

# Interim Report (IFRS)

HORNBACH HOLDING AG GROUP

THIRD QUARTER 2004/2005

(March 1 to November 30, 2004)

HORNBACH  
BAUSTOFFUNION

HORNBACH  
IMMOBILIEN AG

HORNBACH

Es gibt immer was zu tun.

**HORNBACH**  
HOLDING AG

## HORNBAACH HOLDING AG Group

### Interim Report (IFRS) for the First Nine Months of 2004/2005 (March 1 to November 30, 2004)

- **Nine-month sales and earnings significantly up on previous year**
- **Like-for-like sales at DIY megastores with garden centers up by 2.5%**
- **Swiss store network grows to three locations**

HORNBAACH HOLDING AG increased its consolidated sales by 8.9% to € 1,766 million in the first nine months of the current financial year (March 1 to November 30, 2004).

Due to the downturn in consumer confidence witnessed in Germany since the autumn, like-for-like sales growth could not be maintained at the dynamic level seen in the first half of the financial year. Cumulative like-for-like sales growth across the Group amounted to 2.5% at the end of the first nine months.

Earnings have shown a considerable increase as a proportion of sales compared with the first nine months of 2003/2004. EBITDA increased by 23% to € 166 million, while EBIT rose by 36% to € 113 million. Consolidated earnings before taxes, extraordinary items and minority interests improved by 47% to € 87 million.

Key Figures for the Group (in € m, unless otherwise stated)	3rd Quarter 2004/2005	3rd Quarter 2003/2004	± %	Nine Months 2004/2005	Nine Months 2003/2004	± %
Net sales	554.1	522.9	6.0	1,765.7	1,621.4	8.9
of which in other European countries	172.2	155.2	11.0	542.5	480.5	12.9
Gross margin (as % of net sales)	34.2	33.8		35.6	34.4	
EBITDA	36.3	32.9	10.3	166.4	135.6	22.7
Earnings before interest and taxes (EBIT)	17.5	14.7	19.0	112.5	82.8	35.9
Consolidated earnings before taxes, extraordinary items and minority interests	8.5	6.4	32.8	86.5	58.8	47.1
Extraordinary items	0	0	-	0	1.1	-
Consolidated net income*	3.7	3.0	23.3	41.3	29.3	41.0
Average earnings per share (€)	0.46	0.38	21.1	5.17	3.67	40.9
No. of employees at HORNBAACH Group				11,411	10,571	7.9
Investments				118.7	110.8	7.1
Total assets				1,868.8	1,661.6	12.5
Shareholders' equity**				465.9	442.1	5.4
Shareholders' equity as % of total assets**				25.0	26.6	

\* after minority interests

\*\* excluding minority interests

## 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 rose by 6.0% during the third quarter (September 1 to November 30, 2004) to reach € 554.1 million (previous year: € 522.9 million). Cumulative consolidated sales rose by 8.9% to reach € 1,765.7 million in the first nine months of the financial year (previous year: € 1,621.4 million). The HORNBAACH DIY megastores with garden centers outside Germany contributed sales of € 542.5 million to this total, compared with € 480.5 million in the previous year (plus 12.9%).

Following two new openings in the third quarter, the HORNBAACH-Baumarkt-AG subsidiary was operating 117 DIY megastores with garden centers across Europe with a total sales area of around 1,196,000 m<sup>2</sup> as of November 30, 2004. Net sales at the HORNBAACH-Baumarkt-AG Group rose by 6.6% in the third quarter to € 518.3 million (previous year: € 486.0 million) and by 10.1% in the first nine months to reach € 1,658.8 million (previous year: € 1,506.7 million).

Like-for-like sales in Germany and abroad rose by 2.5% across the Group during the reporting period from March to November 2004, building on the very strong performance reported for the equivalent period in the previous year (+3.9%). In Germany, this key figure improved by 1.2%, while the international HORNBAACH DIY megastores with garden centers reported like-for-like sales growth of 5.3%. Further details as to the business performance can be found in the interim report published separately by HORNBAACH-Baumarkt-AG.

In spite of underlying conditions remaining difficult in the construction sector, the cumulative net sales of the HORNBAACH Baustoff Union GmbH (HBU) subgroup improved in the first three quarters from € 102.6 million in the previous year to € 108.7 million (plus 6%).

## Earnings Performance

The earnings of the HORNBAACH HOLDING AG Group continued to rise as a percentage of sales both in the third quarter and in the first nine months of 2004/2005.

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 10.3% to € 36.3 million during the third quarter (previous year: € 32.9 million). Earnings before inter-

est and taxes (EBIT) improved by 19.0% to € 17.5 million (previous year: € 14.7 million). Consolidated earnings before taxes, the extraordinary result and minority interests for the period from September to November 2004 rose by 32.8% to € 8.5 million (previous year: € 6.4 million).

For the reporting period from March 1 to November 30, 2004, the EBITDA rose by 22.7% compared with the previous year to reach € 166.4 million (previous year: € 135.6 million). The EBITDA margin increased from 8.4% to 9.4%. EBIT reported growth of 35.9% to € 112.5 million (previous year: € 82.8 million). The EBIT margin increased from 5.1% to 6.4%. Consolidated earnings before taxes, the extraordinary result and minority interests rose by 47.1% in the first nine months to reach € 86.5 million (previous year: € 58.8 million). Average earnings per share calculated in line with IFRS rose from € 3.67 to € 5.17.

The pleasing earnings performance during the first nine months is principally due to like-for-like sales growth, earnings contributions from newly opened megastores, a lower level of pre-opening expenses and an improvement in the gross margin compared with the previous year. In spite of further reductions in retail prices, the gross profit rose as a percentage of net sales at the HORNBAACH HOLDING AG Group from 34.4% to 35.6%. This was mainly attributable to improved procurement conditions.

Earnings at the builders merchant business operated by HBU fell short of expectations. Its operating earnings (EBIT) were burdened by maintenance and restructuring measures. Operating earnings at the HORNBAACH Immobilien AG subgroup were up on those in the previous year.

## Personnel

At the reporting date on November 30, 2004, there were 11,411 individuals across Europe in fixed employment at the HORNBAACH HOLDING AG Group (previous year: 10,571).

## Investments

A total of € 118.7 million was invested during the first nine months of the current financial year (previous year: € 110.8 million), primarily in land and buildings (65%) and in office and plant equipment and software (35%). Information as to the financing and investment activities of HORNBAACH HOLDING AG has been provided in the statement of cash flows in the notes to this report.

## Outlook

No further new openings of DIY megastores with garden centers are scheduled to take place in the fourth quarter of the 2004/2005 financial year. The total of 117 retail outlets within the HORNBACH-Baumarkt-AG subgroup are expected to generate net sales approaching € 2.1 billion. The performance of like-for-like sales is expected to exceed the sector average.

Net sales at the HORNBACH HOLDING AG Group are expected to rise to more than € 2.2 billion in the current financial year. On account of the company's scheduled expansion, like-for-like sales growth and a stable gross margin, consolidated earnings for the overall year are expected to rise as a percentage of sales.

Neustadt an der Weinstrasse, December 20, 2004

– The Board of Management –

## Financial Calendar 2005

April 14, 2005	Preliminary Results 2004/2005
June 24, 2005	Financial Statements Press Conference 2004/2005 and Publication of Annual Report  Interim Report as of May 31, 2005
September 02, 2005	Annual General Meeting in Frankfurt am Main
September 29, 2005	Interim Report as of August 31, 2005  DVFA Analysts Conference
December 21, 2005	Interim Report as of November 30, 2005



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## HORNBAACH HOLDING AG Group

### Income Statement

€ m	3rd Quarter	3rd Quarter	± %	Nine Months	Nine Months	± %
	2004/2005	2003/2004		2004/2005	2003/2004	
Sales	554.1	522.9	6.0	1,765.7	1,621.4	8.9
Cost of sales	364.4	345.9	5.3	1,137.7	1,064.1	6.9
<b>Gross profit</b>	<b>189.7</b>	<b>177.0</b>	<b>7.2</b>	<b>628.0</b>	<b>557.3</b>	<b>12.7</b>
Selling and store operating expenses	150.6	139.9	7.6	450.6	412.9	9.1
Pre-opening expenses	3.1	3.6	-13.9	7.9	9.4	-16.0
General and administration expenses	22.5	21.3	5.6	67.5	60.6	11.4
Other operating income and expenses	4.0	2.5	60.0	10.5	8.4	25.0
<b>Earnings before interest and taxes (EBIT)</b>	<b>17.5</b>	<b>14.7</b>	<b>19.0</b>	<b>112.5</b>	<b>82.8</b>	<b>35.9</b>
Net financial expenses	-9.0	-8.3	8.4	-26.0	-24.0	8.3
<b>Consolidated earnings before taxes, extraordinary result and minority interests</b>	<b>8.5</b>	<b>6.4</b>	<b>32.8</b>	<b>86.5</b>	<b>58.8</b>	<b>47.1</b>
Taxes on income	3.7	2.7	37.0	34.8	23.9	45.6
<b>Consolidated earnings after taxes and before extraordinary result and minority interests</b>	<b>4.8</b>	<b>3.7</b>	<b>29.7</b>	<b>51.7</b>	<b>34.9</b>	<b>48.1</b>
Extraordinary result	0.0	0.0	-	0.0	1.1	-100.0
<b>Consolidated net income before minority interests</b>	<b>4.8</b>	<b>3.7</b>	<b>29.7</b>	<b>51.7</b>	<b>36.0</b>	<b>43.6</b>
Minority interests	-1.1	-0.7	57.1	-10.4	-6.7	55.2
<b>Consolidated net income</b>	<b>3.7</b>	<b>3.0</b>	<b>23.3</b>	<b>41.3</b>	<b>29.3</b>	<b>41.0</b>
<b>Undiluted earnings per share (in €)</b>	<b>0.43</b>	<b>0.35</b>	<b>22.9</b>	<b>5.14</b>	<b>3.64</b>	<b>41.2</b>
<b>Undiluted earnings per preference share (in €)</b>	<b>0.49</b>	<b>0.41</b>	<b>19.5</b>	<b>5.20</b>	<b>3.70</b>	<b>40.5</b>

## HORNBAACH HOLDING AG Group

### Balance Sheet

ASSETS	November 30, 2004		November 30, 2003		February 29, 2004	
	€ m	%	€ m	%	€ m	%
<b>A Long-term assets</b>	<b>1,078.6</b>	<b>57.7</b>	<b>1,121.9</b>	<b>67.6</b>	<b>1,061.2</b>	<b>63.8</b>
I. Intangible assets	25.2	1.3	16.7	1.0	20.0	1.2
II. Property, plant and equipment	1,024.3	54.8	1,074.7	64.7	1,007.5	60.5
III. Financial assets	2.1	0.1	2.4	0.2	2.9	0.2
IV. Other long-term assets	2.9	0.2	2.8	0.2	2.9	0.2
V. Deferred tax claims	24.1	1.3	25.3	1.5	27.9	1.7
<b>B. Short-term assets</b>	<b>790.2</b>	<b>42.3</b>	<b>539.7</b>	<b>32.4</b>	<b>603.1</b>	<b>36.2</b>
I. Inventories	433.1	23.2	406.1	24.4	441.5	26.5
II. Accounts receivable and other assets	103.4	5.5	68.6	4.1	92.2	5.5
III. Cash and cash equivalents	253.7	13.6	65.0	3.9	69.4	4.2
<b>TOTAL ASSETS</b>	<b>1,868.8</b>	<b>100.0</b>	<b>1,661.6</b>	<b>100.0</b>	<b>1,664.3</b>	<b>100.0</b>

EQUITY AND LIABILITIES	November 30, 2004		November 30, 2003		February 29, 2004	
	€ m	%	€ m	%	€ m	%
<b>A. Shareholders' equity</b>	<b>465.9</b>	<b>25.0</b>	<b>442.1</b>	<b>26.6</b>	<b>432.6</b>	<b>26.0</b>
I. Share capital	24.0	1.3	24.0	1.4	24.0	1.4
II. Capital reserve	130.4	7.0	130.4	7.8	130.4	7.9
III. Retained earnings	270.2	14.5	258.4	15.6	256.7	15.4
IV. Consolidated net income	41.3	2.2	29.3	1.8	21.5	1.3
<b>B. Minority interests</b>	<b>81.5</b>	<b>4.4</b>	<b>74.4</b>	<b>4.5</b>	<b>73.0</b>	<b>4.4</b>
<b>C. Long-term liabilities</b>	<b>851.4</b>	<b>45.5</b>	<b>634.4</b>	<b>38.2</b>	<b>634.0</b>	<b>38.1</b>
I. Long-term debt	759.2	40.6	546.9	32.9	549.0	33.0
II. Deferred taxes	90.5	4.8	85.7	5.2	83.2	5.0
III. Other liabilities	1.7	0.1	1.8	0.1	1.8	0.1
<b>D. Short-term liabilities</b>	<b>470.0</b>	<b>25.1</b>	<b>510.7</b>	<b>30.7</b>	<b>524.7</b>	<b>31.5</b>
I. Short-term debt	124.2	6.6	183.5	11.0	219.0	13.2
II. Accounts payable and other liabilities	257.5	13.8	253.9	15.3	229.6	13.8
III. Tax provisions	38.8	2.1	32.9	2.0	24.1	1.4
IV. Other provisions	49.5	2.6	40.4	2.4	52.0	3.1
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,868.8</b>	<b>100.0</b>	<b>1,661.6</b>	<b>100.0</b>	<b>1,664.3</b>	<b>100.0</b>

## HORNBAACH HOLDING AG Group

### Statement of Cash Flows

	Nine Months 2004/2005 € m	Nine Months 2003/2004 € m
Consolidated earnings after taxes and before extraordinary result and minority interests	52	35
Depreciation and amortization	54	53
Change in provisions	12	15
Profits/losses on the sale of fixed assets	0	-1
Change in inventories, accounts receivable and other assets	1	-51
Change in accounts payable and other liabilities	29	38
Other income/expenses with no cash effect	12	2
Receipts/payments of exceptional items	0	2
<b>Cash flow from operating activities</b>	<b>160</b>	<b>93</b>
Proceeds from disposals of fixed assets	24	43
Payments for investments in tangible assets	-82	-106
Payments for investments in intangible assets	-8	-2
Payments for investments in financial assets	0	0
Payments for the acquisition of subsidiaries and other operating units	-9	-2
<b>Cash flow from investing activities</b>	<b>-75</b>	<b>-67</b>
Dividends paid to shareholders	-12	-12
Proceeds from long-term debt	265	60
Repayment of long-term debt	-46	-35
Change in short-term debt	-107	-29
<b>Cash flow from financing activities</b>	<b>100</b>	<b>-16</b>
Change in cash and cash equivalents	185	10
Cash and cash equivalents at March 1	69	55
<b>Cash and cash equivalents at November 30</b>	<b>254</b>	<b>65</b>

## HORNBACH HOLDING AG Group

### Statement of Shareholders' Equity

2003/2004 Financial Year					Cumulative	Other	Net	Total
€ m	Share	Capital	Hedging	currency	conversion	retained	income	Equity
	capital	reserve	reserve			earnings		
Balance at 03.01.2003	24	130	-2	1		251	17	421
Dividend distributions							-9	-9
Foreign currency adjustments					-1			-1
Valuation of derivative financial instruments, net after taxes			1					1
Transfer to reserves						8	-8	0
Net income							29	29
Balance at 11.30.2003	24	130	-1	0		259	29	441

  

2004/2005 Financial Year					Cumulative	Other	Net	Total
€ m	Share	Capital	Hedging	currency	conversion	retained	income	Equity
	capital	reserve	reserve			earnings		
Balance at 03.01.2003	24	130	-2	0		259	22	433
Dividend distributions							-9	-9
Foreign currency adjustments					2			2
Valuation of derivative financial instruments, net after taxes			-1					-1
Transfer to reserves						13	-13	0
Net income							41	41
Balance at 11.30.2004	24	130	-3	2		272	41	466

# HORNBACH HOLDING AG Group

## Notes to the Group Interim Report (IFRS) as of November 30, 2004

### (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, 2004 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 November 30, 2004.

The accounting principles applied in the compilation of this interim report correspond to those applied in the consolidated financial statements as of February 29, 2004. 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 2003/2004 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.

### (2) Reporting Entity

Robert Röhlinger Bauwerk "Zentrum fürs Bauen" GmbH, Schiffweiler-Heiligenwald, a subsidiary acquired by HORNBACH Baustoff Union GmbH, was consolidated for the first time on March 1.

The company BM Immobilien Alpha GmbH was sold on the basis of the contract dated August 24, 2004. The company was removed from the reporting entity as of August 31, 2004.

HORNBACH-Baumarkt-AG acquired the shares in the company KIWI Grund GmbH with effect from October 6. The company has been consolidated accordingly for the first time.

### (3) Newly issued accounting standards

The IASB issued new or revised and supplemented standards in March 2004. The new standards and those standards revised within the framework of the "improvement projects" are only required to be applied by HORNBACH HOLDING AG from March 1, 2005. No application is to be made of the possibility of voluntarily applying the standards at an earlier stage.

In line with the transitional requirements outlined in IFRS 3 "Business Combinations", the standard is to be applied to all business combinations for which contracts are concluded on or after March 31, 2004. At HORNBACH HOLDING AG, the standard is only applicable with effect from the 2005/2006 financial year to goodwill resulting from earlier business combinations. Overall, the standard has no implications for the interim financial standards as of November 30, 2004.

### (4) Seasonal influences

Due to weather conditions, the HORNBACH HOLDING 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 nine months. The results of business operations for the first nine months up to November 30, 2004 do not necessarily provide an accurate indication of the results to be expected for the overall financial year.

### (5) Amendment of contingent liabilities and accounts receivable

Additional risks relating to possible legal disputes were identified as of November 30, 2004. Any recourse on the part of HORNBACH HOLDING AG is not deemed probable, but cannot be excluded entirely. The potential recourse amounts to € 11.3 million. In respect of the recourse relating to this matter, HORNBACH HOLDING AG has a possible reimbursement claim in the same amount.

**(6) Bond issue**

HORNBAACH-Baumarkt-AG has placed a ten-year paper with a volume of € 250 million and an interest coupon of 6.125% on the European capital market for corporate bonds. This liability has been reported under long-term debt less the expenses still expected to be incurred.

**(7) Dividends**

Following the approval by the Annual General Meeting on September 3, 2004 of the proposal made by the Board of Management and Supervisory Board of HORNBAACH HOLDING AG, dividends amounting to € 1.08 per ordinary share and to € 1.14 per preference share were distributed to shareholders for the 2003/2004 financial year.

**(8) Adjustments made to the interim financial statements**

With effect from the first quarter of 2004/2005, the statement of income of HORNBAACH HOLDING AG was compiled for the first time using the standard international cost-of-sales accounting method. The resultant harmonization of internal and external reporting structures also reflects in aggregate form in the company's external accounting that information considered to be useful and of relevance to the internal management of the company. This provides a common language both within the company and in its communications with the capital markets. The harmonization involved the restructuring and revised summarization of items within the statement of income. The figures contained in the statement of income for the previous year have been adjusted accordingly. This has resulted in particular in an amendment of earnings before interest and taxes (EBIT), given that the other taxes previously reported under tax expenses have been allocated to the functional divisions in which they arise. The adjustments made are structured as follows:

€ m	3rd Quarter 2003/2004	Nine Months 2003/2004
EBIT as reported	15.5	85.3
Other taxes	-0.8	-2.5
EBIT following adjustment	14.7	82.8

The segment results (c.f. Segment Reporting) have been adjusted to take account of the amended earnings before interest and taxes.

**(9) Selling and store operating expenses**

Selling and store operating expenses include costs incurred in connection with the operation of DIY stores with garden centers. They primarily consist of personnel, advertising, general operating, depreciation and rental expenses.

**(10) Pre-opening expenses**

Direct costs incurred in connection with the construction of a new DIY store with a garden center and which arise at or close to the time of such construction are reported as pre-opening expenses. These primarily consist of personnel expenses and other expenses.

**(11) General and administration expenses**

General and administration expenses include all those costs incurred in connection with the operation or construction of DIY stores with garden centers which cannot be directly allocated to such projects. These primarily relate to personnel expenses, legal and advisory expenses, IT expenses, as well as to depreciation and other administration expenses.

**(12) Other operating income and expenses**

Other operating income and expenses are structured as follows:

€ m	3rd Quarter 2004/2005	3rd Quarter 2003/2004	± %
Other operating income	8.6	7.7	11.7
Other operating expenses	4.6	5.2	-11.5
<b>Other operating income and expenses</b>	<b>4.0</b>	<b>2.5</b>	<b>60.0</b>

€ m	Nine Months 2004/2005	Nine Months 2003/2004	± %
Other operating income	23.8	19.1	24.6
Other operating expenses	13.3	10.7	24.3
<b>Other operating income and expenses</b>	<b>10.5</b>	<b>8.4</b>	<b>25.0</b>

Other operating income primarily relates to advertising grants and other income generated within the framework of operating activities.

Other operating expenses principally consist of expenses which cannot be accurately allocated to any particular functional division and which are incurred within the framework of operating activities. These include in particular exchange rate differences, losses incurred on the disposal of fixed assets and losses resulting from damages. Moreover, this item includes extraordinary depreciation of € 1.9 million undertaken on a piece of land as of November 30, 2004. The book value of the land was thus adjusted to the net disposal price expected to be attainable.

**(13) Net financial expenses**

Net financial expenses are structured as follows:

€ m	3rd Quarter 2004/2005	3rd Quarter 2003/2004	± %
Interest and comparable income	0.6	0.1	500.0
Interest and comparable expenses	9.6	8.4	14.3
<b>Net financial expenses</b>	<b>9.0</b>	<b>8.3</b>	<b>8.4</b>

€ m	Nine Months 2004/2005	Nine Months 2003/2004	± %
Interest and comparable income	1.2	0.6	100.0
Interest and comparable expenses	27.2	24.6	10.6
<b>Net financial expenses</b>	<b>26.0</b>	<b>24.0</b>	<b>8.3</b>

**(14) Other disclosures**

The personnel expenses of the HORNBAACH HOLDING AG Group amounted to € 267.7 million at the end of the first nine months on November 30, 2004 (previous year: € 247.4 million). Personnel expenses have been restructured in the course of the conversion to cost-of-sales accounting. This has resulted in an increase of € 3.8 million in the level of personnel expenses reported for the previous year.

Depreciation and amortization totaling € 53.8 million was undertaken on intangible assets and property, plant and equipment at the HORNBAACH HOLDING AG Group in the first nine months of the 2004/2005 financial year (previous year: € 52.9 million).

**(15) Taxes on income**

Taxes on income are structured as follows:

€ m	3rd Quarter 2004/2005	3rd Quarter 2003/2004	± %
Current tax expenses	-1.2	3.8	-131.6
Deferred tax expenses	4.9	-1.1	-545.5
	3.7	2.7	37.0

  

€ m	Nine Months 2004/2005	Nine Months 2003/2004	± %
Current tax expenses	22.8	22.0	3.6
Deferred tax expenses	12.0	1.9	531.6
	34.8	23.9	45.6

**(16) 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**

€ m	3rd Quarter 2004/2005	3rd Quarter 2003/2004
Consolidated net income	3.7	3.0
Additional dividend on preference shares	0.2	0.2
<b>Consolidated net income following adjustment for additional dividend</b>	<b>3.5</b>	<b>2.8</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 €)	0.43	0.35
Additional dividend per preference share (in €)	0.06	0.06
Earnings per preference share (in €)	0.49	0.41

€ m	Nine Months 2004/2005	Nine Months 2003/2004
Consolidated net income	41.3	29.3
Additional dividend on preference shares	0.2	0.2
<b>Consolidated net income following adjustments for additional dividend</b>	<b>41.1</b>	<b>29.1</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 €)	5.14	3.64
Additional dividend per preference share (in €)	0.06	0.06
Earnings per preference share (in €)	5.20	3.70

The share option plans mean that there are some shares which may potentially be diluted. These have no influence on the earnings per share figure, however, as the hurdles for exercising such options have not been reached.

**(17) Segment reporting**

Nine Months 2004/2005 in € m (Nine Months 2003/2004 in € m)	Retail	Real Estate	Miscellaneous and Consolidation	HORNBAACH HOLDING AG Group
<b>Segment income</b>	<b>1,762.8</b>	<b>100.0</b>	<b>-97.1</b>	<b>1,765.7</b>
	(1,618.8)	(91.4)	(-88.8)	(1,621.4)
- Sales to external third parties	1,762.8	0.0	0.0	1,762.8
	(1,618.8)	(0.0)	(0.0)	(1,618.8)
- Rental income from affiliated companies, internal rental income	0.0	97.1	-97.1	0.0
	(0.0)	(88.8)	(-88.8)	(0.0)
- Rental income from external third parties	0.0	2.9	0.0	2.9
	(0.0)	(2.6)	(0.0)	(2.6)
<b>Segment results (EBIT)</b>	<b>81.1</b>	<b>40.4</b>	<b>-9.0</b>	<b>112.5</b>
	(59.6)	(33.6)	(-10.4)	(82.8)

Neustadt an der Weinstrasse, December 20, 2004

The Board of Management  
HORNBAACH HOLDING Aktiengesellschaft