



Interim Report
HORNBACH HOLDING AG GROUP
2007|2008

FIRST NINE MONTH (MARCH 1 – NOVEMBER 30, 2007)

HORNBACH.
HOLDING AG

HORNBACK HOLDING AG Group

Interim Report (IFRS): First Nine Months of 2007/2008

(March 1 – November 30, 2007)

- Consolidated sales up by 2.7 % in first nine months
- Germany: Third quarter negatively affected by weak consumer demand and year-on-year comparison
- International: Growth trajectory maintained
- As expected, Group earnings substantially down on previous year

In spite of difficult underlying conditions, the HORNBACK HOLDING AG Group increased its sales in the third quarter of the 2007/2008 financial year (September 1 to November 30, 2007) by 0.8 % to € 648.7 million (previous year: € 643.8m). The Group's sales for the first nine months as a whole rose by 2.7 % to € 2,077.9 million (previous year: € 2,023.4m). Cumulative like-for-like sales at the DIY megastores with garden centers at the HORNBACK-Baumarkt-AG subgroup matched the previous year's level. The performance of the business in the third quarter continued to be characterized by two disparate developments. While the DIY megastores with garden centers outside Germany maintained their growth course, sales in Germany remained unsatisfactory on account of the weak market climate in the DIY retail and construction materials sector. HORNBACK nevertheless succeeded once again in outperforming the competition and in increasing its market share. As expected, the key operating earnings figures for the reporting period from March to November 2007 fell short of the equivalent figures in the previous year. This was chiefly due to the decline in like-for-like sales in Germany, less favorable cost ratios, increased pre-opening expenses and one-off non-operating factors (net impact: minus € 13.0m). Operating earnings (EBIT) fell by 24.7 % to € 99.7 million in the first nine months (previous year: € 132.4m). Net income for the first nine months declined by 9.5 % to € 63.2 million (previous year: € 69.8m). Earnings per preference share were reported at € 6.48 (previous year: € 7.04).

Key Figures of the HORNBACK HOLDING AG Group (in € million, unless otherwise stated)	3rd Quarter 2007/2008	3rd Quarter 2006/2007	Change in %	Nine Months 2007/2008	Nine Months 2006/2007	Change in %
Net sales	648.7	643.8	0.8	2,077.9	2,023.4	2.7
of which in other European countries	240.5	214.7	12.0	756.8	682.3	10.9
Like-for-like sales growth	-4.1%	5.5%		0.0%	2.9%	
Gross margin (as % of net sales)	34.5%	34.7%		35.4%	35.0%	
EBITDA	33.8	50.8	-33.5	157.4	189.6	-17.0
Earnings before interest and taxes (EBIT)	13.4	32.6	-58.8	99.7	132.4	-24.7
Consolidated earnings before taxes	3.8	23.7	-84.1	73.5	104.8	-29.8
Consolidated net income *	1.8	16.0	-88.5	63.2	69.8	-9.5
Basic earnings per preference share (€)	0.24	1.64	-85.4	6.48	7.04	-8.0
No. of employees				12,837	12,168	5.5
Investments				152.8	84.4	81.0
Total assets				1,919.2	1,827.9	5.0
Shareholders' equity				689.9	621.9	10.9
Shareholders' equity as % of total assets				35.9%	34.0%	

* pursuant to IFRS including minority interests.

Rounding up or down may lead to discrepancies between totals. Calculation of percentage figures based on € 000s.

Earnings, Financial and Asset Situation *

Sales performance

The HORNBACH HOLDING AG Group comprises the HORNBACH-Baumarkt-AG, HORNBACH Baustoff Union GmbH and HORNBACH Immobilien AG subgroups.

The net sales of the HORNBACH Group increased by 2.7 % to € 2,077.9 million in the first nine months of the current 2007/2008 financial year (previous year: € 2,023.4m). In the months from September to November 2007, net sales showed a slight increase of 0.8 % to € 648.7 million (previous year: € 643.8 million).

Our subsidiary **HORNBACH-Baumarkt-AG** operated 125 DIY megastores with garden centers across Europe as of November 30, 2007 (February 28, 2007: 120). The opening of the Olomouc location in the third quarter marked the opening of our sixth HORNBACH DIY megastore with a garden center in the Czech Republic. With total sales areas of around 1,385,000 m², the average size of a HORNBACH DIY store now amounts to 11,079 m² (previous year: € 10,868 m²).

The sales of the HORNBACH-Baumarkt-AG subgroup rose by 1.1 % to € 605.7 million in the third quarter (previous year: € 599.3m) and by 3.0 % to € 1,955.0 million in the first nine months (previous year: € 1,897.1m). Like-for-like sales at the subgroup fell by 4.1 % in the period from September to November 2007 and matched the previous year's level for the first nine months as a whole. As already in the second quarter of the current 2007/2008 financial year, the Group's sales performance in the third quarter was characterized by two disparate developments. The decline in sales in Germany stood in contrast to the continuation of the dynamic sales performance outside Germany.

The situation was marked by an unsatisfactory level of demand for DIY and home improvement products in the German market. According to the BHB sector association, the sales growth seen in the spring of 2007, in some cases substantial, had been reversed by the end of the first nine months (January to September). Gross like-for-like sales in the sector fell by 1.6 % between January and September 2007, while HORNBACH increased its (gross) like-for-like sales calculated on a comparable basis by around one percent over the same period. Based on our assessment, the climate in the sector deteriorated further in the months of October and November 2007 as result of the impact of sales tax, the decline in housing construction and increased costs of living (especially energy and gasoline). Our sales reported above-average developments throughout the year when compared with the sector as a whole, but were nevertheless unable to escape the negative overall trend. Like-for-like sales thus fell by 8.3 % in the third quarter (September to November 2007) and by 3.4 % for the first nine months as a whole. It should be noted in this respect that the bringing forward of purchases in the run-up to the sales tax increase had led to like-for-like sales growth in Germany in the third quarter of 2006/2007 (plus 5.2 %). This contrasted with markedly subdued consumer behavior in the third quarter of 2007/2008, particularly with regard to larger-scale investment projects.

In contrast to developments in Germany, our HORNBACH DIY megastores with garden centers outside Germany have maintained their dynamic sales performance. Like-for-like sales at our international stores rose by 3.5 % in the third quarter and by 6.1 % in the first nine months as a whole. By the end of the first nine months, the international share of sales at the HORNBACH-Baumarkt-AG subgroup had thus risen from 36.0 % to 38.7 %. Further details about the business performance can be found in the interim report of HORNBACH-Baumarkt-AG published separately.

The sales performance of the **HORNBACH Baustoff Union GmbH subgroup** in the first nine months of 2007/2008 was negatively affected by subdued domestic demand in the fields of construction and home improvement, coupled with a decline in the housing construction sector in Germany. Net sales declined by 3.7 % to € 43.1 million in the third quarter (previous year: € 44.7m) and by 3.2 % to € 123.4 million on a cumulative basis (previous year: € 127.5m).

* Unless otherwise stated, periods relating to HORNBACH are based on the financial year (March – February), not on the calendar year.

Earnings situation

As expected, third-quarter earnings at the **HORNBACH HOLDING AG Group** fell substantially short of the equivalent figures for the previous year. This was largely the result of a decline in like-for-like sales in Germany, increased pre-opening expenses and one-off non-operating factors.

The gross margin declined slightly in the period from September to November 2007. The gross profit decreased as a percentage of net sales across the Group from 34.7 % to 34.5 %. The earnings performance of the overall Group was also negatively affected by less favorable store and administration expenses ratios, which had originally been budgeted to account for higher sales volumes. As a result of the Group's expansion, pre-opening expenses rose by € 3.9 million to € 6.0 million due to five new store openings in the first nine months of 2007/2008 (previous year: no new store openings).

Other income and expenses showed a marked decline from € 7.7 million to € 0.2 million in the third quarter. This was chiefly due to one-off non-operating factors, which had a negative impact to the tune of € 7.3 million compared with the previous year. Charges on earnings amounting to € 3.7 million were posted in the third quarter of 2007/2008. These chiefly related to the abandonment of one location, increased construction expenses for a store already opened and other charges in connection with real estate development. In the equivalent quarter in the previous year, this item had involved net income of € 3.6 million, which was largely attributable to accounting profits on the disposal of real estate (€ 4.9m) and extraordinary depreciation and losses incurred on sale and lease back transactions (minus € 1.4m).

Earnings before interest, taxes, depreciation and amortization (EBITDA) fell by 33.5 % to € 33.8 million in the third quarter (previous year: € 50.8m). Operating earnings (EBIT) dropped by 58.8 % to € 13.4 million (previous year: € 32.6m). Consolidated earnings before taxes were reported at € 3.8m (previous year: € 23.7m). Net income amounted to € 1.8 million in the third quarter (previous year: € 16.0m)

The deterioration in the performance of the German business meant that the year-on-year variance in earnings increased in the first nine months compared with the results for the first half of 2007/2008. Moreover, the year-on-year earnings comparison is negatively affected by one-off non-operating factors totaling € 13.0 million. The EBITDA figure fell by 17.0 % to € 157.4 million (previous year: € 189.6m). The EBIT figure reduced by 24.7 % to € 99.7 million (previous year: € 132.4m). Consolidated earnings before taxes dropped by 29.8 % to € 73.5 million (previous year: € 104.8m). At € 63.2 million, the net income for the first nine months was 9.5 % down on the previous year's figure (€ 69.8m). The less marked year-on-year decline when compared with pre-tax earnings is attributable to a positive tax item in the second quarter (German corporate taxation reform). Earnings per share amounted to € 6.48 in the first nine months (previous year: € 7.04).

The key earnings figures of the overall Group largely depend on the earnings performance of the largest operating subgroup – **HORNBACH-Baumarkt-AG**. Operating earnings (EBIT) at this subgroup fell by 76.6 % to € 6.2 million in the third quarter (previous year: € 26.6m) and by 31.5 % to € 78.5 million on a cumulative basis for the first three quarters (previous year: € 114.5m).

The less marked decline in earnings at the overall Group compared with **HORNBACH-Baumarkt-AG** is chiefly due to the improvement in operating earnings at the **HORNBACH Immobilien AG subgroup**. Largely as a result of increased rental income, reduced administration expenses and higher other income and expenses, this subgroup posted disproportionate EBIT growth in the first nine months of the year.

In spite of the slight decline in sales and the gross margin, operating earnings at the **HORNBACH Baustoff Union GmbH subgroup** were clearly positive in the first nine months. Thanks to reduced store and administration expenses, the decline in EBIT was less marked than at the **HORNBACH-Baumarkt-AG** subgroup.

Financial and asset situation

Investments rose from € 84.4 million to € 152.8 million in the first nine months of the current financial year. This substantial increase is primarily due to the opening of five new HORNBAACH DIY megastores with garden centers, whereas no new stores commenced operations in the first nine months of 2006/2007. Of total investments, around 73 % were channeled into land and buildings, while the remainder was invested in plant and office equipment at new and existing stores and in intangible assets. The investments were predominantly financed by the cash flow from operations (€ 86.8m) and by a sale and lease back transaction (Munich-Freiham). Information concerning the financing and investment activities of HORNBAACH-Baumarkt-AG can be found in the cash flow statement on Page 9.

Total assets grew by 5.0 % to € 1,919.2 million at the reporting date on November 30, 2007 (previous year: € 1,827.9m). On the asset side of the balance sheet, this growth was mainly due to the increase in non-current assets (plus € 73.3m), increased inventories (plus € 22.4m) and to an increase in current receivables and other current assets (plus € 17.2m). Cash and cash equivalents declined from € 288.2 million in the previous year to € 249.0 million most recently.

Shareholders' equity as reported in the balance sheet rose from € 621.9 million to € 689.9 million as of November 30, 2007. The equity ratio thus improved from 34.0 % to 35.9 %. Due to the expansion, the Group's net financial liabilities rose from € 515.9 million in the previous year to € 553.1 million as of November 30, 2007.

Employees

At the reporting date on November 30, 2007, 12,837 individuals (previous year: 12,168) across Europe were in fixed employment at the HORNBAACH HOLDING AG Group.

Events after the Balance Sheet Date

No events of major significance for the assessment of the earnings, financial and asset situation of HORNBAACH HOLDING AG or of the HORNBAACH HOLDING AG Group have taken place since the conclusion of the first nine months of the financial year on November 30, 2007.

Outlook

No further HORNBAACH DIY megastores with garden centers are scheduled to be opened before the end of the current financial year (reporting date: February 29, 2008). Our store network will therefore consist of an unchanged total of 125 locations at the end of the 2007/2008 financial year (February 28, 2007: 120).

Total investments at the HORNBAACH HOLDING AG Group are expected to amount to between € 200 million and € 230 million in the 2007/2008 financial year. Of this total, the predominant share will be channeled into the construction of new stores. Investments will mainly be financed by drawing on the free cash flow from operations, by taking up long-term mortgage loans (HORNBAACH Immobilien AG subgroup), by the release of funds from one sale and lease back transaction and from the company's available liquidity.

With regard to our sales performance in the period up to the end of the financial year, we believe that HORNBAACH will continue to outperform the average development in sales in the sector in Germany in the fourth quarter as well. We expect the positive like-for-like growth seen in other European countries to continue in the remaining months of the financial year.

Sales at the HORNBACH-Baumarkt-AG subgroup are expected to range between € 2.45 billion and € 2.5 billion. The consolidated sales of HORNBACH HOLDING AG are expected to reach around € 2.6 billion.

We expect operating earnings (EBIT) for the financial year as a whole to fall substantially short of the previous year's figure (€ 119.1m). This development is due to downturns in like-for-like sales in Germany, a year-on-year increase in pre-opening expenses, start-up losses at new stores, project-related expenses (SAP) and reduced earnings in the real estate segment.

HORNBACK HOLDING AG GROUP

Income Statement

€ million	3rd Quarter 2007/2008	3rd Quarter 2006/2007	Change in %	Nine Months 2007/2008	Nine Months 2006/2007	Change in %
Sales	648.7	643.8	0.8	2,077.9	2,023.4	2.7
Cost of goods sold	424.7	420.3	1.0	1,342.8	1,314.9	2.1
Gross profit	223.9	223.5	0.2	735.1	708.5	3.8
Selling and store expenses	183.0	173.5	5.5	553.7	520.1	6.5
Pre-opening expenses	1.5	0.8	79.3	6.0	2.1	189.8
General and administration expenses	26.2	24.2	8.3	81.7	73.7	10.8
Other income and expenses	0.2	7.7	-97.3	6.0	19.8	-69.7
Earnings before interest and taxes (EBIT)	13.4	32.6	-58.8	99.7	132.4	-24.7
Financial income	3.2	2.6	22.0	8.5	7.9	7.5
Financial expenses	12.9	11.6	11.5	34.7	35.5	-2.4
Net financial expenses	-9.7	-8.9	8.5	-26.1	-27.6	-5.2
Consolidated earnings before taxes	3.8	23.7	-84.1	73.5	104.8	-29.8
Taxes on income	1.9	7.7	-75.0	10.3	35.0	-70.5
Consolidated net income	1.8	16.0	-88.5	63.2	69.8	-9.5
of which income allocable to shareholders	1.7	12.9	-86.6	51.6	56.1	-7.9
of which minority interests	0.1	3.1	-96.1	11.6	13.7	-15.6
Basic earnings per share (in €)	0.18	1.58	-88.6	6.42	6.98	-8.0
Basic earnings per preference share (in €)	0.24	1.64	-85.4	6.48	7.04	-8.0

Rounding up or down may lead to discrepancies between totals. Calculation of percentage figures based on € 000s.

HORNBACH HOLDING AG GROUP

Balance Sheet

ASSETS	November 30, 2007		November 30, 2006		February 28, 2007	
	€ million	%	€ million	%	€ million	%
Non-current assets	1,085.7	56.6	994.9	54.4	1,034.8	56.2
Intangible assets	23.8	1.2	26.5	1.5	26.3	1.4
Property, plant and equipment	961.6	50.1	886.8	48.5	900.5	48.9
Investment property	52.8	2.7	51.9	2.8	53.9	2.9
Financial assets	2.7	0.1	2.3	0.1	2.3	0.1
Other non-current assets	4.9	0.3	5.2	0.3	5.5	0.3
Non-current income tax receivables	17.4	0.9	0.0	0.0	19.2	1.0
Deferred tax assets	22.5	1.2	22.2	1.2	27.0	1.5
Current assets	833.5	43.4	833.0	45.6	806.9	43.8
Inventories	478.4	24.9	456.0	24.9	462.7	25.1
Accounts receivable and other assets	84.3	4.4	73.7	4.0	61.5	3.3
Income tax receivables	16.5	0.9	7.2	0.4	12.4	0.7
Cash and cash equivalents	249.0	13.0	288.2	15.8	264.6	14.4
Non-current assets held for sale	5.3	0.3	8.0	0.4	5.8	0.3
TOTAL ASSETS	1,919.2	100.0	1,827.9	100.0	1,841.7	100.0

EQUITY AND LIABILITIES	November 30, 2007		November 30, 2006		February 28, 2007	
	€ million	%	€ million	%	€ million	%
Shareholders' equity	689.9	35.9	621.9	34.0	629.7	34.2
Share capital	24.0	1.3	24.0	1.3	24.0	1.3
Capital reserve	130.4	6.8	130.4	7.1	130.4	7.1
Retained earnings	418.4	21.8	366.0	20.0	373.3	20.3
Minority interests	117.2	6.1	101.5	5.6	102.0	5.5
Non-current liabilities	752.4	39.2	778.8	42.6	766.3	41.6
Long-term financial debt	661.5	34.5	674.1	36.9	658.9	35.8
Pensions and similar obligations	0.1	0.0	3.5	0.2	0.0	0.0
Deferred tax liabilities	74.5	3.9	92.4	5.1	92.4	5.0
Other non-current liabilities	16.3	0.9	8.9	0.5	15.0	0.8
Current liabilities	476.8	24.8	427.1	23.4	445.7	24.2
Short-term financial debt	140.6	7.3	130.0	7.1	125.9	6.8
Accounts payable and other liabilities	256.1	13.3	225.3	12.3	242.4	13.2
Income tax provisions	32.2	1.7	27.0	1.5	22.1	1.2
Other provisions	47.8	2.5	44.8	2.5	55.4	3.0
TOTAL EQUITY AND LIABILITIES	1,919.2	100.0	1,827.9	100.0	1,841.7	100.0

Rounding up or down may lead to discrepancies between totals. Calculation of percentage figures based on € 000s.

HORNBACH HOLDING AG GROUP

Cash Flow Statement

€ million	Nine Months 2007/2008	Nine Months 2006/2007
Consolidated net income	63.2	69.8
Depreciation and amortization of non-current assets	57.7	57.2
Change in provisions	1.3	0.9
Profits / losses on disposals of non-current assets	1.9	-4.7
Change in inventories, accounts receivable and other assets	-39.0	65.0
Change in accounts payable and other liabilities	16.0	-9.7
Other non-cash income/expenses	-14.4	6.8
Cash flow from operating activities	86.8	185.3
Proceeds from disposals of non-current assets	41.8	53.9
Payments for investments in property, plant and equipment	-150.3	-75.9
Payments for investments in intangible assets	-2.0	-4.5
Payments for acquisitions of shareholdings and other business units	-0.4	-3.7
Payments for investments in other financial assets	-0.2	-0.4
Cash flow from investing activities	-111.0	-30.5
Receipts from capital increases	4.4	7.1
Payments to shareholders (dividends)	-11.8	-11.6
Proceeds from taking up of long-term debt	33.8	80.6
Repayment of long-term debt	-34.5	-110.6
Change in short-term debt	17.0	6.3
Cash flow from financing activities	8.9	-28.2
Cash-effective change in cash and cash equivalents	-15.3	126.5
Change in cash and cash equivalents due to changes in exchange rates	-0.3	0.3
Cash and cash equivalents at March 1	264.6	161.4
Cash and cash equivalents at November 30	249.0	288.2

Rounding up or down may lead to discrepancies between totals.

The cash flow from operating activities was reduced by € 19.4 million on account of tax payments (previous year: € 26.5m) and by € 37.1 million on account of interest payments (previous year: € 38.4m) and increased by € 8.4 million on account of interest received (previous year: € 6.1m).

HORNBACH HOLDING AG GROUP

Statement of Changes in Equity

Nine Months 2006/2007 € million	Share Capital	Capital Reserve	Hedging Reserve	Cumulative Currency Translation	Other Retained Earnings	Equity Allocable to Shareholders	Minority Interests	Total Equity
Balance at March 1, 2006	24.0	130.4	-2.8	3.8	317.6	473.0	85.6	558.6
Consolidated net income					56.1	56.1	13.7	69.8
Currency translation				0.0		0.0	-0.1	-0.1
Valuation of derivative financial instruments, net after taxes			0.7			0.7	0.0	0.7
Total income and expenses recognized in the financial statements			0.7	0.0	56.1	56.7	13.7	70.4
Dividend distributions					-8.9	-8.9	-2.7	-11.6
Change in reporting entity					-0.4	-0.4	-2.1	-2.5
Capital increase from share option plans						0.0	7.0	7.0
Balance at November 30, 2006	24.0	130.4	-2.1	3.8	364.4	520.4	101.5	621.9

Nine Months 2007/2008 € million	Share Capital	Capital Reserve	Hedging Reserve	Cumulative Currency Translation	Other Retained Earnings	Equity Allocable to Shareholders	Minority Interests	Total Equity
Balance at March 1, 2007	24.0	130.4	-1.1	3.2	371.2	527.7	102.0	629.7
Consolidated net income					51.6	51.6	11.6	63.2
Currency translation				2.1		2.1	0.7	2.8
Valuation of derivative financial instruments, net after taxes			1.0			1.0	0.2	1.2
Total income and expenses recognized in the financial statements			1.0	2.1	51.6	54.7	12.5	67.2
Dividend distributions					-8.9	-8.9	-2.9	-11.8
Change in reporting entity					-0.8	-0.8	0.9	0.2
Capital increase from share option plans						0.0	4.7	4.7
Balance at November 30, 2007	24.0	130.4	-0.2	5.3	413.2	572.7	117.2	689.9

Rounding up or down may lead to discrepancies between totals. This table forms part of the notes.

HORNBACH HOLDING AG GROUP

Statement of income and expenses recognized directly in equity

€ million	Nine Months 2007/2008	Nine Months 2006/2007
Valuation of derivative financial instruments	1.8	0.9
Exchange differences arising on the translation of foreign subsidiaries	2.8	-0.1
Deferred taxes on gains and losses recognized directly in equity	-0.6	-0.2
Net income recognized directly in equity	4.0	0.6
Consolidated net income	63.2	69.8
Total income and expenses recognized in the financial statements	67.2	70.4
of which: allocable to shareholders	54.7	56.7
of which: allocable to minority interests	12.5	13.7
Total income and expenses recognized in the financial statements	67.2	70.4

Rounding up or down may lead to discrepancies between totals.

HORNBAACH HOLDING AG GROUP

Notes to the Group Interim Report as of November 30, 2007

(1) Accounting principles

This unaudited group interim report of HORNBAACH HOLDING AG and its subsidiaries for the first nine months as of November 30, 2007 has been compiled in accordance with Section 315a of the German Commercial Code (HGB) based on International Financial Reporting Standards (IFRS) in the form requiring mandatory application in the European Union.

The accounting principles applied in the compilation of this interim report correspond to those applied in the consolidated financial statements as of February 28, 2007. The Group has made additional application of IAS 34 "Interim Financial Reporting". This interim report is to be read in conjunction with the consolidated financial statements of HORNBAACH HOLDING AG for the 2006/2007 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 any amendments are expressly indicated. Moreover, this interim report also complies with German Accounting Standard No. 6 (DRS 6) – Interim Reporting – of the German Accounting Standards Committee (DRSC e.V.).

(2) Reporting entity

The companies HMC Development S.R.L., Bucharest, and Compluvium Ett AB, Stockholm, were included in the consolidated financial statements for the first time in the first nine months of 2007/2008.

(3) Seasonal influences

Due to weather conditions, the HORNBAACH HOLDING AG Group generally generates lower sales in the autumn and winter months than in the spring and summer months. These seasonal fluctuations are reflected in the figures for the first nine months of the financial year. The results of business operations for the first nine months up to November 30, 2007 do not necessarily provide an accurate indication of the results to be expected for the financial year as a whole.

(4) Other income and expenses

Other income and expenses are structured as follows:

€ million	3rd Quarter 2007/2008	3rd Quarter 2006/2007	Change in %
Other income	7.7	9.9	-22.1
Other expenses	7.5	2.2	239.3
Other income and expenses	0.2	7.7	-97.3

€ million	Nine Months 2007/2008	Nine Months 2006/2007	Change in %
Other income	25.9	32.9	-21.3
Other expenses	19.9	13.1	51.8
Other income and expenses	6.0	19.8	-69.7

Calculation of percentage figures based on € 000s.

Other operating income primarily relates to income from advertising grants and to income from exchange rate and payment differences.

The other income for the first nine months of 2007/2008 also includes non-operating income of € 0.1 million from the write-up of one piece of land in the real estate segment. This was written up on the basis of a purchase agreement. The non-operating income of € 11.3 million reported for the previous year mainly resulted from the disposal of one DIY store property and other real estate. The DIY store property was 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.

Other operating expenses principally consist of exchange rate and currency differences, and losses incurred on the sale of non-current assets. The other expenses for the first nine months of 2007/2008 include non-operating expenses amounting to € 7.6 million (previous year: € 5.8m). These resulted from extraordinary depreciation of € 3.5 million undertaken on buildings and on buildings under construction (previous year: € 3.5m), as well as retirement losses of € 1.3 million incurred on an investment project not subject to further development (previous year: € 0.0m). Moreover, this item also includes an addition of € 2.2 million to provisions for disadvantageous contracts (previous year: € 1.0m), as well as a retirement loss of € 0.6 million in connection with rental rights to a DIY megastore with a garden center which has since been acquired.

(5) Taxes on income

Taxes on income are structured as follows:

€ million	3rd Quarter 2007/2008	3rd Quarter 2006/2007	Change in %
Current tax expenses	3.1	7.8	-60.1
Deferred tax expenses	-1.2	-0.1	933.0
	1.9	7.7	-75.0

€ million	Nine Months 2007/2008	Nine Months 2006/2007	Change in %
Current tax expenses	24.7	28.0	-12.0
Deferred tax expenses	-14.4	7.0	-306.5
	10.3	35.0	-70.5

Calculation of percentage figures based on € 000s.

At its meeting on July 6, 2007, the Federal Council (*Bundesrat*) approved the German Corporate Taxation Reform Act 2008. This results in a change in the tax rate from its previous level of around 38 % to around 30 %. Deferred tax assets and liabilities stated to date have been adjusted to the tax rate now valid. This adjustment has resulted in tax income amounting to € 13.3 million.

(6) Earnings per share

Basic 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 2007/2008	3rd Quarter 2006/2007
Consolidated net income	1.7	12.9
Additional dividend for preference shares	0.2	0.2
Consolidated net income adjusted to account for additional dividend claims	1.5	12.7
Number of ordinary shares issued	4,000,000	4,000,000
Number of preference shares issued	4,000,000	4,000,000
	8,000,000	8,000,000
Earnings per share (in €)	0.18	1.58
Additional dividend claim per preference share (in €)	0.06	0.06
Earnings per preference share (in €)	0.24	1.64

€ million	Nine Months 2007/2008	Nine Months 2006/2007
Consolidated net income	51.6	56.1
Additional dividend for preference shares	0.2	0.2
Consolidated net income adjusted to account for additional dividend claims	51.4	55.9
Number of ordinary shares issued	4,000,000	4,000,000
Number of preference shares issued	4,000,000	4,000,000
	8,000,000	8,000,000
Earnings per share (in €)	6.42	6.98
Additional dividend claim per preference share (in €)	0.06	0.06
Earnings per preference share (in €)	6.48	7.04

(7) Other disclosures

The personnel expenses of the HORNBAACH HOLDING AG Group amounted to € 311.0 million at the end of the first nine months as of November 30, 2007 (previous year: € 293.9m).

Depreciation and amortization totaling € 57.7 million was undertaken on intangible assets and property, plant and equipment at the HORNBAACH HOLDING AG Group in the first nine months of the 2007/2008 financial year (previous year: € 57.2m).

(8) Dividends

As proposed by the Board of Management and Supervisory Board of HORNBAACH HOLDING AG, following approval by the Annual General Meeting on July 13, 2007 dividends of € 1.08 per ordinary share and of € 1.14 per preference share were distributed to shareholders for the 2006/2007 financial year.

(9) Share option plans

Within the framework of the 1999 share option plan of HORNBACH-Baumarkt-AG, a total of 173,910 subscription rights were exercised in accordance with the terms and conditions of the share option plan during the exercise windows in the first nine months of the year. Furthermore, a total of 13,201 share options within the 2003 phantom stock plan of HORNBACH-Baumarkt-AG and 13,040 share options within the share option plan of HORNBACH HOLDING AG were exercised over the same period.

(10) Treasury stock

On July 16, 2007, the Board of Management of HORNBACH-Baumarkt-AG resolved pursuant to Section 71 (1) No. 2 of the German Stock Corporation Act (AktG) to acquire up to 20,000 treasury stock shares. The shares are to be acquired for the (annual) issue of employee shares scheduled to take place at the end of 2007. A total of 10,000 treasury stock shares had been acquired as of November 30, 2007.

The repurchase of shares pursuant to this management board resolution is being undertaken in accordance with the safe harbor regulations set out in Section 20a (3) of the German Securities Trading Act (WpHG) in conjunction with Regulation (EC) No. 2273/2003 of the Commission dated December 22, 2003.

(11) Contingent liabilities and other financial obligations

These mainly relate to rental, leasehold, heritable building right and leasing obligations for which the companies of the HORNBACH HOLDING Group do not constitute the economic owners of the assets thereby let pursuant to the requirements of IFRS (operating lease). There have been no substantial changes since February 28, 2007.

(12) Relationships to closely related companies and persons

In addition to the subsidiaries included in the consolidated financial statements, HORNBACH HOLDING AG also has direct or indirect relationships with associated companies when performing its customary business activities. Apart from the transactions reported in the annual financial statements, no major transactions were undertaken with closely related companies and persons during the first nine months of 2007/2008.

(13) Segment reporting

Nine Months 2007/2008 in € million Nine Months 2006/2007 in € million	Retail	Real Estate	Miscellaneous and Consolidation	HORNBACH HOLDING AG Group
Segment income	2,075.5	121.7	-119.3	2,077.9
	2,021.4	114.3	-112.3	2,023.4
Sales to external third parties	2,075.5	0.0	0.0	2,075.5
	2,021.4	0.0	0.0	2,021.4
Rental income from affiliated companies, internal rental income	0.0	119.3	-119.3	0.0
	0.0	112.3	-112.3	0.0
Rental income from third parties	0.0	2.4	0.0	2.4
	0.0	2.0	0.0	2.0
Segment results (EBIT)	73.9	42.0	-16.2	99.7
	94.4	49.2	-11.2	132.4
Depreciation and amortization	31.6	19.1	7.0	57.7
	30.6	19.6	7.0	57.2
EBITDA	105.5	61.1	-9.2	157.4
	125.0	68.8	-4.2	189.6

Neustadt an der Weinstrasse, December 20, 2007

The Board of Management of HORNBACH HOLDING Aktiengesellschaft

Financial Calendar

December 20, 2007	Interim Report as of November 30, 2007
March 19, 2008	Trading Statement for the 2007/2008 Financial Year
May 27, 2008	Publication of 2007/2008 Annual Report
June 26, 2008	Interim Report as of May 31, 2008
July 11, 2008	Annual General Meeting in Landau/Pfalz
September 30, 2008	Half-Year Financial Report as of August 31, 2008 DVFA Analysts' Conference
December 22, 2008	Interim Report as of November 30, 2008

Contact

Investor Relations

Axel Müller
76878 Bornheim bei Landau
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 a. d. Weinstrasse
Tel: (+49) 0 63 21/ 678 -93 21
Fax: (+49) 0 63 21/ 678 -93 00
presse@hornbach.com

Internet: www.hornbach-group.com

DISCLAIMER

This financial report contains statements based on assumptions and estimates made by the Board of Management of HORNBACH. Statements referring to the future are only valid at the time at which they are made. Although we assume that the expectations reflected in these forecast statements are realistic, the company can provide no guarantee that these expectations will also turn out to be accurate. The assumptions may involve risks and uncertainties which could result in actual events differing significantly from the forecast statements. The factors which could produce such variances include changes in the economic and business environment, particularly in respect of consumer behavior and the competitive environment in those retail markets of relevance for HORNBACH. Furthermore, they include a lack of acceptance of new sales formats or new product ranges, as well as changes to the corporate strategy. HORNBACH has no plans to update the forecast statements, neither does it accept any obligation to do so.