

# INTERIM REPORT

HORNBACH HOLDING AG GROUP

FIRST HALF-YEAR 2004/2005

(March 1 - August 31, 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 Half-Year 2004/2005 (March 1 – August 31, 2004)

- Sales at HORNBAACH Group up by 10.3 %
- Like-for-like sales at DIY megastores with garden centers up by 4.1 %
- Significant rise in earnings as percentage of sales

The sales and earnings of the HORNBAACH Group increased significantly in the first six months of the current financial year (March 1 to August 31, 2004). Consolidated sales rose by

10.3%. As a result of a further improvement in the performance of the DIY megastores with garden centers in the second quarter, like-for-like sales rose by 4.1% compared with the equivalent period in the previous year and by 3.1% within Germany.

Earnings have risen sharply as a percentage of sales compared with the first half of the 2003/2004 financial year. Consolidated earnings before taxes, extraordinary items and minority interests improved by 48.9% to reach € 78m. The key EBITDA figure grew by 26.7% to € 130.1m.

Key Figures for the Group (in € m, unless otherwise stated)	2nd Quarter 2004/2005	2nd Quarter 2003/2004	± %	Half-Year 2004/2005	Half-Year 2003/2004	± %
<b>Net sales</b>	<b>594.0</b>	<b>526.2</b>	<b>12.9</b>	<b>1,211.6</b>	<b>1,098.5</b>	<b>10.3</b>
of which in other European countries	183.5	157.9	16.2	370.3	325.3	13.8
Gross margin (as % of net sales)	35,9%	34,1%		36.2%	34.6%	
EBITDA	62.4	42.0	48.6	130.1	102.7	26.7
Earnings before interest and taxes (EBIT)	44.2	24.9	77.5	95.0	68.1	39.5
<b>Consolidated earnings before taxes, extraordinary items and minority interests</b>	<b>35.7</b>	<b>17.3</b>	<b>106.4</b>	<b>78.0</b>	<b>52.4</b>	<b>48.9</b>
<b>Extraordinary items</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>1.1</b>	<b>-100.0</b>
Consolidated net income*	17.9	7.6	135.5	37.6	26.3	43.0
<b>Average earnings per share (€)</b>	<b>2.24</b>	<b>0.94</b>	<b>135.5</b>	<b>4.70</b>	<b>3.28</b>	<b>43.0</b>
No. of employees at HORNBAACH Group				11,285	10,208	10.6
Investments				64.0	62.0	3.2
Total assets				1,690.9	1,623.1	4.1
Shareholders' equity**				471.2	438.4	3.2
Shareholders' equity as % of total assets**				27.8	27.0	

\* excluding earnings allocable to minority interests

\*\* excluding minority interests

## Development of Sales

The HORNBACK HOLDING AG Group includes the HORNBACK-Baumarkt-AG, HORNBACK Baustoff Union GmbH and HORNBACK Immobilien AG subgroups.

The net sales of the HORNBACK HOLDING AG Group rose by 12.9% in the second quarter (June 1 to August 31, 2004) to reach € 594.0m (previous year: € 526.2m). Cumulative consolidated sales for the first six months of the financial year grew by 10.3% to € 1,211.6m (previous year: € 1,098.5m). The HORNBACK DIY megastores with garden centers outside of Germany contributed € 370.3m to this development, compared with € 325.3m in the previous year.

Following three new openings in the second quarter, the HORNBACK-Baumarkt-AG subsidiary was operating 116 DIY megastores with garden centers across Europe with a total sales area of 1,174,000m<sup>2</sup> as of August 31, 2004. Net sales at the HORNBACK-Baumarkt-AG subgroup rose by 13.9% in the second quarter to reach € 555.3m (previous year: € 487.7m) and by 11.7% in the first half of the year to reach € 1,140.5m (previous year: € 1,020.7m). Like-for-like sales grew by 4.1% across Europe in the first half of the year, once again surpassing the pleasing level of growth reported for the previous year (3.1%) by a clear margin. In Germany, like-for-like sales growth amounted to 3.1% for the first six months (previous year: 2.3%). Further details as to business developments at the subgroup can be found in the interim report published separately by HORNBACK-Baumarkt-AG.

At the HORNBACK Baustoff Union GmbH (HBU) subgroup, one outlet was closed in Pirmasens in June 2004 in the interests of optimizing the regional sales network. In spite of conditions remaining difficult in the construction sector, the net sales generated by the subgroup's 19 outlets (August 31, 2004) improved in the first half of the year from € 68.3m to € 72.3m (plus 5.9%).

## Development of Earnings

Further improvements were seen in the second quarter in the positive development of earnings at the HORNBACK HOLDING AG Group. Consolidated earnings before taxes, extraordinary items and minority shares for the period of June to August 2004 more than doubled from € 17.3m in the equivalent period in the previous year to € 35.7m. Earnings before interest and taxes (EBIT) showed a marked improvement of 77.5% in the second quarter to reach € 44.2m (previous year: € 24.9m).

The pleasing business performance during the first half of the 2004/2005 financial year means that cumulative consolidated earnings before taxes, extraordinary items and minority interests rose by 48.9% to € 78.0m (previous year: € 52.4m). Operating earnings (EBIT) increased by 39.5% to € 95.0m (previous year: € 68.1m). The EBIT margin rose from 6.2% to 7.8%. Earnings before interest, taxes, depreciation and amortization (EBITDA) reported a year-on-year increase of 26.7% to € 130.1m (previous year: € 102.7m). The EBITDA margin rose from 9.3% to 10.7%. The net income of the Group before minority interests grew by 45.2% to € 46.9m (previous year: € 32.3m). Average earnings per share calculated in line with IFRS rose from € 3.28 to € 4.70.

The very pleasing development of earnings in the first half of the year is primarily due to ongoing growth in like-for-like sales, earnings contributions from newly opened megastores 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 HORNBACK HOLDING AG Group from 34.6% to 36.2%. This was principally the result of improved procurement conditions and of minor adjustments to the product range.

Moreover, the lower level of pre-opening expenses compared with the equivalent period in the previous year (minus 17%) and a slight reduction in the store expenses quota also had a positive impact on the level of earnings. By contrast, earnings at the builders merchants business operated by HBU did not come up to expectations. Maintenance and restructuring expenses had a negative impact on the subgroup's earnings. Earnings at the HORNBACK Immobilien AG subgroup were at the same level as in the previous year.

## Personnel

At the reporting date on August 31, 2004, there were 11,285 individuals across Europe in fixed employment at the HORNBACK HOLDING AG Group (previous year: 10,208).

## Investments

A total of € 64.0m was invested during the first six months of the current financial year (previous year: € 62.0m), predominantly in land and buildings (61%) and in plant and equipment and in software (39%). Information as to the financing and investment activities of HORNBACK HOLDING AG has been provided in the cash flow statement in the notes to this report.

## Outlook

The outlook for the current 2004/2005 financial year remains basically unchanged on the forecast provided at the end of the first quarter.

A total of five HORNBAACH DIY megastores with garden centers is scheduled to be opened during the 2004/2005 financial year. Following the opening of new megastores in Osnabrück, Bratislava and Fürth in the second quarter, the locations in Braunschweig and in Villeneuve on Lake Geneva (Switzerland) will commence operations in the third quarter. Taking account of the two location substitutions in Nuremberg and Braunschweig and including the Lafiora garden centers, the number of retail outlets operated by the HORNBAACH-Baumarkt-AG subgroup is expected to amount to 117 by the end of the 2004/2005 financial year. The net sales of the subgroup including newly opened stores are expected to rise to more than € 2.1bn. Like-for-like sales are expected to show growth in excess of the sector average.

A lower level of losses is expected to be reported by the HORNBAACH Baustoff Union GmbH subgroup for the overall 2004/2005 financial year than for the previous year.

The overall net sales of the HORNBAACH HOLDING AG Group are expected to rise to significantly above € 2.2bn. On account of the company's scheduled expansion, like-for-like sales growth and a stable gross margin, consolidated earnings for the overall financial year are expected to rise as a percentage of sales.

Neustadt an der Weinstrasse, September 29, 2004

– The Board Of Management –

## Financial Calendar 2004

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



## Contact

### Investor Relations

Axel Müller  
76878 Bornheim  
Tel: (+49) 0 63 48/ 60 - 24 44  
Fax: (+49) 0 63 48/ 60 - 42 99  
invest@hornbach.com

### Press/Public Relations

Dr. Ursula Dauth  
67433 Neustadt an der Weinstrasse  
Tel: (+49) 0 63 21/ 678 - 93 21  
Fax: (+49) 0 63 21/ 678 - 93 00  
presse@hornbach.com

**Internet:** [www.hornbach-holding.com](http://www.hornbach-holding.com)  
[www.hornbach.com](http://www.hornbach.com)

## HORNBACH HOLDING AG Group

### Income Statement

	2nd Quarter	2nd Quarter	± %	1st Half-Year	1st Half-Year	± %
	2004/2005	2003/2004		2004/2005	2003/2004	
	€ m	€ m		€ m	€ m	
Sales	594.0	526.2	12.9	1,211.6	1,098.5	10.3
Cost of goods sold	381.0	346.8	9.9	773.3	718.2	7.7
<b>Gross profit</b>	<b>213.0</b>	<b>179.5</b>	<b>18.7</b>	<b>438.3</b>	<b>380.3</b>	<b>15.3</b>
Store expenses	149.5	135.4	10.4	300.0	273.0	9.9
Pre-opening expenses	3.2	2.5	28.0	4.8	5.8	-17.2
General administration expenses	21.9	19.5	12.3	45.0	39.3	14.5
Other operating income and expenses	5.8	2.9	100.0	6.5	5.9	10.2
<b>Earnings before interest and taxes (EBIT)</b>	<b>44.2</b>	<b>24.9</b>	<b>77.5</b>	<b>95.0</b>	<b>68.1</b>	<b>39.5</b>
Net financial expenses	-8.5	-7.6	11.8	-17.0	-15.7	8.3
<b>Consolidating earnings before taxes, extraordinary items and minority interests</b>	<b>35.7</b>	<b>17.3</b>	<b>106.4</b>	<b>78.0</b>	<b>52.4</b>	<b>48.9</b>
Taxes on income	13.5	8.1	66.7	31.1	21.2	46.7
<b>Consolidated earnings after taxes and before extraordinary items and minority interests</b>	<b>22.2</b>	<b>9.2</b>	<b>141.3</b>	<b>46.9</b>	<b>31.2</b>	<b>50.3</b>
Extraordinary items	0.0	0.0	-	0.0	1.1	-100.0
<b>Consolidated net income before minority interests</b>	<b>22.2</b>	<b>9.2</b>	<b>141.3</b>	<b>46.9</b>	<b>32.3</b>	<b>45.2</b>
Minority interests	-4.3	-1.6	168.8	-9.3	-6.0	55.0
<b>Consolidated net income</b>	<b>17.9</b>	<b>7.6</b>	<b>135.5</b>	<b>37.6</b>	<b>26.3</b>	<b>43.0</b>
<b>Undiluted earnings per share (€)</b>	<b>2.21</b>	<b>0.91</b>	<b>142.9</b>	<b>4.67</b>	<b>3.25</b>	<b>43.7</b>
<b>Undiluted earnings per preference share (€)</b>	<b>2.27</b>	<b>0.97</b>	<b>134.0</b>	<b>4.73</b>	<b>3.31</b>	<b>42.9</b>

## HORNBACH HOLDING AG Group

### Balance Sheet

ASSETS	August 31, 2004		August 31, 2003		February 29, 2004	
	€ m	%	€ m	%	€ m	%
<b>A. Long-term assets</b>	<b>1,046.8</b>	<b>61.9</b>	<b>1,089.6</b>	<b>67.1</b>	<b>1,061.2</b>	<b>63.8</b>
I. Intangible assets	22.5	1.3	16.1	1.0	20.0	1.2
II. Property, plant & equipment	994.8	58.8	1,044.4	64.3	1,007.5	60.5
III. Financial assets	2.7	0.2	2.2	0.1	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	23.9	1.4	24.1	1.5	27.9	1.7
<b>B. Short-term assets</b>	<b>644.1</b>	<b>38.1</b>	<b>533.5</b>	<b>32.9</b>	<b>603.1</b>	<b>36.2</b>
I. Inventories	428.3	25.3	384.0	23.7	441.5	26.5
II. Trade accounts receivable and other assets	137.2	8.2	68.2	4.2	92.2	5.5
III. Liquid funds	78.6	4.6	81.3	5.0	69.4	4.2
<b>TOTAL ASSETS</b>	<b>1,690.9</b>	<b>100.0</b>	<b>1,623.1</b>	<b>100.0</b>	<b>1,664.3</b>	<b>100.0</b>

LIABILITIES	August 31, 2004		August 31, 2003		February 29, 2004	
	€ m	%	€ m	%	€ m	%
<b>A. Shareholders' equity</b>	<b>471.2</b>	<b>27.8</b>	<b>438.4</b>	<b>27.0</b>	<b>432.6</b>	<b>26.0</b>
I. Subscribed capital	24.0	1.4	24.0	1.5	24.0	1.4
II. Capital reserve	130.4	7.7	130.4	8.0	130.4	7.9
III. Revenue reserves	279.2	16.5	257.7	15.9	256.7	15.4
IV. Consolidated net income	37.6	2.2	26.3	1.6	21.5	1.3
<b>B. Minority interests</b>	<b>82.4</b>	<b>4.9</b>	<b>74.9</b>	<b>4.6</b>	<b>73.0</b>	<b>4.4</b>
<b>C. Long-term liabilities</b>	<b>625.3</b>	<b>37.0</b>	<b>624.1</b>	<b>38.5</b>	<b>634.0</b>	<b>38.1</b>
I. Financial liabilities	537.3	31.8	536.8	33.1	549.0	33.0
II. Deferred taxes	85.9	5.1	85.4	5.3	83.2	5.0
III. Other liabilities	2.1	0.1	1.9	0.1	1.8	0.1
<b>D. Short-term liabilities</b>	<b>512.0</b>	<b>30.3</b>	<b>485.7</b>	<b>29.9</b>	<b>524.7</b>	<b>31.5</b>
I. Financial liabilities	177.2	10.5	163.1	10.0	219.0	13.2
II. Trade accounts payable and other liabilities	233.7	13.8	244.8	15.1	229.6	13.8
III. Tax provisions	40.0	2.4	33.3	2.1	24.1	1.4
IV. Other provisions	61.1	3.6	44.5	2.7	52.0	3.1
<b>TOTAL LIABILITIES</b>	<b>1,690.9</b>	<b>100.0</b>	<b>1,623.1</b>	<b>100.0</b>	<b>1,664.3</b>	<b>100.0</b>

## HORNBACH HOLDING AG Group

### Cash flow Statement

	1st Half-Year 2004/2005	1st Half-Year 2003/2004
	€ m	€ m
<b>Consolidated earnings after taxes and before extraordinary items and minority interests</b>	<b>47</b>	<b>31</b>
Depreciation and amortization of fixed assets	35	35
Change in provisions	25	20
Profits / losses on the sale of fixed assets	-1	-1
Change in inventories, trade accounts receivable and other assets	-12	-28
Change in trade accounts payable and other liabilities	13	29
Other income / expenses with no cash effect	7	3
Receipts / payments of extraordinary items	0	2
<b>Inflow of funds from ordinary trading activities</b>	<b>114</b>	<b>91</b>
Receipts from disposals of fixed assets	6	42
Payments for investments in tangible assets	-51	-59
Payments for investments in intangible assets	-4	-1
<b>Outflow of funds for investment activities</b>	<b>-49</b>	<b>-18</b>
Payments to shareholders	0	-12
Receipts from the proceeds of financial loans	12	41
Payments for the redemption of financial loans	-24	-25
Change in short-term financial loans	-43	-51
<b>Outflow of funds for financing activities</b>	<b>-55</b>	<b>-47</b>
Change in liquid funds	10	26
Liquid Funds at March 1	69	55
<b>Liquid funds at August 31</b>	<b>79</b>	<b>81</b>

## HORNBACH HOLDING AG Group

### Change in Consolidated Shareholders' Equity

2003/2004 1st Half-Year	Subscribed capital	Capital reserve	Hedging reserve	Cumulative currency conversion	Other revenue reserves	Net income	Total equity
€ m							
<b>Balance at 03.01.2003</b>	24	130	-2	1	251	17	421
Dividend distributions						-9	-9
Currency adjustments				-1			-1
Valuation of derivative financial instruments, net after tax			1				1
Transfer to reserves					8	-8	0
Net income						26	26
<b>Balance at 08.31.2003</b>	24	130	-1	0	259	26	438

2004/2005 1st Half-Year	Subscribed capital	Capital reserve	Hedging reserve	Cumulative currency conversion	sonstige Gewinn-rücklagen	Net income	Total equity
€ m							
<b>Balance at 03.01.2003</b>	24	130	-2	0	259	22	433
Currency adjustments				1			1
Transfer to reserves					22	-22	0
Net income						37	37
<b>Balance at 08.31.2004</b>	24	130	-2	1	281	37	471

## **HORNBACK HOLDING AG Group**

### **Notes to the Group Interim Report (IFRS) as of August 31, 2004**

#### **(1) Accounting Principles**

This non-audited group interim report of HORNBACK HOLDING AG and its subsidiaries for the first half-year as of August 31, 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 August 31, 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 HORNBACK 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 particular 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 HORNBACK Baustoff Union GmbH in the first half of the year, has been consolidated for the first time.

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.

#### **(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 HORNBACK 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 HORNBACK 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 August 31, 2004.

#### **(4) Seasonal influences**

Due to weather conditions, the HORNBACK 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 half of the financial year. The results of business operations for the first six months up to August 31, 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 receivables**

Additional risks relating to possible legal disputes were identified as of August 31, 2004. Any recourse on the part of HORNBACK HOLDING AG is not deemed probable, but cannot be entirely excluded. The potential recourse amounts to € 11.3m. In respect of the recourse relating to this matter, HORNBACK HOLDING AG has a reimbursement claim in the same amount.

## (6) Adjustments made to the Interim Financial Statements

With effect from the first quarter of 2004/2005, the income statement 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 income statement. The figures contained in the income statement 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	2nd Quarter 2003/2004	1st Half Year 2003/2004
(EBIT) as reported	25.9	69.8
Other taxes	-1.0	-1.7
(EBIT) following adjustment	24.9	68.1

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

## (7) Store expenses

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

## (8) Pre-opening expenses

Direct costs incurred in connection with the construction of a new DIY megastore 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.

## (9) Administration expenses

Administration expenses include all those administration costs incurred in connection with the operation or construction of DIY megastores 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.

## (10) Other income and expenses

Other operating income and expenses are structured as follows:

€ m	2nd Quarter 2004/2005	2nd Quarter 2003/2004	± %
Other operating income	10.2	4.8	112.5
Other operating expenses	4.4	1.9	131.6
<b>Other operating income and expenses</b>	<b>5.8</b>	<b>2.9</b>	<b>100.0</b>

€ m	1st Half-Year 2004/2005	1st Half-Year 2003/2004	± %
Other operating income	15.2	11.5	32.2
Other operating expenses	8.7	5.6	55.4
<b>Other operating income and expenses</b>	<b>6.5</b>	<b>5.9</b>	<b>10.2</b>

Other operating income primarily relates to advertising grants and to 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.

### (11) Net financial expenses

Net financial expenses are structured as follows:

€ m	2nd Quarter 2004/2005	2nd Quarter 2003/2004	± %
Interest and comparable income	0.2	0.2	0.0
Interest and comparable expenses	8.7	7.8	11.5
<b>Net financial expenses</b>	<b>8.5</b>	<b>7.6</b>	<b>11.8</b>

€ m	1st Half-Year 2004/2005	1st Half-Year 2003/2004	± %
Interest and comparable income	0.6	0.5	20.0
Interest and comparable expenses	17.6	16.2	8.6
<b>Net financial expenses</b>	<b>17.0</b>	<b>15.7</b>	<b>8.3</b>

### (12) Other disclosures

The personnel expenses of the HORNBAACH HOLDING AG Group amounted to € 181.0m at the end of the first half-year on August 31, 2004 (previous year: € 164.2m). Personnel expenses have been restructured in the course of the conversion to cost of sales accounting. This has resulted in an increase of € 2.6m in the level of personnel expenses reported for the previous year.

Depreciation and amortization totaling € 35.1m was undertaken on intangible assets and property, plant and equipment at the HORNBAACH HOLDING AG Group in the first six months of the 2004/2005 financial year (previous year: € 34.6m).

### (13) Taxes on income

Taxes on income are structured as follows:

€ m	2nd Quarter 2004/2005	2nd Quarter 2003/2004	± %
Current tax expenses	10.7	7.5	42.7
Deferred tax expenses	2.8	0.6	366.7
	<b>13.5</b>	<b>8.1</b>	<b>66.7</b>

€ m	1st Half-Year 2004/2005	1st Half-Year 2003/2004	± %
Current tax expenses	24.0	18.1	32.6
Deferred tax expenses	7.1	3.1	129.0
	<b>31.1</b>	<b>21.2</b>	<b>46.7</b>

**(14) 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 HORNBACH HOLDING AG for the period under report and the weighted average number of shares in circulation.

**Earnings per share**

€ m	2nd Quarter 2004	2nd Quarter 2003
Consolidated net income	17.9	7.6
Additional dividend for preference shares	0.2	0.2
<b>Consolidated net income adjusted by additional dividend claims</b>	<b>17.7</b>	<b>7.4</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 €)	2.21	0.91
Additional dividend claim per preference share (in €)	0.06	0.06
Earnings per preference share (in €)	2.27	0.97

€ m	1st Half-Year 2004	1st Half-Year 2003
Consolidated net income	37.6	26.3
Additional dividend for preference shares	0.2	0.2
<b>Consolidated net income adjusted by additional dividend claims</b>	<b>37.4</b>	<b>26.1</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 €)	4.67	3.25
Additional dividend claim per preference share (in €)	0.06	0.06
Earnings per preference share (in €)	4.73	3.31

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.

**(15) Segment Reporting**

1st Half-Year 2004/2005 in € m (1st Half-Year 2003/2004 in € m)	Retail	Real Estate	Other and Consolidation	HORNBACK HOLDING AG Group
<b>Segment income</b>	<b>1,209.6</b>	<b>65.8</b>	<b>-63.8</b>	<b>1,211.6</b>
	(1,096.8)	(54.8)	(-53.1)	(1,098.5)
- Sales proceeds from external third parties	1,209.6	0.0	0.0	1,209.6
	(1,096.8)	(0.0)	(0.0)	(1,096.8)
- Rental income from affiliated companies	0.0	63.8	-63.8	0.0
internal rental income	(0.0)	(53.1)	(-53.1)	(0.0)
- Rental income from external third parties	0.0	2.0	0.0	2.0
	(0.0)	(1.7)	(0.0)	(1.7)
<b>Segment result (EBIT)</b>	<b>75.9</b>	<b>26.6</b>	<b>-7.5</b>	<b>95.0</b>
	(49.9)	(23.3)	(-5.1)	(68.1)

Neustadt an der Weinstrasse, September 29, 2004

The Board of Management  
HORNBACK HOLDING Aktiengesellschaft