HALF-YEAR FINANCIAL REPORT
HORNBACH HOLDING AG GROUP

H1
2012/2013

(MARCH 1 – AUGUST 31, 2012)

HORNBACH
HOLDING AG

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Key Figures of the HORNBACH HOLDING AG Group (in € million, unless otherwise stated)	2nd Quarter 2012/2013	2nd Quarter 2011/2012	Change %	1st Half 2012/2013	1st Half 2011/2012	Change %
Net sales	**878.7**	**862.1**	**1.9**	**1,797.5**	**1,780.2**	**1.0**
of which: in other European countries	349.3	351.2	(0.5)	710.7	710.5	0.0
Like-for-like sales growth	0.7%	(0.2)%		(0.2)%	3.8%	
Gross margin as % of net sales	36.4%	36.8%		37.0%	36.9%	
EBITDA	96.5	96.5	0.0	190.0	193.4	(1.7)
EBIT	**77.8**	**78.5**	**(0.9)**	**153.2**	**157.8**	**(2.9)**
Consolidated earnings before taxes	71.2	67.7	5.2	136.3	136.1	0.2
Consolidated net income[1)]	49.7	49.5	0.4	96.6	98.9	(2.3)
Basic/diluted earnings per preference share (€)	2.51	2.47	1.6	4.83	4.91	(1.6)
Investments	33.9	27.5	23.3	66.6	85.6	(22.2)

Misc. key figures of the HORNBACH HOLDING AG Group (in € million, unless otherwise stated)	August 31, 2012	February 29, 2012	Change %
Total assets	2,419.9	2,267.2	6.7
Shareholders' equity	1,120.8	1,041.3	7.6
Shareholders' equity as % of total assets	46.3%	45.9%	
Number of employees	14,772	14,320	3.2

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

1) including minority interests pursuant to IFRS.

INTERIM GROUP MANAGEMENT REPORT

Summary

- **HORNBACH Group increases sales by 1.0% to € 1.8 billion in first half of 2012/2013**
- **Business still pleasing in Germany – euro debt crisis depresses consumer confidence in other European countries**
  - **DIY stores and garden centers: Like-for-like sales at previous year's level in first six months – following three new store openings, HORNBACH now operating at 137 locations across Europe**
  - **Builders' merchant business posts 2.6% increase in sales and disproportionate earnings growth**
- **At € 153.2 million, first-half operating earnings (EBIT) at HORNBACH Group just under previous year's record level**

The HORNBACH HOLDING AG Group (HORNBACH Group) maintained its ground well in the increasingly difficult macroeconomic climate in Europe in the first six months of the 2012/2013 financial year. Consolidated sales grew by 1.0% to € 1,797.5 million in the period from March 1 to August 31, 2012.

Sales at the 137 outlets across Europe operated by HORNBACH-Baumarkt-AG (DIY retail), the largest operating subgroup, grew by 0.9% to € 1,681.9 million in the first half of the year. The record jump in sales in the first quarter of the previous year set a high standard for judging the sales performance in the reporting period from March 1 to August 31, 2012. Despite this base effect, like-for-like DIY sales net of currency items in the nine European countries covered by HORNBACH's store network virtually matched the previous year's figure (minus 0.2%). This stable performance is due above all to pleasing growth momentum reported at the Group's domestic DIY stores and garden centers. As partners to project customers, these stores have benefited to an exceptional extent from the boom in the residential construction and renovation market and have continued to outperform the DIY sector average in Germany in the current year as well. Not only that, the stores have once again been singled out as among the best in the sector in the Kundenmonitor Deutschland consumer survey. Thanks to growth of 2.8% in the second quarter, like-for-like sales across Germany grew by 1.3% in the first half of 2012/2013.

Outside Germany, the persistent euro debt crisis and more pessimistic economic forecasts for 2012 significantly depressed consumer confidence among broad sections of the population in parts of Western and Eastern Europe alike in the summer months. Against this backdrop, sales at the international HORNBACH DIY megastores with garden centers declined slightly in the second quarter of 2012/2013 (minus 0.5%) and thus returned to the previous year's level in the six-month period as a whole. The year-on-year shortfall in like-for-like sales net of currency items reduced to minus 1.8% in the second quarter of 2012/2013 following a downturn of 2.4% in the first quarter. By the end of the first six months, like-for-like sales were thus 2.1% down on the previous year. In some countries, HORNBACH managed to post like-for-like sales growth in the first six months and to outperform its competitors, in some cases significantly so. The downturn in adjusted sales reported for other European countries was largely compensated for on group level.

The HORNBACH Baustoff Union GmbH subgroup reported a more dynamic sales performance for the period under report than did DIY retail. Following growth of 6.4% in the second quarter of 2012/2013, first-half sales here rose by 2.6% to € 114.8 million.

Despite the reductions in some cases in international like-for-like DIY sales, earnings for the first half of 2012/2013 virtually matched the challenging standard set in the previous year. Operating earnings (EBIT) and net income for the period both showed only moderate declines, falling by 2.9% to € 153.2 million and by 2.3% to € 96.6 million respectively. Earnings per preference share are reported at € 4.83 for the first six months (previous year: € 4.91). To account for increased macroeconomic uncertainties and the deterioration in confidence among European consumers, the company has slightly reduced its sales and earnings forecast for the 2012/2013 financial year as a whole.

Macroeconomic Framework

Following a revival in economic activity at the beginning of the year, the **global economy** slowed noticeably once again in the second quarter of the 2012 calendar year. Among other factors, this was due to the renewed intensification in the euro area debt crisis, which has dominated events on international financial markets since spring 2012. Overall, most major industrialized and emerging economies were hit by the dip in global growth in the second quarter.

Economic output in **Europe** fell slightly during the spring. According to Eurostat, seasonally-adjusted real-term gross domestic product (GDP) in the second quarter of 2012 fell by 0.1% compared with the previous quarter in the European Union as a whole (EU 27), and by 0.2% in the euro area (EA 17). The downward trend which began in the fall of 2011 and which was interrupted in the winter quarter only thanks to solid growth in Germany has thus persisted. This downturn has been driven among other factors by the ongoing deterioration in the economic situation on the periphery of the euro area. Key factors here on the one hand included the uncertain political situation in Greece, which at times brought the in any case rather hesitant process of reform to a complete halt. On the other hand, the sovereign debt and bank crisis intensified further in Spain and Cyprus in particular, while Italy remained persistently in the grip of recession. All of these developments continued to impact negatively on confidence and economic demand in other EU member states.

The macroeconomic framework mostly showed robust developments in those countries outside Germany in which the HORNBACH-Baumarkt-AG Group operates in the second quarter of 2012, and that despite the impact of the ongoing euro debt crisis. Based on economic data available upon completion of this report, a decline in economic output in Switzerland and the Czech Republic was offset by GDP growth in Germany, the Netherlands, Austria, Romania, Slovakia, and Sweden.

GDP growth rates in countries with HORNBACH DIY megastores and garden centers (calendar year)

Percentage change on previous quarter Source: Eurostat, official statistics	3rd quarter 2011	4th quarter 2011	1st quarter 2012	**2nd quarter 2012**
Germany	0.4	-0.1	0.5	0.3
Austria	0.0	0.2	0.5	0.1
Czech Republic	0.0	-0.2	-0.6	-0.2
Luxembourg	1.7	0.1	-1.5	n.a.
Netherlands	-0.3	-0.6	0.2	0.2
Romania	1.1	-0.1	0.1	0.5
Slovakia	0.7	0.8	0.7	0.7
Sweden	0.8	-0.9	0.9	1.4
Switzerland	-0.2	0.4	0.5	-0.1
Euro area (EA 17)	**0.1**	**-0.3**	**0.0**	**-0.2**
EU 27	**0.2**	**-0.3**	**0.0**	**-0.1**

On the demand side, exports to third states were the only source of notable positive growth momentum in the euro area in the spring. Gross capital investment, by contrast, continued its downward trend, clearly affected by falling manufacturing volumes for equipment (mainly machinery, appliances, vehicles) and declining construction activity. The Bundesbank sees the reductions in real-term retail sales and new automobile registrations in the second quarter of the year as an indication that private consumer spending is on the wane. According to the latest surveys, no improvement in consumer confidence is yet in sight. This is presumably due not least to the further deterioration on the European labor market in the second quarter. Consumer confidence also failed to benefit to any tangible extent from the slowing down in consumer price growth – the annual inflation rate in the euro area reduced from 3.0% in the fall of 2011 to 2.4% in July 2012. Against this backdrop, the European DIY and garden center sector (DIY retail) could also hardly expect to profit from any particular momentum in terms of demand.

Notwithstanding the difficult situation in some countries within the European currency union and the dip in global economic growth, the **German economy** continued to grow in the second quarter of 2012, albeit less robustly than previously. According to the Federal Statistical Office, following adjustment for seasonal and calendar factors real-term GDP grew by 0.3% in the period from April to June 2012 compared with the previous quarter. Economic output had still risen by 0.5% in the first quarter of 2012. Comparison of the two quarters shows that exports were a source of positive growth momentum, with 2.5% more goods and services being exported in the second quarter of 2012 than in the first three months of the year. While exports to countries outside the euro area largely maintained their momentum, in line with expectations exports to Germany's partners within the currency area faltered. Given the 2.1% rise in imports in the second quarter of the year, this increase in demand in the export sector resulted in a positive contribution of 0.3% to GDP growth.

The domestic economy emitted mixed signals in the spring. Uncertainty resulting from the euro debt crisis continued to hold back investments in equipment, which turned out 2.3% lower than in the first quarter of 2012. Responding to increasing economic concerns, the manufacturing sector clearly switched back a gear in terms of its expansion investments and was more cautious in planning new appointments. Recent capacity utilization rates were nevertheless still consistent with longer-term averages. Investments in buildings slipped by 0.3% compared with the first quarter of 2012. Consumer spending was a source of support to the German economy in the second quarter, with growth in both private consumer spending (plus 0.4%) and government consumption (plus 0.2%) compared with the previous quarter. Underlying conditions in the domestic economy remained positive for private consumer spending. Aided by the pleasing state of the labor market and substantial pay rises, seasonally-adjusted consumer spending continued to grow in the second quarter of 2012. What's more, consumer confidence can be thought to have received a further boost from the lower rate of inflation. According to the GfK, consumer confidence in Germany remained stable in summer 2012. Having said this, August 2012 brought a further increase in German consumers' fears of a marked economic downturn.

The German construction industry developed positively in the period under report. Very high numbers of building permits were issued for new residential and commercial buildings towards the end of the 2011. These will lead to corresponding construction and renovation work further down the line. Based on available data, price-adjusted new orders in the main construction trade grew year-on-year by 5.5% in the first half of 2012. This trend continued to be driven by residential construction, which reported a 12.1% increase in orders over the same period. Investors' interest in "concrete gold" would appear to be unabated: Building permits for new apartments in residential buildings rose by 5.3% in the period from January to June 2012. The construction of apartments in apartment blocks benefited especially clearly from this growth (plus 14.0%). While the increase in building permits for apartments in semi-detached houses remained more or less unchanged (plus 0.3%), there was a decline in the number of permits issued for new detached houses (minus 6.0%).

Sales in the German retail sector grew by 2.8% in nominal terms and by 0.7% in (price-adjusted) real terms between January and June 2012 compared with the same period in the previous year. Food retail posted nominal sales growth of 3.4% and real-term growth of 0.5%. The equivalent figures for non-food retail were 2.2% (nominal) 1.0% (real-term). According to the BHB sector association, sales at DIY stores and garden centers showed nominal growth of 1.1% to € 9.6 billion in the first half of 2012. This growth was chiefly attributable to the first quarter of the calendar year, in which according to the BHB/GfK report the DIY sector generated year-on-year growth of 7.0%. Cool spring weather then brought DIY stores and garden centers an unsatisfactory gardening season and a 2.9% drop in sales in the second calendar quarter. On a like-for-like basis, i.e. excluding sales at stores newly opened or closed, DIY sector sales grew by 0.2% in the first six months of 2012, thus slightly exceeding the previous year's figure.

Earnings, Financial and Net Asset Situation*

Sales performance

The HORNBACH HOLDING AG Group posted year-on-year sales growth in the second quarter of the 2012/2013 financial year (June 1 to August 31, 2012), and that despite manifestly deteriorating consumer confidence levels and unfavorable weather conditions in some cases across large parts of Europe. Consolidated sales increased by 1.9% to € 878.7 million in the second quarter of 2012 (previous year: € 862.1m), following growth of 0.1% in the first quarter of 2012. The record jump in sales in the first quarter of the previous year provided a tough basis of comparison for the Group's sales performance in the reporting period from March 1 to August 31, 2012. In the first half of 2012, consolidated sales grew by 1.0% to € 1,797.5 million (previous year: € 1,780.2m). The HORNBACH HOLDING AG Group (HORNBACH Group) comprises the HORNBACH-Baumarkt-AG, HORNBACH Baustoff Union GmbH and HORNBACH Immobilien AG subgroups.

HORNBACH-Baumarkt-AG subgroup

Two new HORNBACH DIY megastores with garden centers were opened in the second quarter of 2012/2013. In July 2012 we opened a new megastore in Timisoara, thus enlarging our Romanian store network to five locations. In August 2012 we launched operations in Riddes (Wallis Canton) at the sixth HORNBACH DIY megastore with a garden center in Switzerland. Including one new store opening in the first quarter (Sundbyberg, Sweden), HORNBACH thus operated 137 retail outlets across the Group as of August 31, 2012 (February 29, 2012: 134). Of these, 91 stores are located in Germany and 46 in other European countries.

The subgroup's sales increased by 1.6% to € 816.7 million in the second quarter of 2012 (previous year: € 803.9m). On a like-for-like basis and net of currency items, second-quarter consolidated sales were 0.7% up on the previous year's figure.

In the first half of 2012, sales in the total of nine European countries within HORNBACH's store network increased by 0.9% to € 1,681.9 million (previous year: € 1,667.6m). With a cumulative downturn of 0.2%, like-for-like sales net of currency items almost matched the figures for the previous year's period. Including currency items in non-euro countries, namely the Czech Republic, Romania, Sweden and Switzerland, the subgroup reported a slight decline of 0.3% in like-for-like sales. Within the subgroup, individual country markets showed disparate developments during the first half of the financial year. While the HORNBACH stores in Germany and Romania, among others, posted sales growth, the uncertainty due to the Euro debt crisis affected consumer behavior at DIY stores and garden centers in other parts of our European store network.

- **Germany**

The sales performance at the subgroup's domestic stores fluctuated widely in the second quarter of 2012/2013. June sales were positively affected by two additional shopping days compared with the previous year. However, sales in this month, especially in the garden division, suffered from temperatures remaining significantly below average in the first half of the month. Changeable and in some cases overly wet weather conditions held back the company's sales performance in July 2012. Our HORNBACH locations in Germany than managed to make up lost ground once again in August 2012. Sales in Germany in the period from June to August 2012 increased by 3.3% to € 467.5 million (previous year: € 452.8m). Like-for-like sales grew by 2.8% in the second quarter, having already matched the high previous year's figure in the first quarter.

Sales for the first six months as a whole increased by 1.5% to € 971.3 million (previous year: € 957.1m). On a like-for-like basis, we achieved growth of 1.3%. We thus clearly more than compensated for the base effect in the previous year's period, which had witnessed a significant jump in sales. In the period under report, demand for products and services relating to construction, renovation and gardening developed significantly better in the company's home market than in other European countries. This was due to the favorable overall development in the German economy, which was characterized in particular - and in contrast to many other countries in our European network - by a robust labor market and persistently high demand in the residential construction and renovation market. Thanks to its concept, with its focus on the needs of project customers, in this climate

* unless otherwise indicated, HORNBACH time periods refer to the company's financial year (March to February).

HORNBACH continued to outperform the overall DIY sector in Germany. Taking January to June 2012 as the period under comparison, our domestic like-for-like sales exceeded the sector average (BHB: plus 0.2%) by more than one percentage point.

This is also attributable to the popularity of HORNBACH's DIY megastores with garden centers among German consumers, as has been documented once again by the company's pleasing performance in Kundenmonitor Deutschland, the most renowned consumer survey for the German retail sector. HORNBACH may have just missed first place for all-round satisfaction in 2012, but consumers nevertheless singled out HORNBACH as one of the top players in its sector in major categories such as value for money, product quality, in the comparison of prices, service and product range with competitors, and also in terms of their intention to shop at HORNBACH again and store opening hours.

- **Other European countries**

Together with more pessimistic economic forecasts for 2012, the lower gear adopted by most European economies in view of the persistent euro crisis noticeably held back consumer confidence among large sections of the population in parts of Western and Eastern Europe alike in the summer months. The reasons for this downturn are chiefly to be found in the notably more fragile state of these countries' overall economies compared with Germany. Not only that, given substantial drops in economic activity, high unemployment rates, oppressive government debt, and hard-hit banking sectors, in many countries both private households and companies and the public sector are significantly holding back in terms of construction investments. The hopes still voiced just half a year ago by the Euroconstruct research network that the European construction sector would stabilize or even recover in 2012 have failed to materialize.

Against this backdrop, sales at the international HORNBACH DIY megastores with garden centers in the second quarter of 2012/2013 declined by 0.5% to € 349.3 million (previous year: € 351.1m). At the end of the six-month period, the sales of € 710.6 million reported for the eight countries outside Germany summarized under other European countries matched the previous year's figure (€ 710.4m). Due to the stronger relative performance of the domestic business, the international share of consolidated sales at HORNBACH-Baumarkt-AG decreased from 42.6% to 42.3% in the half-year under report.

In terms of our like-for-like sales performance net of currency items, we made slight progress outside Germany (other European countries) in the second quarter of 2012/2013 compared with the previous quarter. Following a downturn of 2.4% in the first quarter of 2012/2013, this year-on-year shortfall reduced to minus 1.8% in the second quarter. By the end of the first six months, adjusted sales were thus 2.1% down on the previous year. Including currency items, the downturn in sales in the first half amounted to 2.3%. In some countries, HORNBACH managed to post like-for-like sales growth in the first six months and to outperform its competitors, in some cases significantly so. This is particularly true of Romania where, following an extended period of negative developments, the sales trend has returned to positive territory since the beginning of the current 2012/2013 financial year. The downturn in adjusted sales reported for other European countries was largely compensated for on subgroup level.

HORNBACH Baustoff Union GmbH subgroup

Thanks to its successful market penetration and boosted by pleasing construction demand, the HORNBACH Baustoff Union GmbH subgroup can report a more dynamic sales performance than DIY retail. Sales at this subgroup grew by 6.4% to € 61.6 million in the second quarter of 2012/2013 (previous year: € 57.9m). Half-year sales increased by 2.6% to € 114.8 million (previous year: € 111.9m). As of August 31, 2012, HORNBACH Baustoff Union GmbH was operating an unchanged total of 24 outlets in South-Western Germany.

Earnings performance

The following comments refer to the earnings performance of the overall HORNBACH HOLDING AG Group.

2nd quarter of 2012/2013

The key earnings figures of the HORNBACH Group for the second quarter were largely at the same level as, or slightly higher than in the previous year. At € 96.5 million, earnings before interest, taxes, depreciation and amortization (EBITDA) for the period from June to August 2012 matched the previous year's figure. EBIT eased by 0.9% to € 77.8 million (previous year: € 78.5m). Chiefly as a result of positive currency items, net financial expenses improved from minus € 10.8 million to minus € 6.6 million. Unlike EBIT, consolidated earnings before taxes thus rose by 5.2% to € 71.2 million (previous year: € 67.7m). Net income for the period grew by 0.4% from € 49.5 million to € 49.7 million. Earnings per preference share amounted to € 2.51 (previous year: € 2.47).

1st half of 2012/2013

Earnings for the first half of 2012/2013 more or less virtually matched the challenging standard set in the previous year's period. This was possible in spite of the decline in like-for-like DIY sales in some regions, as well as of less favorable cost ratios across the Group. The cumulative gross margin had a slightly positive impact on the Group's earnings performance. Driven mainly by the positive impact of exchange rates on international procurement, gross profit improved as a percentage of net sales from 36.9% to 37.0%. The Group's selling and store expenses increased by 2.4% to € 444.6 million (previous year: € 434.2m). Within this item, a slightly disproportionate increase in personnel, operating and rental expenses and depreciation and amortization on the one hand was countered on the other by lower advertising and energy expenses. The store expense ratio, i.e. store expenses as a percentage of net sales, rose from 24.4% to 24.7%. As in the previous year, the pre-opening expense ratio amounted to 0.3%. Due among other factors to project-related expenses, such as those incurred in further expanding our online store, the administration expense ratio of 4.0% was ahead of the previous year's figure (3.7%).

A positive one-off operating item of € 5.5 million was recognized under other income and expenses and credited to earnings in August 2012. This resulted from the definitive clarification of outstanding matters pertaining to the supply of utility energies by the energy-related service provider we commissioned for this purpose. On this basis, it has been possible to reverse provisions of € 3.9 million recognized in previous years for this item. Furthermore, other income and expenses also include an amount of € 1.6 million for compensation not yet invoiced, net of the relevant service fees. Due mainly to a positive, non-operating accounting gain (€ 0.6m) in the first quarter from the sale of a DIY megastore with a garden center no longer in use, other non-operating income and expenses showed a net improvement of € 0.8 million in the first half of 2012/2013.

The HORNBACH Group's EBITDA for the first six months of the current financial year slipped by 1.7% to € 190.0 million (previous year: € 193.4m). Operating earnings (EBIT) reduced by 2.9% to € 153.2 million (previous year: € 157.8m). Net financial expenses improved from minus € 21.7 million to minus € 16.9 million. Here, the decline in net interest expenses by € 0.9 million was mainly countered by positive currency items, which improved from minus € 4.1 million in the previous year to plus € 1.4 million in the year under report. Consolidated earnings before taxes increased by 0.2% to € 136.3 million (previous year: € 136.1m). Due to a year-on-year increase in the tax charge, net income for the period declined from € 98.9 million to € 96.6 million. Earnings per preference share for the first six months are reported at € 4.83 (previous year: € 4.91).

Earnings performance by segment

The overall Group's key earnings figures for the period under report were largely shaped by the earnings performance of the **HORNBACH-Baumarkt-AG subgroup.** Operating earnings (EBIT) here slipped by 4.8% to € 125.9 million in the first half of the year (previous year: € 132.2m). Further details about the earnings performance can be found in the Half-Year Financial Report 2012/2013 published separately by the HORNBACH-Baumarkt-AG subgroup.

Earnings at the **HORNBACH Baustoff Union GmbH subgroup** for the first six months of the 2012/2013 financial year grew significantly faster than sales. EBIT increased by 13.9% to € 5.5 million (previous year: € 4.8m). This was chiefly the result of an improved gross margin, which more than offset the higher store expense ratio.

Due mainly to higher rental income and gains already recognized in the first quarter on the disposal of a DIY store property no longer in use, half-year operating earnings at the **HORNBACH Immobilien AG subgroup** grew by 4.9% to € 23.4 million (previous year: € 22.3m).

Financial and net asset position

The investments made by the HORNBACH Group reduced from € 85.6 million in the previous year's period to € 66.6 million in the first half of 2012/2013. Here, the expansion-driven increase in funds invested by the HORNBACH-Baumarkt-AG subgroup from € 48.5 million to € 52.8 million mainly contrasted with a reduction in investments by the HORNBACH Immobilien AG subgroup from € 31.3 million to € 11.4 million. Around 62% of funds were invested in land and buildings, while the remainder was channeled into plant and office equipment at new and existing stores, as well as into intangible assets (predominantly IT software). Investments were financed in full from the cash flow of € 184.2 million from operating activities (previous year: € 190.0m). Information about the financing and investment activities of the HORNBACH HOLDING AG Group can be found in the cash flow statement on Page 16.

The total assets of the HORNBACH Group rose to € 2,419.9 million as of August 31, 2012, up 6.7% on the balance sheet date on February 29, 2012. This growth was chiefly driven by the substantial rise in cash and cash equivalents (plus € 107.7m to € 530.0m), property, plant and equipment (plus € 34.7m), and current receivables and other assets (plus € 21.2m).

Shareholders' equity as reported in the balance sheet increased to € 1,120.8 million as of August 31, 2012, up 7.6%, or € 79.5 million, compared with the balance sheet date. The equity ratio improved from 45.9% as of February 29, 2012 to 46.3%.

Non-current liabilities increased by 11.4% to € 764.4 million (February 29, 2012: € 686.0m). This was mainly caused by the taking up of long-term financial debt by the HORNBACH Immobilien AG subgroup (see Note 9). Current liabilities fell by € 5.2 million. The reduction in current financial debt by € 70.4 million and in other provisions and deferred liabilities by € 5.0 million was countered by an increase in trade payables and other liabilities by € 50.7 million, as well as by higher income tax liabilities (plus € 19.6m).

The net financial debt of the HORNBACH Group reduced from € 347.8 million at the balance sheet date on February 29, 2012 to € 249.7 million as of August 31, 2012.

Employees

A total of 14,772 individuals across Europe were in fixed employment at the HORNBACH HOLDING AG Group at the reporting date on August 31, 2012 (February 29, 2012: 14,320).

Risk Report

We provided a detailed presentation of the risks involved in our business activities on Pages 76 to 82 of the 2011/2012 Annual Report of the HORNBACH HOLDING AG Group. Over and above the information provided in the Annual Report, there have been no major changes in the first half of 2012/2013 which could result in any new risk assessment for the second half of the year. Furthermore, no future risks to the continued existence of the HORNBACH HOLDING AG Group have been identified on the basis of the information currently available.

Events After the Balance Sheet Date

No events of material significance for assessing the earnings, financial and net asset position of HORNBACH HOLDING AG, or of the HORNBACH HOLDING AG Group, have occurred since the end of the first half of the financial year on August 31, 2012.

Outlook

We reported at length on the macroeconomic, sector-specific, and strategic opportunities and risks involved in the business activities of the HORNBACH HOLDING AG Group in the outlook on Pages 84 to 95 of the 2011/2012 Annual Report. Our basic assessment of the Group's medium to long-term sector-specific and strategic development potential was still valid upon publication of this interim report. However, we now assess the macroeconomic opportunities and risks facing the HORNBACH Group in the second half of 2012/2013 more cautiously than in the 2011/2012 Annual Report. This is because the development in macroeconomic indicators for large parts of the global economy, and for the euro area in particular, since summer 2012 has been less favorable than still expected in the spring.

Responding to increasing signs of an economic slowdown, in early July the International Monetary Fund (IMF) revised its GDP growth forecast of 3.6% issued for the global economy in April downwards to 3.5%. Among other factors, this forecast was based on the assumption that the unrest on the financial markets in the wake of the sovereign debt and bank crisis in the euro area would gradually reduce as a result of adequate political measures. On a regional level, the downward revision was chiefly due to a slightly more cautious assessment of growth prospects in key emerging economies in Asia and Latin America. The assessment for growth in the advanced economies remained unchanged at 1.4%. For Germany, however, the IMF made a notable upward revision from plus 0.6% to plus 1.0%. According to the Bloomberg Consensus estimates compiled on the basis of a survey of bank economists, both the EU 27 and the euro area countries will be in recession in 2012. These experts only expect the economic outlook to improve once again from 2013.

As is apparent from the following table, growth prospects for the current year in those European countries in which we operate can mostly be assessed more positively than the EU average. Having said this, they nevertheless show disparate expectations. For the Netherlands and the Czech Republic, the 2012 forecasts envisage a decline in macroeconomic output of 0.7% and 0.6% respectively. Romania, Sweden and Switzerland are expected to show GDP growth of around one percent, while Slovakia is even expected to achieve twice this level of growth. According to the Consensus estimates, the German economy is set to grow by just under one percent in 2012 and, like all other countries covered by our store network, to regain tempo once again in 2013.

Rate of GDP change and growth forecasts in countries with HORNBACH DIY megastores and garden centers

Year-on-year percentage change Source: Eurostat, Bloomberg Consensus (2012; 2013)	2010	2011	2012 Forecast	2013 Forecast
Germany	4.2	3.0	0.9	1.3
Austria	2.1	2.7	0.7	1.3
Czech Republic	2.7	1.7	-0.6	1.3
Luxembourg	2.7	1.6	0.1	1.7
Netherlands	1.6	1.0	-0.7	0.5
Romania	-1.6	2.5	1.0	2.5
Slovakia	4.2	3.3	2.0	2.4
Sweden	6.2	3.9	1.1	1.9
Switzerland	3.0	2.1	1.0	1.5
Euro area (EA 17)	**2.0**	**1.5**	**-0.5**	**0.6**
EU 27	**2.0**	**1.5**	**-0.2**	**0.8**

A number of early indicators confirmed in August 2012 that Europe cannot expect to see any cyclical improvement in the near future. The Manufacturing Purchasing Managers Index, for example, remained significantly short of the expansion threshold. Not only that, surveys performed on behalf of the European Commission to assess industry and consumer confidence revealed an ongoing downturn in confidence, one that could have a more severe impact, at least temporarily, on consumer demand and on retail companies' sales forecasts than had still been expected in spring 2012. Ever darker clouds are also appearing on Germany's economic horizon due to the low pressure emanating from the debt crisis, as was demonstrated by the ifo Business Confidence index at the end of August 2012. Overall, there has been a marked increase in the macroeconomic uncertainty affecting the business prospects of the HORNBACH Group through to the end of the current 2012/2013 financial year (balance sheet date: February 28, 2013).

Outlook for the Group

Expansion

Two further HORNBACH DIY megastores with garden centers are set to open in the second half of the current 2012/2013 financial year. In Germany, new stores in Oberhausen and Bremen (replacement location) are on the agenda for the fourth quarter (December 1, 2012 to February 28, 2013). As already announced in the interim report for the first quarter, the new store opening in Bratislava originally envisaged for February 2013 is expected to be postponed to the first quarter of the 2013/2014 financial year. Including four new store openings and one replacement location, the total number of HORNBACH DIY megastores with garden centers is expected to reach 138 (of which 46 in other European countries) by the end of the financial year (February 28, 2013).

Forecast

Given the macroeconomic development trends outlined above, the basis for forecasting the future business performance of the HORNBACH HOLDING AG Group for the 2012/2013 financial year as a whole had changed upon completion of this report compared with the situation a quarter earlier. To account for the in some cases notably weaker economic forecasts and consumer confidence indicators across our European store network available upon completion of this report, we are thus making a slight downward revision in our growth expectations.

In respect of our **sales forecast** for the 2012/2013 financial year, we assume that the deterioration in the economic outlook outside Germany will mean that our original target of generating growth in consolidated sales in a medium single-digit percentage range will no longer be achievable. We now expect to generate sales growth in a low single-digit percentage range. We have reached this amended assessment because we now view the ongoing sales trend in our other European countries segment less favorably than in spring 2012. We now no longer expect it to be possible to make up for the year-on-year shortfall in like-for-like sales. In Germany, we still expect our DIY megastores with garden centers to generate like-for-like sales growth ahead of the sector average, but also see the possibility of an economically-induced slowdown in sales here as well in the following six months. This assessment is based on the assumption that Germany is not affected in the near future by any drastic deterioration in the macroeconomic framework and consumer confidence due to the euro debt crisis.

This more reserved outlook for sales is also reflected in a more cautious **earnings forecast**. In spring 2012, we still expected the operating earnings (EBIT) of the HORNBACH HOLDING AG Group for the current 2012/2013 financial year to slightly exceed the figure reported for the 2011/2012 financial year (€ 169m). Consistent with our amended assessment, we now deem it likely that our 2012/2013 EBIT will be at the same level as in the previous year.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

€ million	2nd Quarter 2012/2013	2nd Quarter 2011/2012	Change %	1st Half 2012/2013	1st Half 2011/2012	Change %
Sales	878.7	862.1	1.9	1,797.5	1,780.2	1.0
Cost of goods sold	558.9	544.6	2.6	1,132.8	1,123.8	0.8
Gross profit	**319.8**	**317.5**	**0.7**	**664.7**	**656.5**	**1.3**
Selling and store expenses	211.2	207.2	1.9	444.6	434.2	2.4
Pre-opening expenses	2.8	1.9	43.3	5.1	4.7	6.8
General and administration expenses	35.2	31.9	10.3	71.9	65.3	10.1
Other income and expenses	7.1	2.0	256.8	10.0	5.6	80.0
Earnings before interest and taxes (EBIT)	**77.8**	**78.5**	**(0.9)**	**153.2**	**157.8**	**(2.9)**
Other interest and similar income	0.7	1.8	(63.5)	1.5	3.2	(53.9)
Other interest and similar expenses	10.0	10.3	(3.3)	19.8	20.6	(4.1)
Other financial result	2.7	(2.3)		1.4	(4.3)	
Net financial expenses	**(6.6)**	**(10.8)**	**(39.3)**	**(16.9)**	**(21.7)**	**(22.3)**
Consolidated earnings before taxes	**71.2**	**67.7**	**5.2**	**136.3**	**136.1**	**0.2**
Taxes on income	21.5	18.2	18.2	39.8	37.2	6.9
Consolidated net income	**49.7**	**49.5**	**0.4**	**96.6**	**98.9**	**(2.3)**
of which: income attributable to shareholders	39.9	39.4	1.3	77.0	78.3	(1.7)
of which: non-controlling interest	9.9	10.2	(3.1)	19.6	20.6	(4.9)
Basic/diluted earnings per share (€)	**2.48**	**2.44**	**1.6**	**4.80**	**4.88**	**(1.6)**
Basic/diluted earnings per preference share (€)	**2.51**	**2.47**	**1.6**	**4.83**	**4.91**	**(1.6)**

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	2nd Quarter 2012/2013	2nd Quarter 2011/2012	1st Half 2012/2013	1st Half 2011/2012
Consolidated net income	**49.7**	**49.5**	**96.6**	**98.9**
Measurement of derivative financial instruments (cash flow hedge)				
Measurement of derivative hedging instruments directly in equity	(5.6)	(4.8)	(7.3)	(6.2)
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	2.4	0.6	3.0	1.5
Exchange differences arising on the translation of foreign subsidiaries	4.3	4.1	0.3	8.5
Deferred taxes on gains and losses recognized directly in equity	0.9	1.1	1.3	1.2
Other comprehensive income	**2.0**	**1.0**	**(2.8)**	**5.1**
Total comprehensive income	**51.7**	**50.5**	**93.8**	**104.0**
of which: attributable to shareholders	41.2	39.7	74.2	82.1
of which: attributable to non-controlling interest	10.5	10.8	19.5	21.9

Rounding up or down may lead to discrepancies between totals.

Balance Sheet

Assets	August 31, 2012 € million	%	February 29, 2012 € million	%
Non-current assets				
Intangible assets	14.9	0.6	16.9	0.7
Property, plant, and equipment	1,173.5	48.5	1,138.8	50.2
Investment property	38.4	1.6	43.6	1.9
Financial assets	2.6	0.1	2.6	0.1
Non-current receivables and other assets	6.3	0.3	6.3	0.3
Non-current income tax receivables	18.0	0.7	17.9	0.8
Deferred tax assets	14.5	0.6	13.9	0.6
	1,268.3	**52.4**	**1,240.0**	**54.7**
Current assets				
Inventories	498.1	20.6	506.8	22.4
Other receivables and assets	108.1	4.5	86.9	3.8
Income tax receivables	11.6	0.5	9.7	0.4
Cash and cash equivalents	530.0	21.9	422.3	18.6
Non-current assets held for sale and disposal groups	3.9	0.2	1.5	0.1
	1,151.6	**47.6**	**1,027.2**	**45.3**
	2,419.9	**100.0**	**2,267.2**	**100.0**

Equity and liabilities	August 31, 2012 € million	%	February 29, 2012 € million	%
Shareholders' equity				
Share capital	48.0	2.0	48.0	2.1
Capital reserve	130.4	5.4	130.4	5.8
Revenue reserves	739.6	30.6	675.8	29.8
Equity attributable to owners of the parent	917.9	37.9	854.2	37.7
Non-controlling interest	202.8	8.4	187.1	8.3
	1,120.8	**46.3**	**1,041.3**	**45.9**
Non-current liabilities				
Non-current financial debt	676.3	27.9	596.3	26.3
Deferred tax liabilities	62.7	2.6	63.8	2.8
Other non-current liabilities	25.5	1.1	25.9	1.1
	764.4	**31.6**	**686.0**	**30.3**
Current liabilities				
Current financial debt	103.4	4.3	173.8	7.7
Trade payables and other liabilities	307.7	12.7	257.0	11.3
Income tax liabilities	55.8	2.3	36.2	1.6
Other provisions and accrued liabilities	67.8	2.8	72.8	3.2
	534.7	**22.1**	**539.9**	**23.8**
	2,419.9	**100.0**	**2,267.2**	**100.0**

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

Statement of Changes in Equity

1st Half 2011/2012 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to share-holders	Non-controlling interest	Total group equity
Balance at March 1, 2011	**24.0**	**130.4**	**0.3**	**19.6**	**615.6**	**789.9**	**172.5**	**962.4**
Consolidated net income					78.3	78.3	20.6	98.9
Measurement of derivative financial instruments (cash flow hedge), net after taxes			(2.7)			(2.7)	(0.8)	(3.5)
Foreign currency translation				6.4		6.4	2.1	8.5
Total comprehensive income			**(2.7)**	**6.4**	**78.3**	**82.1**	**21.9**	**104.0**
Dividend distribution					(10.5)	(10.5)	(3.8)	(14.2)
Transactions with other shareholders					0.1	0.1	(0.9)	(0.8)
Issue of bonus shares	24.0				(24.0)	0.0	0.0	0.0
Balance at August 31, 2011	**48.0**	**130.4**	**(2.4)**	**26.0**	**659.6**	**861.6**	**189.7**	**1,051.3**

1st Half 2012/2013 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to share-holders	Non-controlling interest	Total group equity
Balance at March 1, 2012	**48.0**	**130.4**	**(3.7)**	**21.2**	**658.3**	**854.2**	**187.1**	**1,041.3**
Consolidated net income					77.0	77.0	19.6	96.6
Measurement of derivative financial instruments (cash flow hedge), net after taxes			(2.7)			(2.7)	(0.3)	(3.1)
Foreign currency translation				0.0		0.0	0.3	0.3
Total comprehensive income			**(2.7)**	**0.0**	**77.0**	**74.2**	**19.5**	**93.8**
Dividend distribution					(10.5)	(10.5)	(3.8)	(14.2)
Transactions with other shareholders					0.0	0.0	(0.1)	(0.1)
Balance at August 31, 2012	**48.0**	**130.4**	**(6.5)**	**21.1**	**724.9**	**917.9**	**202.8**	**1,120.8**

Rounding up or down may lead to discrepancies between totals.

Cash Flow Statement

€ million	1st Half 2012/2013	1st Half 2011/2012
Consolidated net income	**96.6**	**98.9**
Depreciation and amortization of non-current assets	36.8	36.2
Change in provisions	(0.1)	0.5
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(0.8)	0.3
Change in inventories, trade receivables, and other assets	(14.1)	(33.9)
Change in trade payables and other liabilities	69.0	84.3
Other non-cash income/expenses	(3.2)	3.7
Cash flow from operating activities	**184.2**	**190.0**
Proceeds from disposal of non-current assets and of non-current assets held for sale	3.4	2.2
Payments for investments in property, plant, and equipment	(65.6)	(83.1)
Payments for investments in intangible assets	(1.0)	(2.0)
Payments for acquisitions of shareholdings and other business units	0.0	(0.4)
Cash flow from investing activities	**(63.2)**	**(83.4)**
Dividends paid	(14.2)	(14.2)
Proceeds from taking up long-term debt	102.4	96.3
Repayment of long-term debt	(81.2)	(107.3)
Payments for transaction costs	(0.6)	(0.5)
Change in current financial debt	(19.7)	6.9
Cash flow from financing activities	**(13.4)**	**(18.9)**
Cash-effective change in cash and cash equivalents	107.6	87.7
Change in cash and cash equivalents due to changes in exchange rates	0.0	2.1
Cash and cash equivalents at March 1	422.3	474.0
Cash and cash equivalents at August 31	**530.0**	**563.8**

Rounding up or down may lead to discrepancies between 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 € 22.2 million on account of income tax payments (previous year: € 19.9m) and by € 22.3 million on account of interest payments (previous year: € 21.4m) and increased by € 1.5 million on account of interest received (previous year: € 3.2m).

The other non-cash income/expenses item largely consists of unrecognized foreign currency differences, changes in the value of derivative financial instruments (cash flow hedges), and deferred taxes.

NOTES TO THE GROUP INTERIM REPORT

Notes to the Interim Consolidated Financial Statements as of August 31, 2012

(1) Accounting principles

This Group half-year financial report of HORNBACH HOLDING AG and its subsidiaries for the 1st half as of August 31, 2012 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 half-year financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting".

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 29, 2012. Furthermore, the HORNBACH Group has applied all of the accounting regulations requiring first-time application from the 2012/2013 financial year – to the extent that these are relevant for the HORNBACH HOLDING AG Group. These regulations requiring first-time application have not had any implications for the Group's net asset, financial or earnings position.

Pursuant to IAS 34 "Interim Financial Reporting", income tax expenses for the first half of the year 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 HOLDING AG for the 2011/2012 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).

By resolution adopted by the Annual General Meeting on July 6, 2012, the group auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, was commissioned to perform an audit review of the half-year financial report of the HORNBACH HOLDING AG Group.

(2) Scope of consolidation

There were no changes in the scope of consolidation in the first half of 2012/2013.

(3) Seasonal influences

Due to weather conditions, the HORNBACH HOLDING 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 half. The business results for the first six months as of August 31, 2012 do not necessarily provide an indication of the results to be expected for the year as a whole.

(4) Other income and expenses

Other income and expenses are structured as follows:

€ million	2nd Quarter 2012/2013	2nd Quarter 2011/2012	Change %
Other income	10.2	4.8	112.3
Other expenses	3.1	2.8	9.1
Other income and expenses	**7.1**	**2.0**	**256.8**

€ million	1st Half 2012/2013	1st Half 2011/2012	Change %
Other income	14.8	9.6	54.2
Other expenses	4.8	4.0	18.6
Other income and expenses	**10.0**	**5.6**	**80.0**

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

The other income for the first half of 2012/2013 includes operating income of € 14.2 million (previous year: € 8.7m) and non-operating income of € 0.6 million (previous year: € 0.9m). Operating income for the first half of 2012/2013 includes an amount of € 6.1 million in connection with energy tax refunds, an amount of € 3.9 million from the reversal of provisions recognized in the 2010/2011 financial year, and an amount of € 2.2 million for compensation not yet invoiced. Other than these items, operating income mainly consists of income from advertising grants and other supplier credits, ancillary revenues at DIY megastores with garden centers, income in connection with damages, and income from the disposal of non-current assets. The non-operating income for the first half of 2012/2013 mainly results from the disposal of a DIY megastore with a garden center no longer in use, along with the relevant plant and office equipment. The non-operating income in the previous year chiefly involved write-ups of € 0.7 million in the "HORNBACH-Baumarkt-AG subgroup" segment. Of this total, € 0.4 million related to a piece of land held for sale and € 0.3 million to a piece of land already disposed of in the first half of the previous year. The write-ups were based on contractually agreed sale prices.

The other expenses for the first half of 2012/2013 consist of operating expenses of € 4.4 million (previous year: € 2.5m) and non-operating expenses of € 0.4 million (previous year: € 1.5m). Operating expenses mainly involve impairments of receivables, losses incurred in connection with damages, and expenses for legal disputes. Furthermore, the operating expenses for the first half of 2012/2013 also include service fees of € 0.6 million incurred in connection with energy tax compensation. The non-operating expenses for the first half of 2012/2013 mainly involve expenses of € 0.2 million incurred for investment projects not subject to further development and losses of € 0.1 million incurred in connection with real estate development. The non-operating expenses for the previous year include an amount of € 0.7 million for the redevelopment agreement intended for historic burdens in connection with a DIY property owned by the Group and an amount of € 0.2 million for expenses to remedy defects on a property already sold. Furthermore, this item included expenses of € 0.5 million incurred for investment projects not subject to further development and impairment losses of € 0.1 million due to the write-down of a property held for sale to its expected net sales proceeds. The impairment losses were recognized in the "HORNBACH-Baumarkt-AG subgroup" segment.

(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 HOLDING AG for the period under report and the weighted average number of shares issued. As in the previous year, no dilutive effects had to be accounted for when calculating earnings per share.

	2nd Quarter 2012/2013	2nd Quarter 2011/2012
Consolidated net income in € million	39.9	39.4
Additional dividend for preference shares in € million	0.2	0.2
Consolidated net income adjusted to account for additional dividend claims in € million	**39.6**	**39.1**
Number of ordinary shares issued	8,000,000	8,000,000
Number of preference shares issued	8,000,000	8,000,000
	16,000,000	**16,000,000**
Earnings per share in €	**2.48**	**2.44**
Additional dividend claim per preference share in €	0.03	0.03
Earnings per preference share in €	**2.51**	**2.47**

	1st Half 2012/2013	1st Half 2011/2012
Consolidated net income in € million	77.0	78.3
Additional dividend for preference shares in € million	0.2	0.2
Consolidated net income adjusted to account for additional dividend claims in € million	**76.8**	**78.1**
Number of ordinary shares issued	8,000,000	8,000,000
Number of preference shares issued	8,000,000	8,000,000
	16,000,000	**16,000,000**
Earnings per share in €	**4.80**	**4.88**
Additional dividend claim per preference share in €	0.03	0.03
Earnings per preference share in €	**4.83**	**4.91**

Rounding up or down may lead to discrepancies between totals.

(6) Other disclosures

The personnel expenses of the HORNBACH HOLDING AG Group amounted to € 273.6 million at the end of the first half as of August 31, 2012 (previous year: € 264.0m).

Depreciation and amortization totaling € 36.8 million was recognized on intangible assets, property, plant and equipment, and investment property at the HORNBACH HOLDING AG Group in the first half of the 2012/2013 financial year (previous year: € 36.2m).

(7) Shareholders' equity

By resolution of the Annual General Meeting held on July 8, 2011, the share capital of HORNBACH HOLDING AG was increased in the first half of the previous year by issuing bonus shares at a ratio of 1:1. As a result, the number of shares in HORNBACH HOLDING AG has doubled. By converting a partial amount of € 24,000,000.00 of the revenue reserves reported in the annual balance sheet as of February 28, 2011 into share capital, the company's share capital doubled to € 48,000,000.00. The share capital is divided into 8,000,000 individual preference shares and 8,000,000 individual ordinary shares with a prorated nominal value of € 3.00 per share. The bonus shares have been included in the stock market listing since July 29, 2011 and have enjoyed profit entitlement since March 1, 2011.

(8) Dividends

As proposed by the Board of Management and Supervisory Board of HORNBACH HOLDING AG, following approval by the Annual General Meeting on July 6, 2012 dividends of € 0.64 per ordinary share and € 0.67 per preference share were distributed to shareholders for the 2011/2012 financial year.

(9) Financial debt

A promissory note bond of € 70 million was concluded at the HORNBACH Immobilien AG subgroup on April 18, 2012. The loan amount was disbursed as of June 29, 2012. The promissory note bond serves in particular to refinance a promissory note bond of € 60 million maturing as of the same date. The promissory note bond charges floating interest on the basis of the 6-month Euribor, plus a bank margin and is repayable at the end of a five-year term. To secure the interest rate, a swap was concluded with congruent terms. The swap enables the floating interest payable to be converted into fixed interest payments.

A Swedish subsidiary at the HORNBACH Immobilien AG subgroup also took up a long-term EUR mortgage loan in the first half of 2012/2013. This loan of € 30 million has a term running until June 30, 2022 and charges interest on the basis of the 3-month Euribor plus a fixed bank margin. To secure the interest rate and the exchange rate, an interest currency swap consistent with the loan structure was concluded. This swap enables the floating interest payable in EUR to be converted into fixed-interest SEK payment installments.

In the first half of the previous year, the HORNBACH-Baumarkt-AG subgroup took up an unsecured promissory note bond of € 80.0 million with a floating interest rate and a term running until June 30, 2016. These funds served to provide follow-up financing for the promissory note bond of the same amount maturing on June 30, 2011. The promissory note bond charges interest on the basis of the 6-month Euribor, plus a bank margin. To secure the interest rate, a forward swap with congruent terms was concluded in the 2010/2011 financial year already. The swap enables the floating interest payable on a half-yearly basis to be secured at a fixed level.

Customary bank covenants were agreed for the promissory note bonds, non-compliance with which could lead to a premature repayment obligation. These regularly involve pari passu clauses and negative pledge declarations. The promissory note bond at the HORNBACH-Baumarkt-AG subgroup also requires compliance with specific financial ratios. These key financial ratios are based on consolidated figures at the HORNBACH-Baumarkt-AG subgroup and require interest cover of at least 2.25 times and an equity ratio of at least 25%. Furthermore, maximum limits were also agreed in particular for financing facilities secured by land charges and financial debt taken up by subsidiaries of HORNBACH-Baumarkt-AG. The conditions governing the promissory note bond at the HORNBACH Immobilien AG subgroup require in particular a specified volume of unencumbered property, plant and equipment to be maintained.

As the aforementioned hedges meet the requirements for hedge accounting, changes in the value of the swaps are reported in the hedging reserve.

(10) Employee shares

On August 13, 2012, the Board of Management of HORNBACH-Baumarkt-AG resolved pursuant to § 71 (1) No. 2 of the German Stock Corporation Act (AktG) to acquire up to 50,000 treasury stock shares. These shares are to be acquired for the (annual) issue of employee shares scheduled to take place at the end of 2012.

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

The share buyback began on August 14, 2012 and is limited until December 31, 2012. A total of 3,332 treasury stock shares had been acquired as of August 31, 2012.

(11) Contingent liabilities and other financial obligations

These mainly involve obligations for rental, hiring, leasehold and leasing contracts for which the companies of the HORNBACH HOLDING AG Group do not constitute the economic owners of the assets thereby leased pursuant to IFRS regulations (Operating Lease). These amounted to € 691.1 million at the end of the first half of 2012/2013 (February 29, 2012: € 725.8m).

(12) Related party disclosures

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 half of 2012/2013.

(13) Segment report

1st Half 2012/2013 in € million 1st Half 2011/2012 in € million	HORNBACH-Baumarkt-AG subgroup	HORNBACH Baustoff Union GmbH subgroup	HORNBACH Immobilien AG subgroup	Headquarters and consolidation	HORNBACH HOLDING AG Group
Segment sales	**1,681.9**	**114.8**	**35.8**	**(34.9)**	**1,797.5**
	1,667.6	111.9	34.5	(33.6)	1,780.2
Sales to third parties	1,681.4	114.4	0.0	0.0	1,795.8
	1,667.0	111.3	0.0	0.0	1,778.3
Sales to affiliated companies	0.0	0.4	0.0	(0.4)	0.0
	0.0	0.5	0.0	(0.5)	0.0
Rental income from third parties	0.5	0.0	1.3	0.0	1.8
	0.5	0.0	1.4	0.0	1.9
Rental income from affiliated companies	0.0	0.0	34.5	(34.5)	0.0
	0.0	0.0	33.1	(33.1)	0.0
Segment earnings (EBIT)	**125.9**	**5.5**	**23.4**	**(1.6)**	**153.2**
	132.2	4.8	22.3	(1.6)	157.8
Depreciation and amortization/write-ups	**27.6**	**2.4**	**6.8**	**0.0**	**36.8**
	26.9	2.4	6.4	0.0	35.6
EBITDA	**153.5**	**7.9**	**30.2**	**(1.6)**	**190.0**
	159.1	7.2	28.7	(1.6)	193.4
Segment assets	**1,729.1**	**122.1**	**521.3**	**3.3**	**2,375.8**
	1,735.3	123.3	487.8	26.1	2,372.6
of which: credit balances at banks	476.2	1.0	28.0	3.1	508.2
	512.5	1.2	4.9	23.9	542.5

Reconciliation in € million	1st Half 2012/2013	1st Half 2011/2012
Segment earnings (EBIT) before "Headquarters and consolidation"	154.9	159.4
Headquarters	(1.4)	(1.4)
Consolidation adjustments	(0.3)	(0.2)
Net financial expenses	(16.9)	(21.7)
Consolidated earnings before taxes	**136.3**	**136.1**

Rounding up or down may lead to discrepancies between totals.

RESPONSIBILITY STATEMENT

We hereby affirm that, to the best of our knowledge and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Neustadt an der Weinstrasse, September 26, 2012

The Board of Management of HORNBACH HOLDING AG

Albrecht Hornbach Roland Pelka

REVIEW REPORT

To Hornbach Holding Aktiengesellschaft

We have reviewed the condensed interim consolidated financial statements – comprising of income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and selected explanatory notes – together with the interim group management report of Hornbach Holding Aktiengesellschaft, Neustadt/Weinstraße, for the period from March 1 to August 31, 2012, which are part of the half-year financial report according to § 37 w WpHG [„Wertpapierhandelsgesetz": „German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main, September 26, 2012

KPMG AG Wirtschaftsprüfungsgesellschaft

Bertram Auditor	Palm Auditor

FINANCIAL CALENDAR 2012/2013

September 27, 2012	Half-Year Financial Report 2012/2013 as of August 31, 2012 DVFA Analysts' Conference
December 21, 2012	Interim Report: 3rd Quarter of 2012/2013 as of November 30, 2012
March 21, 2013	Trading Statement 2012/2013
May 28, 2013	Annual Results Press Conference 2012/2013 Publication of Annual Report

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DISCLAIMER

This interim report contains forward-looking statements based on assumptions and estimates made by the Board of Management of HORNBACH. Statements referring to the future are always 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 results 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.