes (EBIT)	33.3	37.6	-11.6	65.7	83.0	-20.9
<b>Consolidated earnings before taxes and extraordinary result</b>	<b>25.4</b>	<b>32.6</b>	<b>-22.2</b>	<b>51.0</b>	<b>73.1</b>	<b>-30.2</b>
Extraordinary result	-0.1	0.0		-0.1	0.0	
Consolidated net income	16.9	20.4	-17.0	33.4	44.6	-25.0
Undiluted earnings per share (€)	1.12	1.36	-17.6	2.21	2.97	-25.9
No. of employees				11,251	10,625	5.9
Investments				76.4	36.6	108.7
Total assets				1,354.4	1,158.2	16.9
Shareholder's equity				433.8	409.1	6.0
Shareholder's equity as % of total assets				32.0%	35.4%	
No. of stores				121	116	4.3
Sales area as per BHB (in 000 m <sup>2</sup> )				1,262	1,174	7.5
Average store size (in m <sup>2</sup> )				10,433	10,121	3.1

(Percentage changes calculated on € 000s basis)

## Two New Store Openings in the Second Quarter of 2005/2006

Two DIY megastores with garden centers were opened during the second quarter of the 2005/2006 financial year. In July 2005, the ninth HORNBAACH location in Greater Berlin was opened in Berlin-Neukölln. In August 2005, operations commenced at the second DIY megastore with a garden center in Frankfurt am Main.

The number of retail outlets had rose to 121 as of August 31, 2005 (previous year: 116). With total sales areas of around 1,262,000 m<sup>2</sup>, the average store size now exceeds 10,400m<sup>2</sup>. A total of 90 stores are operated in Germany. The 31 stores in other European countries are distributed as follows: Austria (11), Netherlands (8), Czech Republic (4), Switzerland (3), Luxembourg (1), Sweden (2) and Slovakia (2).

## Sales Performance

The net sales of the HORNBAACH-Baumarkt-AG Group, including those generated by newly opened stores, rose by 8.2% in the second quarter (June 1 to August 31, 2005) to € 600.8m (previous year: € 555.3m). On a cumulative basis for the first six months of the financial year, consolidated sales rose by 6.7% to € 1,217.5m (previous year: € 1,140.5m). Sales at the HORNBAACH DIY megastores with garden centers outside Germany rose from € 370.3m to € 427.7m in the first half of 2005/2006, thus accounting for 35.1% of overall sales (previous year: 32.5%).

During the reporting period from March to August 2005, like-for-like sales showed overall growth of 0.8%. It should be noted in this respect that like-for-like sales growth in the first six months of the previous year amounted to 4.2% and was thus already at a high level. Following the decline of 0.5% in the first quarter of 2005/2006, the second quarter saw pleasing growth momentum, with an increase of 2.1%. This was particularly true of the HORNBAACH stores in other European countries, where like-for-like sales rose by 5.0% in the second quarter and by 3.0% in the first half of the financial year. With growth of 0.7% in the second quarter, the German stores were able to regain some ground and had virtually succeeded in compensating for the shortfall in the first quarter (minus 1.3%) by the end of the first six months (minus 0.4%).

In the course of the first half of 2005/2006, HORNBAACH further sharpened its profile as the DIY store for project customers. This primarily involved optimizing the presentation of merchandise, as well as implementing marketing campaigns aimed at raising customer frequency levels. Moreover, in the competitive environment in which it operates in terms of pricing, HORNBAACH has uncompromisingly maintained its permanent low price strategy, with which the Group differentiates itself from the discount campaigns on the part of its competitors. This pricing policy is also backed up by independent studies (Mercer Management Consulting; IfH - Institute for Retail Research). These demonstrate that although customer satisfaction levels mainly depend on price structures, it is the normal prices, rather than campaign prices, which determine the degree of such satisfaction. Retail businesses with permanently low prices are perceived by consumers as being less expensively priced overall than businesses which advertise using special offers.

## Earnings Performance

The earnings performance of the HORNBAACH-Baumarkt-AG Group improved in the second quarter of 2005/2006 compared with the first quarter. In the second quarter, it was possible to reduce the shortfall to the record earnings levels reported for the previous year. Account should be taken in this respect of the basis effects relating to the record year in 2004/2005 - the very pleasing performance in the previous financial year was attributable to significant earnings growth in the first half of the year.

At € 25.4m, consolidated earnings before taxes and the extraordinary result were 22.2% lower in the second quarter than in the equivalent period in the previous year (€ 32.6m). Earnings before interest and taxes (EBIT) fell by 11.6% to € 33.3m (previous year: € 37.6m).

Cumulative consolidated earnings before taxes fell by 30.2% to € 51.0m in the reporting period from March to August 2005 (previous year: € 73.1m). At € 65.7m, earnings before interest and taxes (EBIT) were 20.9% lower than in the previous year (€ 83.0m). Earnings before interest, taxes, depreciation and amortization (EBITDA) declined by 14.5% compared with the previous year to € 95.7m (€ 112.0m). The consolidated net income dropped by 25.0% to € 33.4m in the first half of 2005/2006 (previous year: € 44.6m). Earnings per share (undiluted) amounted to € 2.21, compared with € 2.97 one year earlier.

One major reason for the weaker earnings performance in the first half of the year compared with the record figures for the previous year is the lower gross margin. The gross profit of the HORNBAACH-Baumarkt-AG Group fell as a percentage of net sales from 36.6% to 35.2%. This development is primarily attributable to the decline in retail prices as a result of the consistent implementation of the company's permanent low price strategy. The significant recovery in sales growth witnessed only in the second quarter is as yet insufficient to compensate for the margin loss in the year to date. Moreover, the rollout of SAP across the Group impacted negatively on store and administration expenses during the reporting period. As a result of the interest expenses relating to the corporate bond, net financial expenses also declined from € -9.9m to € -14.7m. Moreover, the higher level of pre-opening expenses resulting from the larger number of new store openings also had a negative impact on the company's earnings.

### Employees

At the reporting date on August 31, 2005, there were 11,251 (previous year: 10,625) individuals across Europe in fixed employment at HORNBAACH-Baumarkt-AG or one of its subsidiaries.

### Investments

A total of € 76.4m was invested during the first six months of the current financial year (previous year: € 36.6m), primarily in land and buildings (54%) and in office and plant equipment and software (46%). Information as to the financing and investment activities of HORNBAACH-Baumarkt-AG has been provided in the cash flow statement in the notes to this report.

### Other Events during the Period under Report

Following severe storms in the Alpine region in August 2005, the HORNBAACH store in Littau in Central Switzerland was devastated by flooding and subsequent mudslides. The majority of the inventories was destroyed. Thanks to the clearing up work carried out at full stretch, the DIY store was already in a position to resume normal operations on September 23, 2005. Apart from an excess amount of € 0.1m, the flooding damage and loss of operations are insured.

### Outlook

The outlook for the current 2005/2006 financial year remains unchanged on the forecast provided at the end of the first quarter. Based on this forecast, the sales of the HORNBAACH-Baumarkt-AG Group, including those generated by newly opened stores, are expected to rise to almost € 2.3 bn. It is still thought that the company will be unlikely to make up the earnings shortfall in the overall financial year. Consolidated earnings before taxes are therefore expected to fall significantly short of the record level reported for the 2004/2005 financial year (€ 68.0 m).

A total of eight HORNBAACH DIY megastores with garden centers is scheduled to be opened in the 2005/2006 financial year. Following the opening of stores in Malmö (Sweden), Kosice (Slovakia), Berlin and Frankfurt, the third quarter will see an expansion of the store network to include stores in Würzburg, Hradec Kralové (Czech Republic) and Kiel. The opening of the first HORNBAACH store in Munich is scheduled for the end of December. By the end of the financial year, HORNBAACH will be operating a total of 124 DIY megastores with garden centers across the Group.

Bornheim, September 29, 2005  
 – The Board of Management –

# Financial Calendar for 2005

December 21, 2005

Interim Report as of November 30, 2005



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# HORNBACH-Baumarkt-AG Group

## Income Statement

€ million	2nd Quarter 2005/2006	2nd Quarter 2004/2005	Change in %	1st Half 2005/2006	1st Half 2004/2005	Change in %
Sales	600.8	555.3	8.2	1,217.5	1,140.5	6.7
Costs of goods sold	392.3	353.3	11.1	788.7	722.6	9.1
<b>Gross profit</b>	<b>208.4</b>	<b>202.1</b>	<b>3.1</b>	<b>428.7</b>	<b>417.9</b>	<b>2.6</b>
Selling and store expenses	154.4	148.1	4.3	324.5	297.4	9.1
Pre-opening expenses	3.8	3.0	27.6	6.1	4.5	37.0
General and administration expenses	22.7	19.0	19.2	44.8	39.8	12.4
Other income and expenses	5.8	5.7	2.2	12.3	6.8	80.5
<b>Earnings before interest and taxes (EBIT)</b>	<b>33.3</b>	<b>37.6</b>	<b>-11.6</b>	<b>65.7</b>	<b>83.0</b>	<b>-20.9</b>
<b>Net financial expenses</b>	<b>-7.9</b>	<b>-5.0</b>	<b>57.4</b>	<b>-14.7</b>	<b>-9.9</b>	<b>47.8</b>
<b>Consolidated earnings before taxes and extraordinary result</b>	<b>25.4</b>	<b>32.6</b>	<b>-22.2</b>	<b>51.0</b>	<b>73.1</b>	<b>-30.2</b>
Taxes on income	8.4	12.2	-31.7	17.4	28.5	-38.7
<b>Consolidated earnings after taxes and before extraordinary result</b>	<b>17.0</b>	<b>20.4</b>	<b>-16.5</b>	<b>33.5</b>	<b>44.6</b>	<b>-24.8</b>
Extraordinary result	-0.1	0.0	-	-0.1	0.0	
<b>Consolidated net income</b>	<b>16.9</b>	<b>20.4</b>	<b>-17.0</b>	<b>33.4</b>	<b>44.6</b>	<b>-25.0</b>

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

# HORNBACH-Baumarkt-AG Group

## Balance Sheet

ASSETS	August 31, 2005		August 31, 2004		February 28, 2005	
	€ million	%	€ million	%	€ million	%
<b>A. Long-term assets</b>	<b>658.7</b>	<b>48.6</b>	<b>630.9</b>	<b>54.5</b>	<b>650.9</b>	<b>51.1</b>
I. Intangible assets	26.3	1.9	16.8	1.5	25.5	2.0
II. Property, plant and equipment	616.4	45.5	600.6	51.9	609.8	47.9
III. Financial assets	0.1	0.0	0.9	0.1	0.2	0.0
IV. Other long-term assets	1.6	0.1	1.6	0.1	1.6	0.1
V. Deferred tax claims	14.3	1.1	11.0	0.9	13.8	1.1
<b>B. Short-term assets</b>	<b>695.7</b>	<b>51.4</b>	<b>527.3</b>	<b>45.5</b>	<b>622.9</b>	<b>48.9</b>
I. Inventories	430.1	31.8	410.5	35.4	426.4	33.5
II. Accounts receivable and other assets	42.4	3.1	75.6	6.5	53.3	4.2
III. Cash and cash equivalents	223.2	16.5	41.2	3.6	143.2	11.2
<b>TOTAL ASSETS</b>	<b>1,354.4</b>	<b>100.0</b>	<b>1,158.2</b>	<b>100.0</b>	<b>1,273.8</b>	<b>100.0</b>

EQUITY AND LIABILITIES	August 31, 2005		August 31, 2004		February 28, 2005	
	€ million	%	€ million	%	€ million	%
<b>A. Shareholder's equity</b>	<b>433.8</b>	<b>32.0</b>	<b>409.1</b>	<b>35.4</b>	<b>398.6</b>	<b>31.3</b>
I. Share capital	45.5	3.4	45.0	3.9	45.3	3.6
II. Capital reserve	126.5	9.3	122.5	10.6	124.7	9.8
III. Retained earnings	228.3	16.9	197.0	17.0	185.3	14.5
IV. Consolidated net income	33.4	2.5	44.6	3.9	43.3	3.4
<b>B. Long-term liabilities</b>	<b>509.6</b>	<b>37.6</b>	<b>334.6</b>	<b>28.9</b>	<b>560.6</b>	<b>44.0</b>
I. Long-term debt	451.0	33.3	283.5	24.5	501.6	39.4
II. Deferred taxes	47.4	3.5	44.3	3.8	46.8	3.7
III. Other liabilities	11.2	0.8	6.8	0.6	12.2	1.0
<b>C. Short-term liabilities</b>	<b>411.0</b>	<b>30.3</b>	<b>414.5</b>	<b>35.7</b>	<b>314.6</b>	<b>24.7</b>
I. Short-term debt	79.1	5.8	106.8	9.2	40.1	3.1
II. Accounts payable and other liabilities	258.9	19.1	220.1	19.0	214.2	16.8
III. Tax provisions	19.6	1.4	30.5	2.6	12.7	1.0
IV. Other provisions	53.4	3.9	57.1	4.9	47.7	3.7
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,354.4</b>	<b>100.0</b>	<b>1,158.2</b>	<b>100.0</b>	<b>1,273.8</b>	<b>100.0</b>

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

# HORNBACH-Baumarkt-AG Group

## Cash Flow Statement

	1st Half 2005/2006 € million	1st Half 2004/2005 € million
<b>Consolidated earnings after taxes and before extraordinary result</b>	<b>34</b>	<b>45</b>
Depreciation and amortization	30	29
Change in provisions	0	2
Profits/losses on the sale of fixed assets	-3	0
Change in inventories, accounts receivable and other assets	-11	-9
Change in accounts payable and other liabilities	57	51
Other income/expenses with no cash effect	0	7
<b>Cash flow from operating activities</b>	<b>107</b>	<b>125</b>
Proceeds from disposals of fixed assets	60	5
Payments for investments in tangible assets	-73	-37
Payments for investments in intangible assets	-3	-3
<b>Cash flow from investing activities</b>	<b>-16</b>	<b>-35</b>
Receipts from capital increases	2	0
Receipts from taking up of long-term debt	0	12
Repayment of long-term debt	-15	-18
Payments for group financing activities	0	-71
Change in short-term debt	2	-21
<b>Cash flow from financing activities</b>	<b>-11</b>	<b>-98</b>
Change in cash and cash equivalents	80	-8
Cash and cash equivalents at March 1	143	49
<b>Cash and cash equivalents at August 31</b>	<b>223</b>	<b>41</b>

The change in provisions item only includes provisions whose maturity or amount is uncertain. The figure for the previous year has accordingly been adjusted by € 22 million.

# HORNBACH-Baumarkt-AG Group

## Statement of Shareholders' Equity

1st Half of 2004/2005							
€ million	Share Capital	Capital Reserve	Hedging Reserve	Cumulative Currency Conversion	Other Retained Earnings	Net Income for the Year	Total Equity
<b>Balance at March 1, 2004</b>	45	122	-2	0	170	28	363
Foreign currency adjustments				1			1
Valuation of derivative financial instruments, net after taxes							0
Transfer to reserves					28	-28	0
Net income for the year						45	45
<b>Balance at August 31, 2004</b>	45	122	-2	1	198	45	409

1st Half of 2005/2006							
€ million	Share Capital	Capital Reserve	Hedging Reserve	Cumulative Currency Conversion	Other Retained Earnings	Net Income for the Year	Total Equity
<b>Balance at March 1, 2005</b>	45	125	-2	3	185	43	399
Foreign currency adjustments							0
Capital increase from share option plans		2					2
Valuation of derivative financial instruments, net after taxes							0
Transfer to reserves					43	-43	0
Net income for the year						33	33
<b>Balance at August 31, 2005</b>	45	127	-2	3	228	33	434

# HORNBAACH-Baumarkt-AG Group

## NOTES TO THE GROUP INTERIM REPORT AS OF AUGUST 31, 2005

### (1) Accounting principles

This non-audited group interim report of HORNBAACH-Baumarkt-AG and its subsidiaries for the first six months as of August 31, 2005 has been compiled in accordance with the accounting principles promulgated by the International Accounting Standards Board (IASB), London. 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 August 31, 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 HORNBAACH-Baumarkt-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 amortization is undertaken on capitalized goodwill or intangible assets with unlimited useful lives. Such assets are to be subject to an impairment test 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 € 154k was undertaken in the first half of the 2004/2005 financial year.

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 HORNBAACH-Baumarkt-AG Group.

### (2) Reporting entity

The company BM Immobilien Zeta GmbH, Bornheim, was disposed of in the second quarter. The company was removed from the reporting entity as of August 31, 2005.

### (3) Seasonal influences

Due to weather conditions, the HORNBAACH-Baumarkt-AG Group is subject to lower sales in the autumn and winter than in the spring and summer months. These seasonal variations are reflected in the figures for the first half of the financial year. The results of business operations for the first six months up to August 31, 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	2nd Quarter 2005/2006	2nd Quarter 2004/2005	Change in %
Other operating income	8.6	9.3	-7.5
Other operating expenses	2.8	3.6	-22.2
<b>Other income and expenses</b>	<b>5.8</b>	<b>5.7</b>	<b>2.2</b>

€ million	1st Half 2005/2006	1st Half 2004/2005	Change in %
Other operating income	18.1	14.3	26.6
Other operating expenses	5.8	7.5	-22.7
<b>Other income and expenses</b>	<b>12.3</b>	<b>6.8</b>	<b>80.5</b>

Other operating income primarily relates to advertising grants, income from exchange rate and payment differences, and income from transfers within the HORNBACH HOLDING AG Group. Furthermore, the income includes other non-operating income of € 3.9m resulting from the disposal of a DIY megastore with a garden center and of a real estate shareholding. The DIY megastores with garden centers were 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, as well as to losses incurred on the sale of fixed assets. Moreover, the item includes a non-operating expense amounting to € 0.5m in connection with the addition of provisions for disadvantageous contracts.

#### (5) Net financial expenses

Net financial expenses are structured as follows:

€ million	2nd Quarter 2005/2006	2nd Quarter 2004/2005	Change in %
Interest and similar income	0.9	0.1	800.0
Interest and similar expenses	8.8	5.1	72.5
<b>Net financial expenses</b>	<b>7.9</b>	<b>5.0</b>	<b>57.4</b>

€ million	1st Half 2005/2006	1st Half 2004/2005	Change in %
Interest and similar income	1.8	0.3	500.0
Interest and similar expenses	16.5	10.2	61.8
<b>Net financial expenses</b>	<b>14.7</b>	<b>9.9</b>	<b>47.8</b>

The net financial expenses as of the first half of 2005/2006 include a net expense of € 0.9m (previous year: € 0.0m) relating to the valuation of derivative financial instruments.

### (6) Other disclosures

The personnel expenses of the HORNBACH-Baumarkt-AG Group amounted to € 179.2m at the end of the first half of the financial year on August 31, 2005 (previous year: € 167.0m).

Depreciation and amortization totaling € 30.0m was undertaken on intangible assets and property, plant and equipment at the HORNBACH-Baumarkt-AG Group in the first six months of the 2005/2006 financial year (previous year: € 29.0m).

### (7) Extraordinary result

The extraordinary result includes the net expenses for the damages incurred at the DIY megastore with a garden center in Littau, Switzerland, as a result of the August floods. Initial estimates put the damages, which mainly involve inventories and office and plant equipment, at approximately € 5m. This sum is offset by equivalent income from the insurance claims submitted.

### (8) Taxes on income

Taxes on income are structured as follows:

€ million	2nd Quarter 2005/2006	2nd Quarter 2004/2005	Change in %
Current tax expenses	9.3	9.2	1.1
Deferred tax expenses	-0.9	3.0	-130.0
	<b>8.4</b>	<b>12.2</b>	<b>-31.7</b>

€ million	1st Half 2005/2006	1st Half 2004/2005	Change in %
Current tax expenses	17.4	21.8	-20.2
Deferred tax expenses	0.0	6.7	-100.0
	<b>17.4</b>	<b>28.5</b>	<b>-38.7</b>

### (9) Share capital

In the first half of the 2005/2006 financial year, a total of 82,480 non-par ordinary shares in the company were issued by means of a conditional capital increase in connection with the exercising of subscription rights from the 1999 share option plan of HORNBACH-Baumarkt-AG. The issue of these new shares means that the share capital of the company has risen by € 247,440.00 to its current total of € 45,540,930.00. This is divided into 15,180,310 ordinary shares.

### (10) 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-Baumarkt-AG for the period under report and the weighted average number of shares in circulation.

#### Earnings per share

	2nd Quarter 2005/2006	2nd Quarter 2004/2005
Weighted number of shares issued	15,180,310	15,011,500
Consolidated net income allocable to the shareholders in HORNBAACH-Baumarkt-AG (in € million)	16.9	20.4
Earnings per share (in €)	1.12	1.36

	1st Half 2005/2006	1st Half 2004/2005
Weighted number of shares issued	15,180,310	15,011,500
Consolidated net income allocable to the shareholders in HORNBAACH-Baumarkt-AG (in € million)	33.4	44.6
Earnings per share (in €)	2.21	2.97

The share option plans mean that shares have arisen with a potentially diluting effect. The diluted earnings per share are calculated as follows:

#### Diluted earnings per share

	2nd Quarter 2005/2006	2nd Quarter 2004/2005
Weighted number of shares issued, including potential shares with a diluting effect	15,220,064	15,011,500
Consolidated net income allocable to the shareholders in HORNBAACH-Baumarkt-AG (in € million)	16.9	20.4
Earnings per share (in €)	1.11	1.36

	1st Half 2005/2006	1st Half 2004/2005
Weighted number of shares issued, including potential shares with a diluting effect	15,220,064	15,011,500
Consolidated net income allocable to the shareholders in HORNBAACH-Baumarkt-AG (in € million)	33.4	44.6
Earnings per share (in €)	2.20	2.97

## (11) Segment reporting

1st Half of 2005/2006 in € million (1st Half of 2004/2005 in € million)	DIY Stores	Real Estate	Miscellaneous and Consolidation	HORNBACH- Baumarkt-AG Group
<b>Segment income</b>	<b>1,217.1</b>	<b>46.9</b>	<b>-46.5</b>	<b>1,217.5</b>
	(1,140.1)	(44.0)	(-43.6)	(1,140.5)
- Sales to external third parties	1,216.8	0.0	0.0	1,216.8
	(1,139.7)	(0.0)	(0.0)	(1,139.7)
- Sales to affiliated companies	0.3	0.0	0.0	0.3
	(0.4)	(0.0)	(0.0)	(0.4)
- Rental income from affiliated companies, internal rental income	0.0	46.5	-46.5	0.0
	(0.0)	(43.6)	(-43.6)	(0.0)
- Rental income from external third parties	0.0	0.4	0.0	0.4
	(0.0)	(0.4)	(0.0)	(0.4)
<b>Segment earnings (EBIT)</b>	<b>53.8</b>	<b>18.0</b>	<b>-6.1</b>	<b>65.7</b>
	(76.3)	(11.9)	(-5.2)	(83.0)
<b>Depreciation</b>	<b>19.1</b>	<b>7.0</b>	<b>3.9</b>	<b>30.0</b>
	(18.8)	(7.0)	(3.2)	(29.0)
<b>EBITDA</b>	<b>72.9</b>	<b>25.0</b>	<b>-2.2</b>	<b>95.7</b>
	(95.1)	(18.9)	(-2.0)	(112.0)

Bornheim, September 29, 2005

- The Board of Management -