INTERIM REPORT

HORNBACH-BAUMARKT-AG GROUP

1st QUARTER 2013/2014

(MARCH 1 – MAY 31, 2013)

HORNBACH

Es gibt immer was zu tun.

HORNBACH-BAUMARKT-AG GROUP

Interim Report for the 1st Quarter of 2013/2014

(March 1 – May 31, 2013)

Key figures of the HORNBACH-Baumarkt-AG Group (in € million, unless otherwise stated)	1st Quarter 2013/2014	1st Quarter 2012/2013	Change %
Net sales	**838.9**	**865.1**	**(3.0)**
of which in other European countries	360.0	361.4	(0.4)
Like-for-like sales growth	(5.9)%	(1.1)%	
Gross margin as % of net sales	37.4%	38.3%	
EBITDA	51.2	75.9	(32.5)
Earnings before interest and taxes (EBIT)	**37.6**	**62.3**	**(39.7)**
Consolidated earnings before taxes	32.9	56.6	(41.8)
Consolidated net income	23.2	40.9	(43.3)
Basic/diluted earnings per share (€)	0.73	1.29	(43.4)
Investments	17.9	25.9	(31.0)

Misc. key figures of the HORNBACH-Baumarkt-AG Group (in € million, unless otherwise stated)	May 31, 2013	February 28, 2013	Change %
Total assets	1,723.7	1,597.4	7.9
Shareholders' equity	843.2	821.7	2.6
Shareholders' equity as % of total assets	48.9%	51.4%	
Number of stores	139	138	0.7
Sales area in 000 m² (based on BHB)	1,613	1,598	0.9
Number of employees	14,441	14,222	1.5

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

Summary

- Long winter leaves significant mark on business performance in first quarter of 2013/2014
- Consolidated sales fall by 3.0% to € 839 million
- Earnings substantially down on previous year's figures
- New opening in Slovakia extends store network to 139 DIY megastores with garden centers in nine countries
- Full-year forecast for 2013/2014 unchanged

The HORNBACH-Baumarkt-AG Group has suffered a difficult start to its 2013/2014 financial year. The unusually prolonged winter severely affected the company's sales and earnings performance in the first three months of its current financial year (March 1 to May 31, 2013). As already predicted in the Outlook in the 2012/2013 Management Report, the Group's sales in Germany and eight other European countries declined overall during the spring season. Consolidated sales for the first quarter of 2013/2014 dropped by 3.0% to € 838.9 million (2012/2013: € 865.1 million). Following one new store opening in Slovakia, HORNBACH is now operating a group-wide total of 139 DIY megastores with garden centers. The weather-related downturn in sales, affecting the months of March and April 2013 in particular, left its mark above all on comparable store sales. Like-for-like sales at the HORNBACH-Baumarkt-AG Group thus fell by 5.9% in the first quarter of 2013/2014. Consistent with expectations, a lower gross margin and less favorable cost ratios mean that earnings fell substantially short of the previous year's figures. Operating earnings (EBIT) fell by 39.7% to € 37.6 million (2012/2013: € 62.3 million). Net income totaled € 23.2 million (2012/2013: € 40.9 million). Earnings per share amounted to € 0.73 for the period under report (2012/2013: € 1.29). Despite this difficult start, the Group has confirmed its sales and earnings forecast for the 2013/2014 financial year as a whole.

Earnings, Financial and Net Asset Situation

Development in HORNBACH's store network

The first quarter of 2013/2014 witnessed the opening of a new HORNBACH DIY megastore with a garden center in Bratislava, the second store in the Slovakian capital. Our store network in Slovakia now comprises three locations. As of May 31, 2013, HORNBACH operated 139 retail outlets across the Group (February 28, 2013: 138), of which an unchanged total of 92 stores were in Germany and 47 stores in other European countries. Total sales areas at the HORNBACH-Baumarkt-AG Group most recently amounted to around 1,613,000 m², while the average size of HORNBACH DIY megastore with a garden center amounts to around 11,600 m².

Sales performance

The Group's business performance has rarely been so severely affected by weather-related factors as in the quarter under report (March 1 to May 31, 2013). Wintry weather conditions through to mid-April virtually froze customer demand in Germany and other European countries. In March and April 2013, it was our gardening business that was hardest hit. By contrast, May benefited from a pleasing sales performance once again, but this was insufficient to make up for the downturns in the previous two months. Cumulatively for the first quarter of 2013/2014, the Group thus failed to match the high volume of sales reported in the previous year. Consolidated sales at HORNBACH-Baumarkt-AG fell year-on-year by 3.0% to € 838.9 million (2012/2013: € 865.1 million).

On a like-for-like basis, i.e. excluding sales at stores newly opened or closed in the past twelve months, and net of currency items, the Group's sales fell 5.9% short of the previous year's figure. Including currency items, the shortfall amounted to minus 6.1%. The severest downturn - and key in determining the quarterly performance - was reported for March, in which weather conditions led the Group's sales to fall by more than one fifth. The poor spring weather conditions left their mark on all of the regions within our European network. In terms of our geographical segmentation, there were no significant differences between the performance of the HORNBACH stores in Germany and those in other European countries.

GDP growth rates in countries with HORNBACH DIY megastores and garden centers

Percentage change on previous quarter Source: Eurostat (calendar year figures)	2nd Quarter 2012	3rd Quarter 2012	4th Quarter 2012	1st Quarter 2013
Germany	**0.2**	**0.2**	**(0.7)**	**0.1**
Luxembourg	0.5	(0.5)	1.6	n.a.
Netherlands	0.2	(1.0)	(0.4)	(0.1)
Austria	0.1	0.0	(0.1)	0.0
Romania	0.9	(0.4)	1.0	0.7
Slovakia	0.3	0.2	0.1	0.2
Sweden	0.8	0.2	0.1	0.6
Switzerland	(0.1)	0.6	0.3	0.6
Czech Republic	(0.5)	(0.3)	(0.3)	(1.1)
Euro area	**(0.2)**	**(0.1)**	**(0.6)**	**(0.2)**
EU 27	**(0.2)**	**0.1**	**(0.5)**	**(0.1)**

Germany

The German economy regained momentum only slowly at the beginning of 2013. According to the Federal Statistical Office (Destatis), real-term gross domestic product (GDP) for the period from January to March 2013 grew by 0.1% compared with the previous quarter. This followed on from the marked downturn in economic output by minus 0.7% in the final quarter of the previous year. Having said this, the extreme winter weather conditions also played a role in the weak level of growth at the beginning of 2013. Capital expenditure witnessed a continuation of the negative trend in seen in 2012, with a 0.6% drop in investments in equipment compared with the previous quarter. Construction investments suffered from the adverse weather conditions in the first quarter of 2013 and fell by 2.1%. Persistently low temperatures and the presence of snow and ice across large parts of Germany through to April delayed the customary seasonal upturn in construction activity well into the spring. Private households, where consumer confidence remained strong, were more or less the sole source of positive momentum compared with the previous quarter. However, this development was only partly of benefit to the German retail sector. Retail sales in the first quarter of the 2013 calendar year grew by 0.4% in nominal terms and fell by 1.0% in real terms. Non-food retail posted a significantly below-average performance. According to Destatis, the largest downturns in retail sales were posted for textiles, apparel, shoes and leather goods (nominal: minus 10.7%; real-term: minus 12.7%). Retail sales with furnishings, household appliances and construction materials fell by 8.7% in nominal terms and by 8.3% in real terms.

The DIY and garden store (DIY) sector was especially hard hit by the aforementioned weather factors. According to the BHB/GfK report, sales at DIY store operators in Germany dropped by 12.2% overall and by 12.8% on a like-for-like basis in the period from January to March 2013. In March alone, DIY stores lost around one quarter of their sales. In April and May, sales returned to low single-digit percentage growth rates compared with the previous year.

HORNBACH's DIY megastores with garden centers in Germany also felt the effects of the poor weather conditions. Thanks to their unmistakable concept, specialist advice, variety of products, range of services and price policies aimed at project customers, however, they once again managed to outperform the sector average. Based on the first three months of the 2013/2014 financial year (March 1 to May 31, 2013), sales at HORNBACH's domestic stores fell by 4.9% to € 478.9 million (2012/2013: € 503.8 million). On a like-for-like basis, domestic sales dropped by 5.8%. HORNBACH can thus be deemed to have outperformed the German DIY sector by around one percentage point in the period under report.

Other European countries

Having still intensified significantly in the final quarter of 2012, the recession in the euro area then eased noticeably in the first quarter of 2013. Based on Eurostat figures, seasonally-adjusted real-term gross domestic product decreased by 0.2% in the euro area, and by 0.1% in the European Union as a whole (EU 27). Economic output for the first quarter was dragged down by a sharp drop in construction work, mainly on account of weather conditions. By contrast, the moderate increase in real-term retail sales (excluding motor vehicle retail) helped slow the economic downturn.

According to the Eurostat figures available, GDP growth rates in the nine countries in which HORNBACH operates its DIY megastores with garden centers mostly exceeded the euro area rate. In Germany, Romania, Slovakia, Sweden, and Switzerland, economic output grew by between 0.1% and 0.7% compared with the previous quarter. Austria matched the level seen in the previous quarter. The economic downturn in the Netherlands slowed to minus 0.1%. In the Czech Republic, by contrast, macroeconomic output fell by 1.1% compared with the previous quarter.

The HORNBACH locations in other European countries also struggled with the effects of the severe, prolonged winter in the first quarter of 2013/2014. Only the recent new store openings enabled us to maintain our sales in other European countries at more or less the same level as in the previous year. Total sales in other European countries slipped 0.4% to € 360.0 million (2012/2013: € 361.4 million). The international share of consolidated sales at HORNBACH-Baumarkt-AG increased from 41.8% to 42.9%. On a like-for-like basis, sales outside Germany fell by 6.1% net of currency items and by 6.5% including currency items in the first quarter of 2013/2014. All international locations apart from our stores in Romania suffered downturns in their like-for-like sales.

Earnings performance

The following information refers to the earnings performance of the HORNBACH-Baumarkt-AG Group in the first quarter of 2013/2014 (March 1 to May 31, 2013). Information about the performance of the "DIY Stores" and "Real Estate" segments can be found in the segment report in the notes (Page 14).

Against the backdrop of unusually unfavorable weather conditions, our earnings performance in the reporting period from March to May 2013 was unsatisfactory. Consistent with expectations, the substantial downturn in like-for-like sales led to a significant reduction in earnings. This development was exacerbated by a lower gross margin and by the fact that selling, store, general and administration expenses, though falling short of their respective budget targets, nevertheless exceeded the previous year's figures.

Due mainly to higher write-downs and a less favorable product mix, the gross margin, i.e. gross profit as a percentage of net sales, decreased from 38.3% to 37.4%. Selling and store expenses increased by 2.6% to € 239.8 million (2012/2013: € 233.7 million), thus undercutting the original budget. As a ratio of the reduced net sales, the store expense ratio thus deteriorated significantly from 27.0% to 28.6%. At € 2.7 million, pre-opening expenses fell slightly short of the figure in the previous year's quarter. The pre-opening expense ratio remained unchanged at 0.3%. As in the previous year already, the ongoing work on important forward-looking projects, and here in particular the further expansion in our online store in Germany and gradually in further countries, led our general and administration expenses to increase in the period under report. The administration expense ratio rose from 4.1% to 4.3%. There were no material non-operating earnings items in the quarter under report.

Earnings before interest, taxes, depreciation and amortization (EBITDA) dropped by 32.5% to € 51.2 million in the first quarter of 2013/2014 (2012/2013: € 75.9 million). Operating earnings (EBIT) fell by 39.7% to € 37.6 million (2012/2013: € 62.3 million). Benefiting mainly from lower interest expenses, net financial expenses improved from minus € 5.7 million to minus € 4.6 million. Consolidated earnings before taxes declined by 41.8% to € 32.9 million (2012/2013: € 56.6 million). The tax rate increased from 27.8% to 29.6%. Net of taxes, net income for the period totaled € 23.2 million (2012/2013: € 40.9 million). Earnings before share for the period under report amounted to € 0.73 (2012/2013: € 1.29).

Financial and net asset situation

Investments totaled € 17.9 million in the first quarter of 2013/2014 (2012/2013: € 25.9 million). Around 71% of the funds were channeled into plant and office equipment at new and existing stores, as well as into intangible assets, while the rest was invested in land and buildings. Investments were financed in full from the cash flow of € 83.4 million from operations (2012/2013: € 112.3 million). Information about the financing and investing activities of the HORNBACH-Baumarkt-AG Group can be found in the cash flow statement on Page 10.

Due mainly to the build-up in inventories and increased cash and cash equivalents, total assets rose to € 1,723.7 million as of May 31, 2013, up by 7.9% compared with the balance sheet date on February 28, 2013. Cash and cash equivalents were reported at € 385.0 million (February 28, 2013: € 317.2 million). Shareholders' equity as reported in the balance sheet grew to € 843.2 million, up 2.6% compared with the previous balance sheet date. At 48.9%, the equity ratio remains pleasingly high (February 28, 2013: 51.4%). As of May 31, 2013, cash and cash equivalents exceeded financial debt by € 1.4 million (February 28, 2013: net financial debt of € 64.9 million).

Employees

A total of 14,441 employees across Europe were in fixed employment at HORNBACH-Baumarkt-AG or one of its subsidiaries as of the reporting date on May 31, 2013 (February 28, 2013: 14,222).

Outlook

We reported at length on the macroeconomic, sector-specific, and strategic opportunities involved in the business activities of the HORNBACH-Baumarkt-AG Group in the outlook on Pages 74 to 80 of the 2012/2013 Annual Report. This basic assessment of the Group's medium to long-term development potential was still largely valid upon publication of this interim report.

Expansion

We intend to open up to four new HORNBACH DIY megastores with garden centers across Europe in the 2013/2014 financial year. Three locations are planned outside Germany. The store newly opened in Bratislava in the first quarter is set to be followed by new store openings in Sweden (second quarter) and the Netherlands (third quarter). In Germany, we plan to open a replacement store in Heidelberg towards the end of the financial year. By the end of the financial year (February 28, 2014), we expect to be operating 141 HORNBACH DIY megastores with garden centers in nine European countries.

Forecast

We published our outlook for the current 2013/2014 financial year at our Annual Results Press Conference on May 28, 2013. Details can be found in the Outlook on Pages 82 to 85 of our 2012/2013 Annual Report. Despite the unsatisfactory first quarter, the Board of Management believes that the Group can still meet its sales and earnings forecast for the 2013/2014 financial year as a whole. We therefore still expect our consolidated sales, i.e. net sales including stores newly opened, closed or extended, for the 2013/2014 financial year to slightly exceed the figure for the 2012/2013 financial year. With regard to our earnings forecast, we still expect the operating earnings (EBIT) of the HORNBACH-Baumarkt-AG Group for the current 2013/2014 financial year to fall short of the figure reported for the 2012/2013 financial year (€ 99.3 million).

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

€ million	1st Quarter 2013/2014	1st Quarter 2012/2013	Change %
Sales	838.9	865.1	(3.0)
Cost of goods sold	525.2	533.8	(1.6)
Gross profit	**313.8**	**331.3**	**(5.3)**
Selling and store expenses	239.8	233.7	2.6
Pre-opening expenses	2.7	2.9	(6.3)
General and administration expenses	36.3	35.3	2.7
Other income and expenses	2.6	2.9	(10.3)
Earnings before interest and taxes (EBIT)	**37.6**	**62.3**	**(39.7)**
Other interest and similar income	0.2	0.8	(78.9)
Other interest and similar expenses	4.2	5.8	(28.1)
Other financial result	(0.7)	(0.7)	(9.4)
Net financial expenses	**(4.6)**	**(5.7)**	**(18.4)**
Consolidated earnings before taxes	**32.9**	**56.6**	**(41.8)**
Taxes on income	9.7	15.7	(38.0)
Consolidated net income	**23.2**	**40.9**	**(43.3)**
Basic/diluted earnings per share (€)	0.73	1.29	(43.4)

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

Statement of Comprehensive Income for the Period

€ million	1st Quarter 2013/2014	1st Quarter 2012/2013
Consolidated net income	**23.2**	**40.9**
Measurement of derivative financial instruments (cash flow hedge)		
Measurement of derivative hedging instruments directly in equity	(0.2)	(1.6)
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	0.6	0.3
Exchange differences arising on the translation of foreign subsidiaries	(1.9)	(2.0)
Deferred taxes on gains and losses recognized directly in equity	(0.1)	0.4
Other comprehensive income that will be recycled at a later date	**(1.6)**	**(2.9)**
Total comprehensive income	**21.5**	**38.0**

Rounding up or down may lead to discrepancies between percentages and totals.

Balance Sheet

Assets	May 31, 2013 € million	%	February 28, 2013 € million	%
Non-current assets				
Intangible assets	12.7	0.7	12.9	0.8
Property, plant, and equipment	704.3	40.9	702.1	44.0
Investment property	6.0	0.3	6.0	0.4
Financial assets	1.3	0.0	1.3	0.0
Non-current receivables and other assets	3.6	0.2	3.8	0.2
Non-current income tax receivables	6.4	0.4	6.4	0.4
Deferred tax assets	8.1	0.5	7.9	0.5
	742.4	**43.1**	**740.5**	**46.4**
Current assets				
Inventories	526.9	30.6	481.6	30.1
Other receivables and assets	62.4	3.6	51.8	3.2
Income tax receivables	6.0	0.3	5.3	0.3
Cash and cash equivalents	385.0	22.3	317.2	19.9
Non-current assets held for sale and disposal groups	1.1	0.1	1.1	0.1
	981.4	**56.9**	**857.0**	**53.6**
	1,723.7	**100.0**	**1,597.4**	**100.0**

Equity and liabilities	May 31, 2013 € million	%	February 28, 2013 € million	%
Shareholders' equity				
Share capital	95.4	5.5	95.4	6.0
Capital reserve	143.6	8.3	143.6	9.0
Revenue reserves	604.2	35.1	582.7	36.5
	843.2	**48.9**	**821.7**	**51.4**
Non-current liabilities				
Non-current financial debt	371.2	21.5	373.4	23.4
Provisions for pensions	3.8	0.2	3.9	0.2
Deferred tax liabilities	33.2	1.9	33.5	2.1
Other non-current liabilities	27.5	1.6	27.8	1.7
	435.8	**25.3**	**438.6**	**27.5**
Current liabilities				
Current financial debt	12.4	0.7	8.6	0.5
Trade payables and other liabilities	335.4	19.5	248.8	15.6
Income tax liabilities	24.1	1.4	21.5	1.3
Other provisions and accrued liabilities	72.8	4.2	58.3	3.6
	444.7	**25.8**	**337.1**	**21.1**
	1,723.7	**100.0**	**1,597.4**	**100.0**

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

Statement of Changes in Equity

1st Quarter 2012/2013 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2012	**95.4**	**143.6**	**(3.8)**	**30.0**	**526.8**	**792.0**
Consolidated net income					40.9	40.9
Measurement of derivative financial instruments (cash flow hedge), net after taxes			(0.9)			(0.9)
Foreign currency translation				(2.0)		(2.0)
Total comprehensive income			**(0.9)**	**(2.0)**	**40.9**	**38.0**
Balance at May 31, 2012	**95.4**	**143.6**	**(4.6)**	**28.0**	**567.6**	**830.0**

1st Quarter 2013/2014 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2013	**95.4**	**143.6**	**(4.3)**	**27.2**	**559.7**	**821.7**
Consolidated net income					23.2	23.2
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.3			0.3
Foreign currency translation				(1.9)		(1.9)
Total comprehensive income			**0.3**	**(1.9)**	**23.2**	**21.5**
Balance at May 31, 2013	**95.4**	**143.6**	**(4.0)**	**25.3**	**582.9**	**843.2**

Rounding up or down may lead to discrepancies between percentages and totals.

Cash Flow Statement

€ million	1st Quarter 2013/2014	1st Quarter 2012/2013
Consolidated net income	**23.2**	**40.9**
Depreciation and amortization of non-current assets	13.7	13.6
Change in provisions	(0.1)	0.0
Gains/losses on disposals of non-current assets	(0.2)	(0.2)
Change in inventories, trade receivables, and other assets	(57.6)	(45.2)
Change in trade payables and other liabilities	104.5	105.0
Other non-cash income/expenses	0.1	(1.8)
Cash flow from operating activities	**83.4**	**112.3**
Proceeds from disposal of non-current assets and of non-current assets held for sale	0.5	0.4
Payments for investments in property, plant, and equipment	(17.3)	(25.5)
Payments for investments in intangible assets	(0.5)	(0.4)
Cash flow from investing activities	**(17.4)**	**(25.5)**
Repayment of long-term debt	(1.8)	(3.1)
Change in current financial debt	3.7	(1.6)
Cash flow from financing activities	**1.9**	**(4.7)**
Cash-effective change in cash and cash equivalents	68.0	82.0
Change in cash and cash equivalents due to changes in exchange rates	(0.1)	(0.3)
Cash and cash equivalents at March 1	317.2	404.3
Cash and cash equivalents at May 31	**385.0**	**486.0**

Rounding up or down may lead to discrepancies between percentages and totals.

Cash and cash equivalents include cash on hand, credit balances at banks, and other short-term deposits.

The cash flow from operating activities was reduced by income tax payments of € 8.5 million (2012/2013: € 11.0 million) and interest payments of € 1.3 million (2012/2013: € 9.0 million) and increased by interest received of € 0.2 million (2012/2013: € 0.8 million).

The other non-cash income/expenses item mainly relates to unrecognized exchange rate gains/losses.

Notes to the Group Interim Report as of May 31, 2013

(1) Accounting principles

This unaudited group interim report of HORNBACH-Baumarkt-AG and its subsidiaries for the first quarter as of May 31, 2013 has been prepared in accordance with § 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 abridged interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting".

Pursuant to IAS 34 "Interim Financial Reporting", income tax expenses for the first quarter have been calculated using the average annual tax rate expected for the financial year as a whole. This interim report is to be read in conjunction with the consolidated financial statements of HORNBACH-Baumarkt-AG for the 2012/2013 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 is also consistent with German Accounting Standard No. 16 (DRS 16) – Interim Reporting – of the German Accounting Standards Committee (DRSC).

Apart from the new requirements set out below, the accounting principles applied in the preparation of this interim report are basically consistent with those applied in the consolidated financial statements as of February 28, 2013.

Changes in accounting principles

The following new standards, amendments to standards, and interpretations required first-time application in the 2013/2014 financial year:

- Amendment to IAS 19 (revised 2011) "Employee Benefits": Due to the amended definition of termination benefits, the top-up payments committed in the context of part-time early retirement agreements now constitute other long-term employee benefits requiring accrual by installment. Moreover, when determining the net interest expense for the return on plan assets, reference must now be made to the rate used to discount pension obligations.

  The Group has analyzed the implications of the aforementioned amendments to IAS 19 (revised 2011) for its current and past consolidated financial statements and has concluded that these amendments have no material impact on its consolidated financial statements.

  The elimination of the so-called corridor method has no implications for the level of shareholders' equity, as actuarial gains and losses were recognized in equity in full and in line with their respective periods in the past already. Furthermore, the amendment requiring any future retrospective service cost to be recognized through profit or loss directly in the year in which the plan is adjusted has not had any implications for the current or past consolidated financial statements.

- IFRS 13 (2011) "Fair Value Measurement": This standard introduces a uniform definition of fair value applicable to all standards. This standard also governs the calculation of fair value and disclosure requirements. Its application has resulted in extended note disclosures (Note 9).

- Amendment to IAS 1 (2011) "Presentation of Items of Other Comprehensive Income": This amendment affects the structure of the statement of comprehensive income. Items due to be reclassified to the income statement ("recycled") at a later date must be presented separately from items that will never be reclassified. Application of this amendment has resulted in an extension in the statement of comprehensive income.

The following standards, revisions, and interpretations have no material implications for the consolidated financial statements of HORNBACH-Baumarkt-AG:

- Annual Improvements to IFRS, 2009 – 2011 Cycle (2012)
- Amendments to IFRS 1 (2012) – First-time Adoption of IFRS: Government Loans
- Amendments to IFRS 1 (2010) – First-time Adoption of IFRS: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendment to IFRS 7 (2011) – Note Disclosures: Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 12 (2010) – Deferred Taxes: Recovery of Underlying Assets

(2) Scope of consolidation

The internally founded company HORNBACH Real Estate Almelo B.V., Almelo (Netherlands) was included in the consolidated financial statements for the first time in the first quarter of 2013/2014. In the same period, TIM HB SRL, Timisoara Bd. (Romania), was merged into HORNBACH Centrala SRL, Domnesti (Romania), by way of transfer and acceptance of its assets in their entirety. These amendments to the scope of consolidation did not have any material implications for the Group's net asset, financial, and earnings position.

(3) Seasonal influences

Due to weather conditions, the HORNBACH-Baumarkt-AG Group generally reports a weaker business performance in the fall and winter than in the spring and summer months. These seasonal fluctuations are reflected in the figures for the first quarter. The business performance in the first three months as of May 31, 2013 does not necessarily provide an indication for the year as a whole.

(4) Other income and expenses

Other income and expenses are structured as follows:

€ million	1st Quarter 2013/2014	1st Quarter 2012/2013	Change %
Other income	3.5	4.3	(18.7)
Other expenses	0.9	1.4	(36.4)
Other income and expenses	**2.6**	**2.9**	**(10.3)**

Percentages calculated on the basis of € 000s. Rounding up or down may lead to discrepancies between totals.

The other income reported for the first quarter of 2013/2014 includes operating income of € 3.5 million (2012/2013: € 4.2 million) and mainly involves advertising grants, ancillary revenues at DIY megastores with garden centers, and income from allocations within the HORNBACH HOLDING AG Group. The non-operating income of € 0.1 million reported for the first quarter of the previous year consisted of income from the disposal of plant and office equipment at a closed DIY megastore with a garden center.

The other expenses reported for the first quarter of 2013/2014 include operating expenses of € 0.9 million (2012/2013: € 1.3 million) and mainly involve expenses for legal disputes, losses incurred in connection with damages, and impairments of receivables. The non-operating expenses of € 0.1 million reported for the first quarter of the previous year resulted from losses in connection with real estate development.

(5) Earnings per share

Basic earnings per share are calculated pursuant to IAS 33 "Earnings per Share" as the quotient of the income attributable to the shareholders of HORNBACH-Baumarkt-AG for the period under report and the weighted average number of shares issued. No dilutive effects had to be accounted for when calculating earnings per share.

Basic earnings per share

	1st Quarter 2013/2014	1st Quarter 2012/2013
Number of shares issued	31,807,000	31,807,000
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	23.2	40.9
Earnings per share in €	**0.73**	**1.29**

(6) Other disclosures

The personnel expenses of the HORNBACH-Baumarkt-AG Group amounted to € 141.8 million at the end of the first quarter as of May 31, 2013 (2012/2013: € 134.8 million).

Depreciation and amortization totaling € 13.7 million was recognized on intangible assets, property, plant and equipment, and investment property at the HORNBACH-Baumarkt-AG Group in the first three months of the 2013/2014 financial year (2012/2013: € 13.6 million).

(7) Contingent liabilities and other financial obligations

These mainly involve obligations for rental, hiring, leasehold and leasing contracts for which the companies of the HORNBACH-Baumarkt-AG Group do not constitute the economic owners of the assets thereby leased pursuant to IFRS regulations (Operating Lease). These amounted to € 1,166.8 million at the end of the first quarter as of May 31, 2013 (February 28, 2013: € 1,125.0 million).

(8) Related party disclosures

In addition to the subsidiaries included in the consolidated financial statements, HORNBACH-Baumarkt-AG also has direct or indirect relationships with associated companies when performing its customary business activities. These include the parent company, HORNBACH HOLDING AG, as well as its direct and indirect subsidiaries. Apart from the transactions performed in the usual course of business and reported in the annual financial statements, no major transactions were undertaken with closely related companies and persons during the first quarter of 2013/2014.

(9) Fair value disclosures

The methods and principles used to calculate fair value have basically remained unchanged compared with the previous year. Fair values are calculated on the basis of the three-level hierarchy. Consistent with the availability of input factors, fair values are calculated in line with the following hierarchy:

Level 1 – Current market prices on an active market for identical financial instruments
Level 2 – Current market prices on an active market for comparable financial instruments or using valuation models whose key input factors are based on observable market data
Level 3 – Input factors not based on observable market prices.

The carrying amounts of financial assets and financial liabilities within the scope of IFRS 7 are basically consistent with their respective fair values. Two exceptions here relate to the measurement of the bond and the measurement of liabilities to banks.

The fair value of the bond and liabilities to banks totaled € 391.1 million as of May 31, 2013 (February 28, 2013: € 389.0 million). The corresponding carrying amount totaled € 376.1 million as of May 31, 2013 (February 28, 2013: € 374.3 million).

Asset-side derivatives had fair values and carrying amounts of € 0.1 million on May 31, 2013 (February 28, 2013: € 0.1 million). Derivatives of € 6.4 million were recognized as liabilities at the reporting date (February 28, 2013: € 6.5 million). Derivatives mainly involve interest hedges. Measurement has been based on Level 2 input factors.

(10) Segment report

1st Quarter 2013/2014 in € million 1st Quarter 2012/2013 in € million	DIY stores	Real estate	Headquarters and consolidation	HORNBACH-Baumarkt-AG Group
Segment sales	**838.6**	**36.4**	**(36.1)**	**838.9**
	864.9	34.7	(34.5)	865.1
Sales to third parties	838.6	0.0	0.0	838.6
	864.9	0.0	0.0	864.9
Rental income from third parties	0.0	0.3	0.0	0.3
	0.0	0.2	0.0	0.2
Rental income from affiliated companies	0.0	36.1	(36.1)	0.0
	0.0	34.5	(34.5)	0.0
Segment earnings (EBIT)	**29.0**	**13.4**	**(4.8)**	**37.6**
	56.4	11.7	(5.8)	62.3
Depreciation and amortization/write-ups	**8.5**	**3.7**	**1.5**	**13.7**
	8.2	3.4	2.0	13.6
EBITDA	**37.5**	**17.1**	**(3.3)**	**51.2**
	64.6	15.1	(3.8)	75.9
Segment assets	**784.2**	**578.6**	**340.3**	**1,703.2**
	767.4	549.6	425.1	1,742.1
of which: credit balances at banks	55.9	0.0	303.9	359.7
	78.4	0.0	383.6	462.0

Reconciliation in € million	1st Quarter 2013/2014	1st Quarter 2012/2013
Segment earnings (EBIT) before "Headquarters and consolidation"	**42.4**	**68.1**
Headquarters	(4.8)	(5.8)
Net financial expenses	(4.6)	(5.7)
Consolidated earnings before taxes	**32.9**	**56.6**

Rounding up or down may lead to discrepancies between totals.

Bornheim, June 26, 2013

The Board of Management of HORNBACH-Baumarkt-Aktiengesellschaft

FINANCIAL CALENDAR 2013

June 27, 2013	Interim Report: 1st Quarter 2013/2014 as of May 31, 2013
July 4, 2013	Annual General Meeting of HORNBACH-Baumarkt-AG Festhalle Landau, Landau/Pfalz
September 26, 2013	Half-Year Financial Report 2013/2014 as of August 31, 2013
December 20, 2013	Interim Report: 3rd Quarter 2013/2014 as of November 30, 2013

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