

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **May 31, 2005**

HOVNANIAN ENTERPRISES, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other
Jurisdiction
of Incorporation)

1-8551
(Commission File Number)

22-1851059
(I.R.S. Employer
Identification No.)

**10 Highway 35, P.O. Box 500
Red Bank, New Jersey 07701**
(Address of Principal Executive Offices) (Zip Code)

(732) 747-7800
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since
Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On May 31, 2005, Hovnanian Enterprises, Inc. issued a press release announcing its preliminary financial results for the fiscal second quarter ended April 30, 2005. A copy of the Earnings Press Release is attached as Exhibit 99.1.

The information in this Current Report on Form 8-K and the Exhibit attached hereto is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

The Earnings Press Release contains information about EBITDA, a non-GAAP financial measure. The most directly comparable GAAP financial measure to EBITDA is net income. A reconciliation of EBITDA to net income is contained in the Earnings Press Release.

Management believes EBITDA to be relevant and useful information as EBITDA is a standard measure commonly reported and widely used by analysts, investors and others to measure our financial performance and our ability to service our debt obligations. EBITDA is also one of several metrics used by our management to measure the cash generated from our operations. EBITDA does not take into account substantial costs of doing business, such as income taxes and interest expense. While many in the financial community consider EBITDA to be an important measure of comparative operating performance, it should be considered in addition to, but not as a substitute for, income before income taxes, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with accounting principles generally accepted in the United States that are presented on the financial statements included in the Company's reports filed with the Securities and Exchange Commission. Additionally, our calculation of EBITDA may be different than the calculation used by other companies, and, therefore, comparability may be affected.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit 99.1

Earnings Press Release – Fiscal Second Quarter Ended April 30, 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HOVNANIAN ENTERPRISES, INC.
(Registrant)

By: /s/ J. Larry Sorsby
Name: J. Larry Sorsby
Title: Executive Vice President and
Chief Financial Officer

Date: May 31, 2005

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INDEX TO EXHIBITS

Exhibit Number

Exhibit

Exhibit 99.1 Earnings Press Release – Fiscal Second Quarter Ended April 30, 2005.

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Contact: Kevin C. Hake
Senior Vice President and Treasurer
732-747-7800

Jeffrey T. O'Keefe
Director of Investor Relations
732-747-7800

HOVNANIAN ENTERPRISES REPORTS 53% INCREASE IN FISCAL 2005 SECOND QUARTER EPS; ACHIEVES RECORD REVENUES, EARNINGS, DELIVERIES AND BACKLOG; PROJECTS MORE THAN 31% INCREASE IN FISCAL 2005 EPS

Highlights for the Quarter Ended April 30, 2005

- Earnings per share increased 53% to a record \$1.62 per fully diluted share for the second quarter of fiscal 2005, compared with \$1.06 per fully diluted share in the same period a year ago. Total revenues were \$1.2 billion, a 32% increase over last year's second quarter.
- Earnings for the trailing twelve months ended April 30, 2005 represent an after-tax return on beginning equity (ROE) of 42.1% and an after-tax return on beginning capital (ROC) of 22.5%.
- EBITDA increased 48% to \$206.2 million in the fiscal 2005 second quarter, covering interest 9.0 times for the quarter, compared with 6.3 times in the prior year's second quarter. At April 30, 2005, the Company's ratio of net recourse debt-to-capitalization was 48.0%.
- The dollar value of net contracts for the second quarter, including unconsolidated joint ventures, increased 25% to \$1.9 billion on 5,328 homes, compared to \$1.5 billion on 4,911 homes in last year's second quarter.
- Contract backlog as of April 30, 2005, including unconsolidated joint ventures, was 10,986 homes with a sales value of \$3.9 billion, up 61% from the dollar value of backlog at April 30, 2004.
- Management is increasing its projection for fiscal 2005 earnings to exceed \$7.00 per fully diluted share, an increase of \$0.15 over management's previous projection, and representing more than a 31% increase over 2004 earnings per fully diluted share of \$5.35.

RED BANK, NJ, May 31, 2005 – Hovnanian Enterprises, Inc. (NYSE: HOV), a leading national homebuilder, reported net income of \$106.1 million, or \$1.62 per fully diluted share, on \$1.2 billion in total revenues for the quarter ended April 30, 2005. Net income in the second quarter of fiscal 2004 was \$70.5 million, or \$1.06 per fully diluted share, on total revenues of \$918.8 million.

Consolidated deliveries in the second quarter of 2005 were 3,748 homes with an aggregate sales value of \$1.2 billion, compared with consolidated deliveries of 3,353 homes in the same period last year with an aggregate sales value of \$900.9 million. Homebuilding gross margins, after interest expense included in cost of sales, increased 150 basis points to 25.2%, compared with 23.7% on a comparable basis in last year's second quarter. Stockholders' equity grew 41% to \$1.4 billion at April 30, 2005 from \$970.2 million at the end of the fiscal 2004 second quarter.

Six Month Performance

For the six-month period ended April 30, 2005, revenues reached \$2.3 billion, up 34% compared to \$1.7 billion for the year earlier period. Net income for the first half of fiscal 2005 increased 46% to \$187.6 million, or \$2.87 per fully diluted share, compared to \$128.2 million, or \$1.93 per fully diluted share, in the same period a year ago. Compared to the first six months of 2004, the dollar value of net contracts during the same period in fiscal 2005 increased by 21% and the number of home deliveries rose by 18%, including the impact of unconsolidated joint ventures.

Comments from Management

"Our record results during the fiscal 2005 second quarter were fueled by our leading market positions, our increased geographic diversity, continued pricing power in many of our markets, and further market penetration through our broad product offerings, which target a wide variety of homebuyers," said Ara K. Hovnanian, President and Chief Executive Officer of the Company. "The vast majority of our earnings growth in the second quarter was organic, with more than 93% of the increase in earnings coming from our existing operations that have been in place for more than 12 months. The integration of our acquisitions of Cambridge Homes and Town & Country Homes, which occurred during our second quarter, is proceeding well," Mr. Hovnanian continued.

"Looking ahead, the long-term fundamentals for the housing industry remain strong. In our highly regulated markets we continue to benefit from supply constraints, which are primarily driven by regulatory processes that are lengthening and becoming more difficult," said J. Larry Sorsby, Executive Vice President and Chief Financial Officer. "At the end of the quarter, our backlog of almost 11,000 homes was a record level for any quarter in our history. This provides us with excellent visibility for deliveries, revenues and earnings for the second half of fiscal 2005 and into the early months of fiscal 2006. As a result, we are raising our EPS projection for fiscal 2005 to greater than \$7.00 per fully diluted share and we are confident that we will continue to show a strong increase in EPS growth in fiscal 2006. We are projecting our third quarter EPS in 2005 to increase to \$1.70 per fully diluted share, an increase of 28% over last year's \$1.33 per share."

"During the second quarter, we continued to maintain our long-term debt-to-capital ratio below our target of 50%. Our credit and coverage ratios remain strong, while our cash flow and access to capital provide us more than enough liquidity to attain our growth targets," Mr. Sorsby concluded.

In Closing

"The continued strength of our product offerings contributed to a very successful first half of fiscal 2005 across many metrics, from improvements in gross margin to EPS growth," Mr. Hovnanian said. "We anticipate our number of communities open for sale to increase during the second half of the year to a level that is 20% higher than at the end of fiscal 2004, which we expect will lead to favorable net contract sales comparisons in the back half of 2005 and further

growth in deliveries during 2006. Throughout the balance of 2005 we will strive to maintain our strong returns and we will continue working on initiatives to improve the long-term efficiencies of our manufacturing processes. We will continue to adhere to our high target hurdle rates for returns on new investments and we will deploy capital to those markets that are achieving the best returns. We continue to evaluate potential company acquisition candidates and we will pursue future acquisitions when there is a good cultural fit, strong track record and management team, and where the profits and returns meet our thresholds. Through the hard work and dedication of our associates we have all of the elements in place to execute on our strategic plan for continued growth and profitability," Mr. Hovnanian concluded.

Among the awards the Company received in recognition of its outstanding performance, Hovnanian recently

- debuted on the Fortune 500, ranked 457th based on revenue and ranked 2nd based on five-year total return to investors of 73%;
- was awarded several "Best Active Adult Community" awards by the NAHB Seniors Housing Council, while Ara Hovnanian was honored with an "Icon of the Industry Award" for "Active Adult Builder/Developer" for 2005; and
- ranked 5th on the Barron's 500 list, an annual ranking of the biggest U.S. companies based on "significant stock-market gains and consistently strong cash flow."

Hovnanian Enterprises will webcast its second quarter earnings conference call at 11:00 a.m. E.T. on Wednesday, June 1, 2005, hosted by Ara K. Hovnanian, President and Chief Executive Officer of the Company. The webcast can be accessed live through the "Investor Relations" section of Hovnanian Enterprises' Web site at <http://www.khov.com>. For those who are not available to listen to the live webcast, an archive of the broadcast will be available under the "Webcast" section of the Investor News page on the Hovnanian Web site at <http://www.khov.com>. The archive will be available for 12 months.

The Company's summary projection for the fiscal year ending October 31, 2005 is available on the Company Projection page of the "Investor Relations" section of the Company's website at <http://www.khov.com>.

About Hovnanian Enterprises

Hovnanian Enterprises, Inc., founded in 1959 by Kevork S. Hovnanian, Chairman, is headquartered in Red Bank, New Jersey. The Company is one of the nation's largest homebuilders with operations in Arizona, California, Delaware, Florida, Illinois, Maryland, Michigan, Minnesota, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia and West Virginia. The Company's homes are marketed and sold under the trade names K. Hovnanian Homes, Goodman Homes, Matzel & Mumford, Diamond Homes, Westminster Homes, Forecast Homes, Parkside Homes, Brighton Homes, Parkwood Builders, Great Western Homes, Windward Homes, Cambridge Homes and Town & Country Homes. As the developer of K. Hovnanian's Four Seasons communities, the Company is also one of the nation's largest builders of active adult homes.

Additional information on Hovnanian Enterprises, Inc., including a summary investment profile and the Company's 2004 annual report, can be accessed through the Investor Relations page of the Hovnanian website at <http://www.khov.com>. To be added to Hovnanian's investor e-mail or fax lists, please send an e-mail to IR@khov.com or sign up at <http://www.khov.com>.

Non-GAAP Financial Measures:

Consolidated earnings before interest expense, income taxes, depreciation and amortization ("EBITDA") is not a generally accepted accounting principle (GAAP) financial measure. The most directly comparable GAAP financial measure is net income. The reconciliation of EBITDA to net income is presented in a table attached to this earnings release.

Note: All statements in this Press Release that are not historical facts should be considered as "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks, uncertainties and other factors include, but are not limited to, (1) changes in general and local economic and business conditions, (2) weather conditions, (3) changes in market conditions, (4) changes in home prices and sales activity in the markets where the Company builds homes, (5) government regulation, including regulations concerning development of land, the homebuilding process and the environment, (6) fluctuations in interest rates and the availability of mortgage financing, (7) shortages in and price fluctuations of raw materials and labor, (8) the availability and cost of suitable land and improved lots, (9) levels of competition, (10) availability of financing to the Company, (11) utility shortages and outages or rate fluctuations, (12) geopolitical risks, terrorist acts and other acts of war and (13) other factors described in detail in the Company's Form 10-K for the year ended October 31, 2004.

(Financial Tables Follow)

Hovnanian Enterprises, Inc.

April 30, 2005

Statements of Consolidated Income

(Dollars in Thousands, Except Per Share)

| | Three Months Ended, April 30, | | Six Months Ended, April 30, | |
|----------------------------|----------------------------------|------------|--------------------------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| | (Unaudited) | | | |
| Total Revenues | \$ 1,216,609 | \$ 918,808 | \$ 2,272,605 | \$ 1,694,023 |
| Costs and Expenses | 1,042,082 | 806,651 | 1,966,172 | 1,489,171 |
| Income Before Income Taxes | 174,527 | 112,157 | 306,433 | 204,852 |
| Provision for Taxes | 68,391 | 41,685 | 118,815 | 76,669 |
| Net Income | | | | |

| Per Share Data: | \$ 106,136 | \$ 70,472 | \$ 187,618 | \$ 128,183 |
|--|------------|-----------|------------|------------|
| Basic: | | | | |
| Income per common share | \$ 1.71 | \$ 1.13 | \$ 3.01 | \$ 2.05 |
| Weighted Average Number of Common Shares Outstanding | 62,233 | 62,608 | 62,237 | 62,473 |
| Assuming Dilution: | | | | |
| Income per common share | \$ 1.62 | \$ 1.06 | \$ 2.87 | \$ 1.93 |
| Weighted Average Number of Common Shares Outstanding | 65,498 | 66,408 | 65,459 | 66,393 |

Hovnanian Enterprises, Inc.

April 30, 2005

Gross Margin

(Dollars in Thousands)

| | Homebuilding Gross Margin Three Months Ended April 30, | | Homebuilding Gross Margin Six Months Ended April 30, | |
|---|--|------------|--|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| | (Unaudited) | | | |
| Sale of Homes | \$ 1,189,672 | \$ 900,943 | \$ 2,205,641 | \$ 1,658,216 |
| Cost of Sales, excluding interest | 875,016 | 673,778 | 1,632,101 | 1,236,678 |
| Homebuilding Gross Margin, excluding interest | \$ 314,656 | \$ 227,165 | \$ 573,540 | \$ 421,538 |
| Cost of Sales interest | 14,863 | 13,847 | 27,832 | 25,790 |
| Homebuilding Gross Margin, including interest | \$ 299,793 | \$ 213,318 | \$ 545,708 | \$ 395,748 |
| Gross Margin Percentage, excluding interest | 26.4% | 25.2% | 26.0% | 25.4% |
| Gross Margin Percentage, including interest | 25.2% | 23.7% | 24.7% | 23.9% |

| | Land Sales Gross Margin Three Months Ended April 30, | | Land Sales Gross Margin Six Months Ended April 30, | |
|---------------------------|--|--------|--|----------|
| | 2005 | 2004 | 2005 | 2004 |
| | (Unaudited) | | | |
| Land and Lot Sales | \$ 1,173 | \$ 446 | \$ 24,177 | \$ 1,585 |
| Cost of Sales | 1,811 | 328 | 15,982 | 1,363 |
| Land and Lot Gross Margin | \$ (638) | \$ 118 | \$ 8,195 | \$ 222 |

Hovnanian Enterprises, Inc.

April 30, 2005

Reconciliation of EBITDA to Net Income

(Dollars in Thousands)

| | Three Months Ended April 30, | | Six Months Ended April 30, | |
|-----------------------------|---------------------------------|------------|-------------------------------|------------|
| | 2005 | 2004 | 2005 | 2004 |
| | (Unaudited) | | | |
| Net Income | \$ 106,136 | \$ 70,472 | \$ 187,618 | \$ 128,183 |
| Income Taxes | 68,391 | 41,685 | 118,815 | 76,669 |
| Interest expense | 19,003 | 19,096 | 36,925 | 36,039 |
| EBIT (1) | \$ 193,530 | \$ 131,253 | \$ 343,358 | \$ 240,891 |
| Depreciation | 1,893 | 1,509 | 3,513 | 3,003 |
| Amortization Debt Fees | 348 | 1,302 | 709 | 1,765 |
| Amortization of Intangibles | 10,386 | 4,591 | 20,474 | 9,399 |
| Other Amortization | — | 791 | 528 | 1,833 |
| EBITDA(2) | \$ 206,157 | \$ 139,446 | \$ 368,582 | \$ 256,891 |
| INTEREST INCURRED | \$ 22,904 | \$ 22,204 | \$ 43,948 | \$ 43,791 |
| EBITDA TO INTEREST INCURRED | 9.00 | 6.28 | 8.39 | 5.87 |

(1) EBIT is a non-GAAP financial measure. The comparable GAAP financial measure is net income. EBIT represents earnings before interest expense and income taxes.

(2) EBITDA is a non-GAAP financial measure. The comparable GAAP financial measure is net income. EBITDA represents earnings before interest expense, income taxes, depreciation and amortization.

Hovnanian Enterprises, Inc.

April 30, 2005

Interest Incurred, Expensed and Capitalized

(Dollars in Thousands)

| | Three Months Ended April 30, | Six Months Ended April 30, |
|--|---------------------------------|-------------------------------|
|--|---------------------------------|-------------------------------|

| | 2005 | 2004 | 2005 | 2004 |
|---|------------------|------------------|------------------|------------------|
| | (Unaudited) | | | |
| Interest Capitalized at Beginning of Period | \$ 40,587 | \$ 29,477 | \$ 37,465 | \$ 24,833 |
| Plus Interest Incurred | 22,904 | 22,204 | 43,948 | 43,791 |
| Less Interest Expensed | 19,003 | 19,096 | 36,925 | 36,039 |
| Interest Capitalized at End of Period | <u>\$ 44,488</u> | <u>\$ 32,585</u> | <u>\$ 44,488</u> | <u>\$ 32,585</u> |

Hovnanian Enterprises, Inc.

April 30, 2005

Summary Financial Projection

(Dollars in Millions, except per share or where noted)

(Unaudited)

| | Fiscal Year 10/31/2002 | Fiscal Year 10/31/2003 | Fiscal Year 10/31/2004 | Trailing 12 Months 4/30/2005 | Projection Fiscal Year 10/31/2005* |
|------------------------------------|---------------------------|---------------------------|---------------------------|------------------------------------|--|
| Total Revenues (\$ Billion) | \$ 2.55 | \$ 3.20 | \$ 4.16 | \$ 4.74 | >\$ 5.3 |
| Income Before Income Taxes | \$ 225.7 | \$ 411.5 | \$ 549.8 | \$ 651.4 | >\$ 749 |
| Pre-tax Margin | 8.8% | 12.9% | 13.2% | 13.7% | > 14.1% |
| Net Income | \$ 137.7 | \$ 257.4 | \$ 348.7 | \$ 408.1 | >\$ 459.0 |
| Earnings Per Share (fully diluted) | \$ 2.14 | \$ 3.93 | \$ 5.35 | \$ 6.25 | >\$ 7.00 |

* Fiscal 2005 projections are based on two quarters of actual data and two quarters of projected results.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

| ASSETS | April 30, 2005 (unaudited) | October 31, 2004 |
|---|----------------------------------|---------------------|
| Homebuilding: | | |
| Cash and cash equivalents | \$ 41,533 | \$ 65,013 |
| Inventories - At the lower of cost or fair value: | | |
| Sold and unsold homes and lots under development | 2,058,138 | 1,785,706 |
| Land and land options held for future development or sale | 446,150 | 436,184 |
| Consolidated Inventory Not Owned: | | |
| Specific performance options | 38,637 | 11,926 |
| Variable interest entities | 124,940 | 201,669 |
| Other options | 117,677 | 31,824 |
| Total Consolidated Inventory Not Owned | 281,254 | 245,419 |
| Total Inventories | 2,785,542 | 2,467,309 |
| Receivables, deposits, and notes | 75,351 | 56,753 |
| Property, plant, and equipment - net | 71,589 | 44,137 |
| Prepaid expenses and other assets | 213,568 | 134,456 |
| Goodwill | 32,658 | 32,658 |
| Definite life intangibles | 131,395 | 125,492 |
| Total Homebuilding | 3,351,636 | 2,925,818 |
| Financial Services: | | |
| Cash and cash equivalents | 11,103 | 13,011 |
| Mortgage loans held for sale | 156,756 | 209,193 |
| Other assets | 5,490 | 8,245 |
| Total Financial Services | 173,349 | 230,449 |
| Income Taxes Receivable – Including Deferred Tax Benefits | 49,554 | — |
| Total Assets | \$ 3,574,539 | \$ 3,156,267 |

HOVNIANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | <u>April 30, 2005</u> (unaudited) | <u>October 31, 2004</u> |
|---|--|-----------------------------|
| Homebuilding: | | |
| Nonrecourse land mortgages | \$ 33,419 | \$ 25,687 |
| Accounts payable and other liabilities | 309,986 | 329,621 |
| Customers' deposits | 110,790 | 80,131 |
| Nonrecourse mortgages secured by operating Properties | 24,650 | 24,951 |
| Liabilities from inventory not owned | 162,326 | 68,160 |
| Total Homebuilding | <u>641,171</u> | <u>528,550</u> |
| Financial Services: | | |
| Accounts payable and other liabilities | 5,816 | 6,080 |
| Mortgage warehouse line of credit | 124,326 | 188,417 |
| Total Financial Services | <u>130,142</u> | <u>194,497</u> |
| Notes Payable: | | |
| Revolving credit agreement | 105,100 | 115,000 |
| Senior notes | 803,046 | 602,737 |
| Senior subordinated notes | 400,000 | 300,000 |
| Accrued interest | 21,116 | 15,522 |
| Total Notes Payable | <u>1,329,262</u> | <u>1,033,259</u> |
| Income Taxes Payable | — | 48,999 |
| Total Liabilities | <u>2,100,575</u> | <u>1,805,305</u> |
| Minority interest from inventory not owned | 98,188 | 155,096 |
| Minority interest from consolidated joint ventures. | 3,447 | 3,472 |
| Stockholders' Equity: | | |
| Preferred Stock, \$.01 par value-authorized 100,000 shares; none issued | | |
| Common Stock, Class A, \$.01 par value-authorized 200,000,000 shares; issued 57,421,990 shares at April 30, 2005 and 56,797,313 shares at October 31, 2004 (including 10,695,656 shares at April 30, 2005 and 10,395,656 shares at October 31, 2004 held in Treasury) | 574 | 568 |
| Common Stock, Class B, \$.01 par value (convertible to Class A at time of sale) authorized 30,000,000 shares; issued 15,373,497 shares at April 30, 2005 and 15,376,972 shares at October 31, 2004 (including 691,748 shares at April 30, 2005 and October 31, 2004 held in Treasury) | 154 | 154 |
| Paid in Capital | 205,197 | 199,643 |
| Retained Earnings | 1,241,481 | 1,053,863 |
| Deferred Compensation | (9,093) | (11,784) |
| Treasury Stock - at cost | (65,984) | (50,050) |
| Total Stockholders' Equity | <u>1,372,329</u> | <u>1,192,394</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 3,574,539</u> | <u>\$ 3,156,267</u> |

HOVNIANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In Thousands Except Per Share Data)
(Unaudited)

| | <u>Three Months Ended</u> | | <u>Six Months Ended</u> | |
|-------------------------------------|---------------------------|----------------|-------------------------|------------------|
| | <u>April 30,</u> | <u>2004</u> | <u>April 30,</u> | <u>2004</u> |
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Revenues: | | | | |
| Homebuilding: | | | | |
| Sale of homes | \$ 1,189,672 | \$ 900,943 | \$ 2,205,641 | \$ 1,658,216 |
| Land sales and other revenues | 10,668 | 4,395 | 36,502 | 7,564 |
| Total Homebuilding | <u>1,200,340</u> | <u>905,338</u> | <u>2,242,143</u> | <u>1,665,780</u> |
| Financial Services | 16,269 | 13,470 | 30,462 | 28,243 |
| Total Revenues | <u>1,216,609</u> | <u>918,808</u> | <u>2,272,605</u> | <u>1,694,023</u> |
| Expenses: | | | | |
| Homebuilding: | | | | |
| Cost of sales, excluding interest | 876,827 | 674,106 | 1,648,083 | 1,238,041 |
| Cost of sales interest | 14,863 | 13,847 | 27,832 | 25,790 |
| Total Cost of Sales | <u>891,690</u> | <u>687,953</u> | <u>1,675,915</u> | <u>1,263,831</u> |
| Selling, general and administrative | 106,704 | 80,512 | 203,292 | 152,305 |
| Inventory impairment loss | 1,500 | 734 | 1,998 | 792 |
| Total Homebuilding | <u>999,894</u> | <u>769,199</u> | <u>1,881,205</u> | <u>1,416,928</u> |

| | | | | |
|--|------------|-----------|------------|------------|
| Financial Services | 11,467 | 8,670 | 21,387 | 16,697 |
| Corporate General and Administrative. | 14,916 | 14,694 | 30,794 | 29,218 |
| Interest | 4,140 | 5,249 | 9,093 | 10,249 |
| Expenses Related to Extinguishment Of Debt | — | 934 | — | 934 |
| Other Operations | 1,279 | 3,314 | 3,219 | 5,746 |
| Intangible Amortization | 10,386 | 4,591 | 20,474 | 9,399 |
| Total Expenses | 1,042,082 | 806,651 | 1,966,172 | 1,489,171 |
| Income Before Income Taxes | 174,527 | 112,157 | 306,433 | 204,852 |
| State and Federal Income Taxes: | | | | |
| State | 10,318 | 6,416 | 15,764 | 12,656 |
| Federal | 58,073 | 35,269 | 103,051 | 64,013 |
| Total Taxes | 68,391 | 41,685 | 118,815 | 76,669 |
| Net Income | \$ 106,136 | \$ 70,472 | \$ 187,618 | \$ 128,183 |

Per Share Data:

Basic:

| | | | | |
|--|---------|---------|---------|---------|
| Income per common share | \$ 1.71 | \$ 1.13 | \$ 3.01 | \$ 2.05 |
| Weighted average number of common shares outstanding | 62,233 | 62,608 | 62,237 | 62,473 |

Assuming dilution:

| | | | | |
|--|---------|---------|---------|---------|
| Income per common share | \$ 1.62 | \$ 1.06 | \$ 2.87 | \$ 1.93 |
| Weighted average number of common shares outstanding | 65,498 | 66,408 | 65,459 | 66,393 |

HOVNANIAN ENTERPRISES, INC.

(DOLLARS IN THOUSANDS EXCEPT AVG. PRICE)

(UNAUDITED)

**Communities Under Development
Three Months - 4/30/05**

| | Net Contracts(1) Three Months Ended April 30, | | | Deliveries Three Months Ended April 30, | | | Contract Backlog April 30, | | |
|---|---|-----------|----------|---|---------|----------|-------------------------------|-----------|----------|
| | 2005 | 2004 | % Change | 2005 | 2004 | % Change | 2005 | 2004 | % Change |
| NorthEast Region | | | | | | | | | |
| Homes | 734 | 919 | (20.1)% | 725 | 669 | 8.4% | 2,100 | 2,440 | (13.9)% |
| Dollars | 253,736 | 307,125 | (17.4)% | 267,245 | 208,620 | 28.1% | 732,039 | 733,520 | (0.2)% |
| Avg. Price | 345,689 | 334,194 | 3.4% | 368,614 | 311,839 | 18.2% | 348,590 | 300,623 | 16.0% |
| SouthEast Region(2) | | | | | | | | | |
| Homes | 1,518 | 1,276 | 19.0% | 1,118 | 987 | 13.3% | 3,236 | 2,592 | 24.8% |
| Dollars | 538,285 | 351,923 | 53.0% | 334,900 | 253,485 | 32.1% | 1,144,365 | 750,663 | 52.4% |
| Avg. Price | 354,602 | 275,802 | 28.6% | 299,553 | 256,824 | 16.6% | 353,636 | 289,608 | 22.1% |
| SouthWest Region | | | | | | | | | |
| Homes | 1,222 | 1,150 | 6.3% | 900 | 884 | 1.8% | 1,428 | 1,254 | 13.9% |
| Dollars | 235,487 | 202,748 | 16.1% | 164,133 | 154,564 | 6.2% | 272,554 | 204,621 | 33.2% |
| Avg. Price | 192,706 | 176,303 | 9.3% | 182,370 | 174,846 | 4.3% | 190,864 | 163,174 | 17.0% |
| West Region | | | | | | | | | |
| Homes | 1,216 | 1,428 | (14.8)% | 1,005 | 813 | 23.6% | 2,072 | 1,570 | 32.0% |
| Dollars | 506,363 | 533,686 | (5.1)% | 423,394 | 284,274 | 48.9% | 862,048 | 587,174 | 46.8% |
| Avg. Price | 416,417 | 373,729 | 11.4% | 421,288 | 349,661 | 20.5% | 416,046 | 373,996 | 11.2% |
| Consolidated Total | | | | | | | | | |
| Homes | 4,690 | 4,773 | (1.7)% | 3,748 | 3,353 | 11.8% | 8,836 | 7,856 | 12.5% |
| Dollars | 1,533,871 | 1,395,482 | 9.9% | 1,189,672 | 900,943 | 32.0% | 3,011,006 | 2,275,978 | 32.3% |
| Avg. Price | 327,051 | 292,370 | 11.9% | 317,415 | 268,698 | 18.1% | 340,766 | 289,712 | 17.6% |
| Unconsolidated Joint Ventures(2) | | | | | | | | | |
| Homes | 638 | 138 | 362.3% | 351 | 19 | 1747.4% | 2,150 | 237 | 807.2% |
| Dollars | 320,437 | 84,795 | 277.9% | 123,732 | 8,484 | 1358.3% | 879,482 | 140,353 | 526.6% |
| Avg. Price | 502,253 | 614,454 | (18.3)% | 352,513 | 446,547 | (21.1)% | 409,061 | 592,208 | (30.9)% |
| Total | | | | | | | | | |
| Homes | 5,328 | 4,911 | 8.5% | 4,099 | 3,372 | 21.6% | 10,986 | 8,093 | 35.7% |
| Dollars | 1,854,308 | 1,480,277 | 25.3% | 1,313,404 | 909,427 | 44.4% | 3,890,488 | 2,416,331 | 61.0% |
| Avg. Price | 348,031 | 301,421 | 15.5% | 320,421 | 269,700 | 18.8% | 354,131 | 298,571 | 18.6% |

DELIVERIES INCLUDE EXTRAS

(1) Net contracts are defined as new contracts signed during the period for the purchase of homes, less cancellations of prior contracts.

(2) The number and the dollar amount of net contracts in the Southeast in the second quarter of fiscal 2005 include the effect of the Cambridge Homes acquisition, which closed in March 2005. The number and the dollar amount of net contracts Unconsolidated Joint Ventures in the second quarter of fiscal 2005 include the effect of the Town & Country Homes acquisition, which closed in March 2005.

HOVNANIAN ENTERPRISES, INC.
(DOLLARS IN THOUSANDS EXCEPT AVG. PRICE)
(UNAUDITED)

Communities Under Development
Six Months - 4/30/05

| | Net Contracts(1) Six Months Ended April 30, | | | Deliveries Six Months Ended April 30, | | | Contract Backlog April 30, | | |
|---|---|-----------|----------|---|-----------|----------|-------------------------------|-----------|----------|
| | 2005 | 2004 | % Change | 2005 | 2004 | % Change | 2005 | 2004 | % Change |
| NorthEast Region | | | | | | | | | |
| Homes | 1,256 | 1,550 | (19.0)% | 1,412 | 1,309 | 7.9% | 2,100 | 2,440 | (13.9)% |
| Dollars | 443,341 | 510,609 | (13.2)% | 505,706 | 400,528 | 26.3% | 732,039 | 733,520 | (0.2)% |
| Avg. Price | 352,979 | 329,425 | 7.1% | 358,149 | 305,980 | 17.0% | 348,590 | 300,623 | 16.0% |
| SouthEast Region(2) | | | | | | | | | |
| Homes | 2,367 | 2,143 | 10.5% | 2,020 | 1,774 | 13.9% | 3,236 | 2,592 | 24.8% |
| Dollars | 823,167 | 592,990 | 38.8% | 598,734 | 444,547 | 34.7% | 1,144,365 | 750,663 | 52.4% |
| Avg. Price | 347,768 | 276,710 | 25.7% | 296,403 | 250,590 | 18.3% | 353,636 | 289,608 | 22.1% |
| SouthWest Region | | | | | | | | | |
| Homes | 2,119 | 1,873 | 13.1% | 1,615 | 1,608 | 0.4% | 1,428 | 1,254 | 13.9% |
| Dollars | 400,535 | 323,925 | 23.7% | 300,044 | 282,378 | 6.3% | 272,554 | 204,621 | 33.2% |
| Avg. Price | 189,021 | 172,944 | 9.3% | 185,786 | 175,608 | 5.8% | 190,864 | 163,174 | 17.0% |
| West Region | | | | | | | | | |
| Homes | 2,122 | 2,340 | (9.3)% | 1,967 | 1,563 | 25.8% | 2,072 | 1,570 | 32.0% |
| Dollars | 860,487 | 832,706 | 3.3% | 801,157 | 530,763 | 50.9% | 862,048 | 587,174 | 46.8% |
| Avg. Price | 405,507 | 355,857 | 14.0% | 407,299 | 339,580 | 19.9% | 416,046 | 373,996 | 11.2% |
| Consolidated Total | | | | | | | | | |
| Homes | 7,864 | 7,906 | (0.5)% | 7,014 | 6,254 | 12.2% | 8,836 | 7,856 | 12.5% |
| Dollars | 2,527,530 | 2,260,230 | 11.8% | 2,205,641 | 1,658,216 | 33.0% | 3,011,006 | 2,275,978 | 32.3% |
| Avg. Price | 321,405 | 285,888 | 12.4% | 314,463 | 265,145 | 18.6% | 340,766 | 289,712 | 17.6% |
| Unconsolidated Joint Ventures(2) | | | | | | | | | |
| Homes | 704 | 230 | 206.1% | 373 | 29 | 1186.2% | 2,150 | 237 | 807.2% |
| Dollars | 361,784 | 135,786 | 166.4% | 135,317 | 11,310 | 1096.4% | 879,482 | 140,353 | 526.6% |
| Avg. Price | 513,898 | 590,372 | (13.0)% | 362,780 | 389,998 | (7.0)% | 409,061 | 592,208 | (30.9)% |
| Total | | | | | | | | | |
| Homes | 8,568 | 8,136 | 5.3% | 7,387 | 6,283 | 17.6% | 10,986 | 8,093 | 35.7% |
| Dollars | 2,889,314 | 2,396,016 | 20.6% | 2,340,958 | 1,669,526 | 40.2% | 3,890,488 | 2,416,331 | 61.0% |
| Avg. Price | 337,222 | 294,496 | 14.5% | 316,902 | 265,721 | 19.3% | 354,131 | 298,571 | 18.6% |

DELIVERIES INCLUDE EXTRAS

(1) Net contracts are defined as new contracts signed during the period for the purchase of homes, less cancellations of prior contracts.

(2) The number and the dollar amount of net contracts in the Southeast in the second quarter of fiscal 2005 include the effect of the Cambridge Homes acquisition, which closed in March 2005. The number and the dollar amount of net contracts Unconsolidated Joint Ventures in the second quarter of fiscal 2005 include the effect of the Town & Country Homes acquisition, which closed in March 2005.