Interim Report Q1/2010

Success through
partnership and strategy

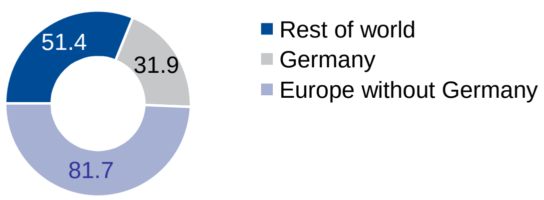
KEY GROUP FIGURES

		1st 3 months 2010	1st 3 months 2009	Variance as %
Total sales revenue	EUR m	165.0	119.0	38.7
Sales revenue Germany	EUR m	31.9	30.2	5.6
Sales revenue outside Germany	EUR m	133.1	88.8	49.9
thereof Europe	EUR m	81.7	66.4	23.0
North America	EUR m	10.0	3.2	212.5
Asia/Pacific	EUR m	30.4	14.4	111.1
Foreign share	as %	80.7	74.6	8.2
EBITDA[1)]	EUR m	12.4	-4.4	381.8
EBITDA adjusted[2)] before employee participation	EUR m	12.7	-3.7	443.2
EBITDA adjusted[2)] after employee participation	EUR m	12.2	-2.0	710.0
EBITDA[1)]	as % of sales revenue	7.5	-3.7	302.7
EBITDA[1)]	as % of total operating performance	7.1	-3.4	308.8
EBIT[1)]	EUR m	5.2	-10.4	150.0
EBIT adjusted[2)] before employee participation	EUR m	5.5	-9.7	156.7
EBIT adjusted[2)] after employee participation	EUR m	5.0	-8.1	161.7
EBIT[1)]	as % of sales revenue	3.2	-8.7	136.8
EBIT[1)]	as % of total operating performance	3.0	-8.1	137.0
Net profit/loss (before minority interests)	EUR m	1.3	-11.2	111.6
Earnings per share[3)]	EUR	0.08	-0.70	111.4
ROCE after taxes	as %	4.9 [4)]	-7.5 [5)]	165.3
ROCE [6)] before taxes	as %	6.9	-10.9	163.3
Equity as of reporting date	EUR m	161.3	172.4	-6.4
Own funds as of reporting date[7)]	EUR m	202.1	213.7	-5.4
Own funds ratio	as %	35.0	38.8	-9.8
Capital expenditures on property, plant and equipment	EUR m	2.5	3.5	-28.6
Depreciation of property, plant and equipment	EUR m	4.5	4.4	2.3
Employees	average of the period	4,947	5,431	-8.9
thereof trainees	average of the period	384	370	3.8
Personnel expenses adjusted[2)]	EUR m	62.2	58.3	6.7
Order intake accumulated[8)]	EUR m	165.6	74.5	122.3
Order backlog as of reporting date[8)]	EUR m	200.5	143.5	39.7

1) Before taking into account employee participation
2) Before restructuring/non-recurring expenses
3) Net profit/loss after minority interests, based on 15,688,000 shares (prior year: 15,688,000)
4) (EBIT adjusted[2)] for the first quarter x 4 x 70%) / capital employed (non-current assets + net working capital) (tax rate 30%)
5) (EBIT adjusted[2)] for the first quarter x 4 x 69%) / capital employed (non-current assets + net working capital) (tax rate 31%)
6) (EBIT adjusted[2)] for the first quarter x 4) / capital employed (non-current assets + net working capital)
7) Equity plus profit participation rights and silent participation
8) Order intake and order backlog only contain own machines without merchandise, spare parts and service

SALES REVENUE BY REGION 3 months 2010

EUR million

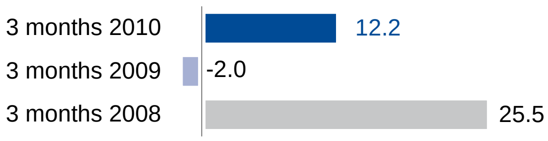


SALES REVENUE

EUR million

EBITDA adjusted[2)] after employee participation

EUR million

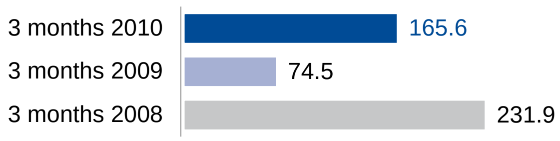


NET PROFIT/LOSS (after minority interests)

EUR million

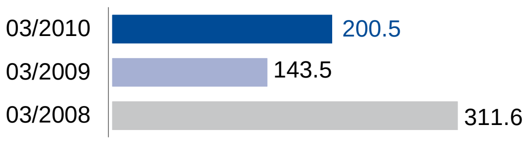
ORDER INTAKE [8)]

EUR million



ORDER BACKLOG [8)]

EUR million



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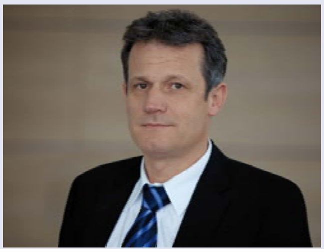
FOREWORD BY THE MANAGEMENT BOARD

From left to right:
Rolf Knoll
Achim Gauss
Jürgen Köppel


DEAR SHAREHOLDERS,

The past first quarter of 2010 saw a continued improvement in the mood in our industry. This constituted a continuation of the positive trend which has set in since the second half of 2009 following the dramatic collapse brought about by the economic crisis. We at HOMAG Group also had a good start to the new year, and are able to report highly satisfactory performance for the first three months of 2010. It seems that the turnaround seen in the fourth quarter of 2009 May be long-lived.

This reinforces our positive development since the first quarter of 2009 which has seen constant increases in revenue and order intake, ensuring that better use is once again being made of our capacities. Order intake has even more than doubled since the opening quarter of 2009. However, we would like to stress that the first quarter of 2009 was exceptionally poor, and we have not yet regained the kind of order volumes seen during peak times.

This is why a direct quarterly comparison is less important to us than the fact that the overall willingness of our customers to invest has continued to improve. This has been seen at trade fairs such as those in Germany, India and China in the reporting period. At these trade fairs, we also saw that HOMAG Group's innovative and refined products offer the machines and systems that are currently in demand. At some fairs we saw very good order intake, and also took part in many positive one-on-one discussions that led to requests for proposals. Overall, we are cautiously optimistic about post-trade fair business.

The fact that we were able to achieve a net profit in the first three months of 2010 despite growing pressure on prices is due to our reduced cost base as well as the further increases in revenue. This was achieved through comprehensive restructuring measures. These efforts have resulted in reduced capacities that are very well matched to current order volumes. This is why we are confident that we have already reached the ideal staffing level, earlier than expected. Order volumes in excess of our expectations meant that the reduction of the workforce was not as far-reaching as originally planned.

OUTLOOK

Our previous forecasts for fiscal 2010 have been confirmed by the positive development of the first quarter. We can therefore reaffirm our intention to increase revenue and total operating performance by at least 15 percent to more than EUR 600 million. We even expect an improvement on 2009 of more than EUR 100 million to over EUR 620 million.

We also expect double-digit percentage growth in order intake, but we assume that it will decline in the course of the year due to a return to the customary seasonality. The restructuring measures already implemented and almost completed have significantly reduced our cost base, leading us to anticipate a small net profit for 2010. However, we cannot rule out a slight loss for the second quarter of 2010 due to the fact that there are fewer working days, considerably higher interest expenses and the costs for the industry's major Xylexpo trade fair fall within this quarter.

From left to right:
Andreas Hermann
Herbert Högemann

The Xylexpo in early May confirmed our hope that customers are once again prepared to invest. Our products met with great interest, and we consider the project business with large-scale systems for the manufacture of construction components, CNC and the assembly and handling segment to be the most promising. In the year in which we celebrate 50 years of HOMAG, we are very confident and convinced that we are on the right track to continue this story of success.

The management board

Schopfloch, May 2010

ROLF KNOLL

ACHIM GAUSS

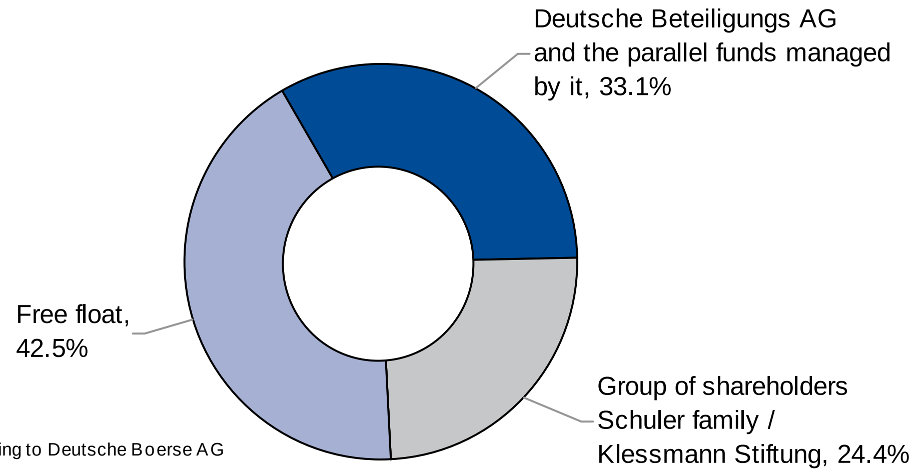
ANDREAS HERMANN

HERBERT HÖGEMANN

JÜRGEN KÖPPEL

THE HOMAG GROUP AG SHARE

SHAREHOLDER STRUCTURE AS OF APRIL 30, 2010*



*Method of calculation according to Deutsche Boerse AG

Despite the recovery of economic performance figures, stock markets fared poorly in the first few weeks of 2010, and lost some of the ground they had made in 2009. This was most likely due in part to shaken confidence in the euro on account of the crisis in Greece. However, there were signs of recovery as early as February, before a true positive trend was established in March. Share price indexes therefore saw an overall improvement in the first quarter of 2010, with the DAX growing by around three percent, the MDAX eight percent and the SDAX ten percent.

The HOMAG Group AG share performed considerably better than the stock market as a whole in the first quarter of 2010. The increase in the price of our share accelerated in March, peaking at EUR 14.45 and closing at EUR 14.00 as of March 31, 2010. This meant that our share rose 31 percent in the first three months of 2010.

The crisis in Greece also had an impact on stock markets in April. However, indexes had changed little as of April 30, 2010 since the end of March, with only the MDAX and SDAX seeing slight gains. Our share lost a small part of the strong gains made in the first quarter, and closed at EUR 13.43 on April 30, 2010.

The Schuler family and Erich und Hanna Klessmann Stiftung, both HOMAG Group shareholders, informed us that they had pooled their shareholdings in early March 2010. Both parties have held shares in HOMAG Group AG for many years, and together account for around 24 percent of the shares. This represents an alliance of long-standing shareholders that will, alongside Deutsche Beteiligungs AG (which holds a 33.1 percent share in HOMAG Group AG together with the parallel funds it manages), ensure stability and continuity on the shareholder side.

On March 23, 2010, the management board and supervisory board of HOMAG Group AG both resolved to propose to the annual general meeting on May 28, 2010 that no dividend be paid out on account of the negative performance of the company in 2009.

We continued to actively communicate with the capital markets in the first quarter of 2010. At our press briefing on the annual results and the conference for analysts at the end of March, we were in close contact with analysts and representatives of the press. We also once again held face-to-face talks with many analysts, held a road show in London and published another edition of our investors' newsletter. The first three months of 2010 also saw the publication of the most recent declaration of compliance, as well as the corporate governance report. We also kept the interested public promptly informed of all significant developments at HOMAG Group through five press releases and an interview with an agency.

PERFORMANCE OF THE HOMAG GROUP SHARE IN COMPARISON WITH SDAX

Source: XETRA, stock performance indexed (January 2, 2009 = 100)

SHARE PERFORMANCE INDICATORS

ISIN code		DE0005297204
Stock exchange segment		Prime Standard
Index		SDAX
IPO	July 13, 2007	
Number of shares	until July 11, 2007	14,561,345
(according to commercial register entry)	since July 12, 2007	15,688,000
	no-par value ordinary bearer shares	
Price high* January 2, 2009-March 31, 2010	March 30, 2010	EUR 14.45
Price low* January 2, 2009-March 31, 2010	March 12, 2009	EUR 5.80
Price* as at March 31, 2010		EUR 14.00
Market capitalization (March 31, 2010)		EUR 219.6 million

* XETRA closing quote

INTERIM MANAGEMENT REPORT AS OF MARCH 31, 2010

ECONOMIC ENVIRONMENT

According to the spring reports of the leading economic research institutes, the global economy continues to recover and the effects of the financial and economic crisis are gradually being overcome. Industrial production and global trade have been growing strongly since mid-2009, albeit with huge variations in growth rates between regions. Many emerging economies, especially in Asia, are returning to high rates of growth, while the recovery has not yet stabilized in industrialized countries and some of the aftershocks of the financial crisis are still clearly evident. This has resulted in a continued low level of overall capacity utilization throughout their economies.

In the euro area, the already faltering recovery seen in the winter of 2009/2010 ground to a halt and has yet to gain impetus. The economic output of some member countries even shrank, as seen in Spain and Greece. In Germany, the underlying trend of the economy is positive following the dramatic decline. However, total economic output fell slightly in the first quarter of 2010 as expected by economists. The ifo business climate index made strong gains for the second time in a row, continuing the general positive trend seen since the second quarter of 2009. Both the current state of business and forecasts of companies are more optimistic as of April 2010.

In the field of mechanical engineering, the German industry association VDMA reports an encouraging start to the year, with order intake rising 14 percent between January and March 2010. Even more favorable development was seen in the wood processing machinery segment, where order intake rose 87 percent in the first three months of 2010 compared to the same period in the prior year. International orders have more than doubled.

BUSINESS DEVELOPMENT

The improved mood in our industry led to the continuation into early 2010 of the positive trend seen in the second half of 2009. Following the successful turnaround in the fourth quarter of 2009, HOMAG Group had a good start to the new year. The positive trend seen since the first quarter of 2009 with constant increases in revenue and order intake has continued in the first three months of 2010. This was helped by the important and highly successful trade fair in Nuremberg in March, where we were able to exceed the order intake generated by the record trade fair of 2006 by around 50 percent.

Capacity utilization therefore continued to improve throughout the Group. This was helped by the fact that we also reduced capacities accordingly. However, as we are still a long way off the kind of figures seen during peak times, capacity utilization varies widely between the individual group companies. This is why reduced working hours are still in place in certain cases, although the use of this measure has been reduced considerably overall.

The reduced cost base resulting from the almost complete implementation of restructuring measures and increased revenue enabled us to generate a net profit in the first quarter of 2010. All earnings figures have improved significantly in comparison to the first quarter of 2009, and order intake has more than doubled. However, we are aware that the quarter being used for comparison was very poor. This is why we attach more importance to the sustained positive development seen in the last four quarters than to a direct quarterly comparison.

HOMAG Group's revenue rose to EUR 165 million in the first quarter of 2010 (prior year: EUR 119 million) and total operating performance to EUR 175 million (prior year: EUR 128 million). The increased willingness of customers to invest is reflected even more strongly by the order intake, which clearly exceeded expectations at EUR 166 million, more than doubled in comparison to the prior year (EUR 75 million) and reached its highest value since the second quarter of 2008. Our order volume also rose accordingly, from EUR 144 million as of the end of the first three months of 2009 and EUR 171 million as of December 31, 2009 to EUR 201 million as of March 31, 2010.

Order intake in the individual sales markets also developed very favorably in comparison to the same quarter in the prior year, which was very poor, in line with the good order volumes seen throughout the group, and exceeded our expectations in all regions. Markets outside Germany improved in comparison to the German market, which had remained stable in 2009, resulting in exports making up 81 percent of sales and rising in the first quarter of 2010.

Despite a relatively encouraging first quarter of 2009 in Germany, Austria and Switzerland, significant gains were also made in these countries in the first quarter of 2010, with both stand-alone machines and project business faring well in all three markets. Germany and Switzerland also saw strong growth in the services business. Markets in western Europe are gaining momentum again following the poor first quarter of 2009, with Belgium, France, Italy, Sweden and Spain in particular showing a strong recovery. The UK does not yet meet our expectations, but is showing continuous positive development. In eastern Europe we were able to make gains in Russia and above all in Poland, despite ongoing problems with financing.

We were able to almost quadruple order intake in the Americas as a whole in comparison to the prior year, with Brazil and Chile in South America and Canada in North America performing very well. Our activities in the service sector are have enjoyed particularly good results in Canada. Orders are once again rising slowly in the US, although the market should still be considered critical. We are very happy with the development of business in Asia. This is mainly due to China, which has a strong stand-alone machine and project business, and South East Asia.

EARNINGS SITUATION

Following the successful turnaround in the fourth quarter of 2009, results for the first three months of 2010 have been slightly positive despite increased pressure on prices, and therefore increased considerably in comparison with the negative figures reported in the first quarter of 2009. This is due on the one hand to an increase in demand and a renewed increase in sales revenue, as well as a positive effect from valuation using the PoC method, as more machines were in the production process as of the reporting date than in the prior year. On the other hand, it is also due to a significant reduction in our cost base brought about by implementing comprehensive capacity adjustment and cost reduction measures. The restructuring measures, decided upon in the fourth quarter of 2008 and mainly concerning personnel, temporary workers and other operating expenses, have now largely been concluded. These restructuring measures and non-recurring expenses gave rise to a negligible extraordinary expense of EUR 0.3 million in the reporting period (prior year: EUR 0.7 million).

A strong increase in total operating performance caused personnel expenses to increase from EUR 58.4 million in the first three months of 2009 to EUR 62.3 million in the first quarter of 2010. The ratio of personnel expenses to total operating performance, on the other hand, fell dramatically from 45.6 percent in the prior year to 35.5 percent. The ratio of cost of materials to total operating performance rose slightly to 45.0 percent from 43.6 percent in the prior year due to the prevailing pressure on prices. The return to a profit for the period meant that the employee participation gave rise to an expense of EUR 0.5 million for the first quarter of 2010, following income of EUR 1.6 million in the same period of the prior year.

EBITDA before the expense from employee participation and before extraordinary expenses between January and March 2010 amounted to EUR 12.7 million (prior year: EUR -3.7 million), while it came to EUR 12.4 million (prior year: EUR -4.4 million) before the expense from employee participation and after extraordinary expenses. EBIT before the expense from employee participation and before extraordinary expenses rose to EUR 5.5 million (prior year: EUR -9.7 million), while it came to EUR 5.2 million (prior year: EUR -10.4 million) before the expense from employee participation and after extraordinary expenses. At EUR -1.9 million (prior year: EUR -2.8 million), the financial result improved thanks to a positive investment result from associates, and resulted in EBT before extraordinary expenses and before employee participation of EUR 3.6 million (prior year: EUR -12.6 million), while it came to EUR 2.8 million after extraordinary expenses and after employee participation (prior year: EUR -11.6 million). The ratio of tax expenses to total operating performance was very high at 55 percent, as some subsidiaries incurred losses for which no deferred tax assets could be created, as well as due to negative effects resulting from the interest limit issue. The net profit for the period before minority interests therefore amounted to EUR 1.3 million (prior year: net loss of EUR 11.2 million) and after minority interests to EUR 1.2 million (prior year: net loss of EUR 11.1 million) and gives rise to earnings per share of EUR 0.08 (prior year: EUR -0.70).

NET ASSETS AND FINANCIAL POSITION

Negotiations with our syndicate of banks, which had already been opened in the second half of 2009, were brought to a successful conclusion in February 2010. Our new syndicated loan agreement expires in February 2013, and therefore secures our liquidity subject to compliance with certain covenants for the next three years. At EUR 198 million, the volume of the loan is ten percent more than under the previous agreement, and shows the high credit standing that we enjoy with the banks.

Due to ongoing increases in the volume of business, total assets rose from EUR 519 million as of the end of 2009 to EUR 577 million as of March 31, 2010. On the assets side, an increase was above all seen in trade receivables, inventories and cash and cash equivalents as of the reporting date due to very encouraging cash inflow. This was mainly financed by an increase in payments on account received and in trade payables on the liabilities side.

Despite an increase in equity, the equity ratio fell from 30 percent as of December 31, 2009 to 28 percent at the end of the first three months of 2010 due to a sharp rise in total assets. Taking participating capital and the obligations from employee participation into account, the own funds ratio amounts to 35 percent (December 31, 2009: 38 percent).

We were able to further reduce our net liabilities to banks in comparison to the very good level as of the end of the prior fiscal year to EUR 89.6 million (December 31, 2009: EUR 94.6 million). However, this very low level leads us to anticipate an increase in the second quarter of 2010.

Return on capital employed (ROCE) before taxes on the basis of EBIT before employee participation and before extraordinary expenses was positive in the first quarter of 2010 and came to 6.9 percent (prior year: -10.9 percent). After taxes (tax rate used in calculation: 30 percent, 31 percent in the prior year), ROCE on the basis of EBIT before employee participation and before the extraordinary expense came to 4.9 percent (prior year: -7.5 percent).

Due to the improved result and the increase in production volume, the cash flow from operating activities increased in the first three months of 2010, and amounted to EUR 7.1 million (prior year: EUR -7.9 million). After deducting cash paid for investments, the free cash flow amounts to EUR 2.3 million (prior year: EUR -26.5 million). Cash flow from financing activities totaled EUR 18.1 million (prior year: EUR 15.6 million). Cash and cash equivalents amounted to EUR 51.4 million as of March 31, 2010 (prior year: EUR 27.4 million).

EMPLOYEES

We have now completed the majority of our measures to adjust personnel capacity. Additional, less extensive measures are being implemented at select locations. This is why we are confident that our workforce is now at optimal strength and we expect numbers to remain constant for the rest of the year. Thanks to the significant improvement of order volumes, personnel cutbacks were somewhat less severe than originally planned, and we are now more optimistic in this regard compared with our expectations as of year-end 2009. As of March 31, 2010, HOMAG Group employed 4,956 people, after 5,387 at the end of the first three months of 2009 and 4,954 as of the end of 2009 (including more than 200 BENZ employees since January 1, 2009).

In comparison to the peak figure seen in the third quarter of 2008 (5,404 employees excluding BENZ), we have therefore cut around 650 jobs as well as almost 300 temporary workers. Taking into account the almost 70 employees currently on subsidized temporary layoffs and more than 100 trainees added in 2009, we have reduced our workforce by more than 1,100. The upturn in business has therefore meant that 300 fewer jobs had to cut than had originally been feared.

CAPITAL EXPENDITURE

Our capital expenditure will decline significantly in comparison to 2009 in the course of the current fiscal year, as we have not planned any extraordinary measures comparable with the construction of the HOMAG Center in the prior year. The effects are already becoming apparent in the first quarter of 2010, with capital expenditure falling to EUR 5.5 million (prior year: EUR 8.0 million), with the lion's share going towards replacement investment. This sum also includes own work capitalized of EUR 2.5 million (prior year: EUR 2.3 million).

RESEARCH AND DEVELOPMENT

We consistently pursued our R&D strategy, even throughout the economic crisis, and continued to invest in processes, structures and innovation, and this is now paying off. The new **laser**Tec technology is now ready for series production. The technology is available for all types of machines, and is selling very well.

In the field of panel saws the newly developed, fully automated labeling system on the pressure beam allows the identification of parts. This makes batch size 1 manufacturing even more efficient, also due to a new software module for offcut management.

In the field of surface technology a complete laminating range is now available for all surface and adhesive materials, allowing even high-gloss surfaces with narrow edge wrapping to be produced in series.

As demand for composite panels is growing constantly, we have expanded the module for their production so that in the meantime workpieces of between 3 and 350 mm can be manufactured manually or automatically from a range of materials.

We have added many technical and service-related details to our product portfolio around door leaves and frames. These also include aggregates for automated assembly-line production. We have compiled our comprehensive systems expertise in a door/frame compendium in order to tackle global marketing in this field of technology.

For our customers in the cabinet shops segment, our presentation at the trade fair in Nuremberg in March included new carcase presses, reasonably priced return conveyors, a small front processing machine and a space-saving drilling, grooving and milling machine. With regard to entry-level products, we have added six new products for the Asian market to the product portfolio of our plant in China.

In the product segment timber frame house construction we were able to complete the development of a new panel processing center with 5-axis technology. We have also completed the WUP-Works 4.0 program, a software package that is specially tailored to fully automated construction element and component processing in timber-frame house construction.

OPPORTUNITY AND RISK REPORT

The risk management system in place and the individual business risks are described in the annual report 2009, pages 65-69. The comments made there are still essentially valid. There are no discernable risks at present that could jeopardize the continuation of HOMAG Group as a going concern.

SUBSEQUENT EVENTS

The official celebration marking 50 years of HOMAG Holzbearbeitungssysteme AG was held on April 9, 2010 at the Kurhaus in Freudenstadt. Many prominent guests including the Prime Minister of the German state of Baden-Württemberg, Stefan Mappus, honored the success of the company and its founders.

OUTLOOK

According to the spring reports issued by leading economic research institutes, global manufacturing output will grow by 2.9 percent and world trade by 9.0 percent, with the global economy benefiting from the momentum seen in the latter stages of 2009. This upturn is mainly driven by emerging economies, which are expected to grow by just over 6 percent, or even over 9 percent in the case of China. In industrialized countries, economists expect economic growth to be weaker at just 1.8 percent, with the USA and Japan at the forefront with growth rates of 2.8 percent and 2.0 percent respectively.

Only a slight improvement is forecast for the EU and euro area for 2010, with GDP predicted to grow by 0.9 percent. The recession is even expected to linger in countries such as Spain, Ireland and Greece. Although the institutes expect the economic recovery to continue in Germany, they forecast that it will only be moderate and result in economic growth of 1.5 percent.

Industry association VDMA continues to anticipate growth of zero percent in mechanical engineering for 2010. It remains to be seen how sustainable this growth is, as capacity utilization was well below the long-term average at the beginning of the year. The industry association within the VDMA responsible for the wood processing machinery segment expects revenue to grow by between 10 and 15 percent for 2010 as a whole according to a forecast made in February 2010 based on the low starting values.

Following an encouraging first quarter of 2010, and in light of healthy order volumes, we are able to confirm all of our previous forecasts for 2010. Our aim therefore remains to increase revenue and total operating performance by at least 15 percent, and to achieve a volume of more than EUR 600 million. We even expect an improvement on 2009 of more than EUR 100 million to over EUR 620 million. We also anticipate double-digit percentage growth in order intake. We expect low but positive net profit for 2010 thanks to our reduced cost base on account of the successfully implemented restructuring measures.

We also assume that we will return to our usual seasonal patterns in 2010, according to which order intake will decline in the course of the year. 2009 was an exception in this regard due to the extremely poor order intake at the beginning of the year.

We are encouraged by our success at the various industry trade fairs held in March in India, China and Germany. We were able to hold a number of fruitful discussions and establish new contacts, leading us to expect good post-trade fair business. At Xylexpo in Milan in early May we also registered a high level of interest in our products. The latest refinements of our innovative products **laser**Tec and SORB TECH in particular, as well as the edition machines on display to mark 50 years of HOMAG Holzbearbeitungssysteme AG, were very well received. We see a lot of potential for the rest of the year in the project business with large-scale systems for the manufacture of construction components, CNC and the assembly and handling segment. We expect the trends seen in the first quarter of 2010 in the various sales regions of the world to continue.

We have almost completed our restructuring measures aimed at adjusting capacity and saving costs. Only less extensive measures remain to be implemented at certain locations, so that our headcount will remain roughly the same on account of the high level of order intake, and therefore above our expectations at the start of the year.

We had already announced that the results of individual quarters in the course of the year could be negative. We believe that this could be the case for the second quarter of 2010, as this quarter has fewer working days, considerably higher interest expenses and the costs for the Xylexpo trade fair fall within this quarter. However, as our planning is based on just such a development, any loss in the second quarter of 2010 would not constitute a setback on our path to significantly improved results of operations with a low but positive net profit for the year. We expect order intake to fall in the second quarter in comparison to the very high levels of demand seen in the first three months on account of the usual seasonal patterns, but it should remain above the level seen in the prior year (EUR 101 million).

CONSOLIDATED INCOME STATEMENT

EUR k	2010 01/01-03/31	2009 01/01-03/31
SALES REVENUE	**165,024**	**119,027**
Increase or decrease in inventories of finished goods and work in progress	7,747	6,668
Own work capitalized	2,598	2,418
	10,345	9,086
TOTAL OPERATING PERFORMANCE	**175,369**	**128,113**
Other operating income	5,924	5,235
	181,293	**133,348**
Cost of materials	78,922	55,845
Personnel expenses before employee participation	62,287	58,425
Amortization of intangible assets	2,665	1,654
Depreciation of property, plant and equipment	4,540	4,388
Other operating expenses	27,693	23,455
	176,107	**143,767**
OPERATING RESULT BEFORE EMPLOYEE PARTICIPATION	**5,186**	**-10,419**
Result from employee particpation	-462	1,645
NET OPERATING PROFIT/LOSS	**4,724**	**-8,774**
Profit/loss from associates	617	-498
Interest income	446	428
Interest expenses	2,945	2,754
EARNINGS BEFORE TAXES	**2,842**	**-11,598**
Income taxes	-1,556	432
NET PROFIT/LOSS FOR THE PERIOD	**1,286**	**-11,166**
Profit/loss attributable to minority interests	106	-109
Profit/loss attributable to owners of Homag Group AG	**1,180**	**-11,057**
Earnings per share attributable to the owners of Homag Group AG in EUR (basic and diluted)	0.08	-0.70

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR k	2010 01/01-03/31	2009 01/01-03/31
GROUP NET PROFIT/LOSS FOR THE PERIOD	**1,286**	**-11,166**
Currency effects	2,730	443
Actuarial gains and losses	0	10
Income taxes on other comprehensive income	0	-3
OTHER COMPREHENSIVE INCOME	**2,730**	**450**
TOTAL COMPREHENSIVE INCOME	**4,016**	**-10,716**
Profit/loss attributable to minority interests	316	108
Profit/loss attributable to owners of Homag Group AG	3,700	**-10,824**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR k		Mar. 31, 2010	Dec. 31, 2009
NON-CURRENT ASSETS			
I.	Intangible assets	55,116	54,699
II.	Property, plant and equipment	143,764	144,862
III.	Investments in associates	6,789	5,842
IV.	Other financial assets	681	771
V.	Receivables and other assets		
	Trade receivables	3,266	3,919
	Other financial assets	5,430	4,346
	Other assets and prepaid expenses	61	119
	Income tax receivables	2,879	2,853
VI.	Deferred taxes	18,525	19,710
		236,511	**237,121**
CURRENT ASSETS			
I.	Inventories	126,139	111,826
II.	Receivables and other assets		
	Trade receivables	98,069	91,170
	Receivables from long-term construction contracts	30,817	23,354
	Receivables due from associates	6,486	6,065
	Other assets and prepaid expenses	20,810	13,457
	Income tax receivables	7,068	6,668
III.	Cash and cash equivalents	51,438	29,823
		340,827	**282,363**
TOTAL ASSETS		**577,338**	**519,484**

EQUITY AND LIABILITIES

EUR k		Mar. 31, 2010	Dec. 31, 2009
EQUITY			
I.	Issued capital	15,688	15,688
II.	Capital reserves	32,976	32,976
III.	Revenue reserves	96,830	114,996
IV.	Net profit/loss for the period	1,180	-20,710
	Equity attributable to owners	146,674	142,950
V.	Minority interests	14,584	14,295
		161,258	**157,245**
NON-CURRENT LIABILITIES AND PROVISIONS			
I.	Non-current financial liabilities	137,255	60,829
II.	Other non-current liabilities	10,809	10,840
III.	Pensions and other post-employment benefits	2,661	2,658
IV.	Obligations from employee participation	11,088	11,035
V.	Other non-current provisions	5,300	5,037
VI.	Deferred taxes	11,129	12,292
		178,242	**102,691**
CURRENT LIABILITIES AND PROVISIONS			
I.	Current financial liabilities	44,246	104,431
II.	Trade payables	80,229	63,685
III.	Payments on account	33,324	24,821
IV.	Liabilities from long-term construction contracts	2,144	1,654
V.	Liabilities to associates	4,282	2,558
VI.	Other financial liabilities	242	377
VII.	Other current liabilities and deferred income	55,176	44,771
VIII.	Tax liabilities	3,746	3,446
IX.	Pensions and other post-employment benefits	50	50
X.	Other current provisions	14,399	13,755
		237,838	**259,548**
TOTAL LIABILITIES		**416,080**	**362,239**
TOTAL EQUITY AND LIABILITIES		**577,338**	**519,484**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR k	2010 01/01-03/31	2009 01/01-03/31
1. CASH FLOW FROM OPERATING ACTIVITIES		
Profit or loss before taxes	2,842	-11,598
Income tax paid (-)	-1,375	-3,721
Interest result	2,499	2,326
Interest paid (-)	-2,711	-2,630
Interest received (+)	419	402
Write-downs (+)/write-ups (-) of non-current assets (netted)	7,205	6,038
Increase (+)/decrease (-) in provisions	1,252	-1,953
Other non-cash expenses (+)/income (-)	94	16
Share of profit or loss of associates	-617	498
Gain (-)/loss (+) on disposals of non-current assets	25	78
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-32,304	26,816
Increase (+)/decrease (-) in trade payables and other liabilities	29,736	-24,159
CASH FLOW FROM OPERATING ACTIVITIES	**7,065**	**-7,887**
2. CASH FLOW FROM INVESTING ACTIVITIES		
Cash received (+) from disposals of property, plant and equipment	15	392
Cash paid (-) for investments in property, plant and equipment	-1,737	-2,603
Cash paid (-) for investments in intangible assets	-3,078	-3,872
Cash paid (-) for the acquisition of consolidated companies	0	-12,496
CASH FLOW FROM INVESTING ACTIVITIES	**-4,800**	**-18,579**

EUR k	2010 01/01-03/31	2009 01/01-03/31
3. CASH FLOW FROM FINANCING ACTIVITIES		
Cash paid (-) to minority interests	0	-1,542
Cash received (+) from the issue of (financial) liabilities	31,403	20,797
Cash repayment (-) of bonds and (financial) liabilities	-13,267	-3,650
CASH FLOW FROM FINANCING ACTIVITIES	**18,136**	**15,605**
4. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Change in cash and cash equivalents (subtotal 1-3)	20,401	-10,861
Effect of changes in foreign exchange rates and the consolidated group on cash and cash equivalents	1,214	-290
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**29,823**	**38,588**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*	**51,438**	**27,437**

* Cash and cash equivalents at the end of the period corresponds to the item cash and cash equivalents reported in the statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR k	Issued capital	Capital reserves	Revenue Revenue reserves
Jan. 01, 2009	**15,688**	**32,976**	**87,746**
Other changes			-479
Dividends paid			
Changes from minority interests			106
Transactions with owners			**106**
Reclassification to revenue reserves			31,944
Total comprehensive income			
Mar. 31, 2009	**15,688**	**32,976**	**119,317**
Jan. 01, 2010	**15,688**	**32,976**	**114,449**
Other changes			
Dividends paid			
Changes from minority interests			
Transactions with owners			
Reclassification to revenue reserves			-20,710
Total comprehensive income			
Mar. 31, 2010	**15,688**	**32,976**	**93,739**

reserves					
Other comprehensive income	Translation reserve	Group result	Equity before minority interests	Minority interests	Total
244	**-326**	**31,944**	**168,272**	**15,674**	**183,946**
			-479	1,541	1,062
				-1,542	-1,542
			106	-456	-350
			106	**-1,998**	**-1,892**
		-31,944			
7	226	-11,057	-10,824	108	-10,716
251	**-100**	**-11,057**	**157,075**	**15,325**	**172,400**
57	**490**	**-20,710**	**142,950**	**14,295**	**157,245**
24			24	-27	-3
24			**24**	**-27**	**-3**
		20,710			
	2,520	1,180	3,700	316	4,016
81	**3,010**	**1,180**	**146,674**	**14,584**	**161,258**

SELECTED EXPLANATORY NOTES

GENERAL

These interim condensed consolidated financial statements for the first three months of 2010 were released for publication by resolution of the management board on May 12, 2010.

COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The interim condensed consolidated financial statements of Homag Group AG (the Homag Group) as of March 31, 2010, like the consolidated financial statements as of December 31, 2009, were prepared in accordance with the International Financial Reporting Standards (IFRSs) and the International Accounting Standards (IASs) of the International Accounting Standards Board (IASB), the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU and applicable as of the end of the reporting period. The provisions of IAS 34 on interim financial reporting were applied.

The same accounting policies generally apply for this interim report as for the 2009 consolidated financial statements. These policies are explained in detail in the 2009 annual report. In addition, the amendments to IFRSs and the new policies mandatory as of March 31, 2010 have been adopted in the interim financial statements. These mandatory amendments to IFRS and new policies were described in detail in the 2009 annual report.

The interim consolidated financial statements have been prepared in euro (group currency) and presented in thousands of euros (EUR k). Besides the income statement and statement of financial position, a statement of cash flows, a statement of changes in equity and a statement of comprehensive income have been presented separately.

The income statement has been prepared using the cost-summary method.

BASIS OF CONSOLIDATION

The interim consolidated financial statements are based on the separate financial statements of Homag Group AG and the subsidiaries included in consolidation, prepared in accordance with uniform accounting policies.

The interim condensed consolidated financial statements do not contain all of the information required for consolidated financial statements and should therefore be read in conjunction with the published consolidated financial statements as of December 31, 2009.

CHANGES IN THE CONSOLIDATED GROUP

In February 2010 we increased our share in Bütfering Schleiftechnik GmbH from 80 percent to just under 92 percent by means of a capital injection, while at the same time diluting minority interests.

Development of purchase price allocation for BENZ 2009

Effective January 1, 2009, 51 percent of the shares in BENZ GmbH Werkzeugsysteme, with its registered offices in Haslach, were acquired. BENZ GmbH Werkzeugsysteme owns all of the shares in the company BENZ Incorporated, with its registered office in Charlotte (USA).

A provisional purchase price allocation was carried out on March 31, 2009, and final purchase price allocation on December 31, 2009.

The fair values of the identifiable assets and liabilities of the acquired company, BENZ GmbH Werkzeugsysteme, as of the date of acquisition and following both the provisional and final purchase price allocation can be summarized as follows:

EUR k	Previous carrying value	Preliminary fair value as of the date of acquisition based on preliminary purchase price allocation as of March 31, 2009	Final fair value as of the date of acquisition based on final purchase price allocation as of December 31, 2009
Intangible assets	466	1,560	2,966
Property, plant and equipment	5,697	5,509	5,564
Other assets	13,874	13,841	13,835
Total assets	**20,037**	**20,910**	**22,365**
Financial liabilities	1,275	1,275	1,275
Trade payables	1,913	2,126	1,913
Other liabilities	14,485	14,452	15,275
Total liabilities	**17,673**	**17,853**	**18,463**
Net assets (without goodwill from acquisition)	2,364	3,057	3,902
Share attributable to the Homag Group		1,519	1,856
Minority interests		1,538	2,046
Acquisition cost for 51%		**12,146**	**12,146**
Goodwill from acquisition		**10,627**	**10,290**

EXPLANATIONS TO THE CONSOLIDATED INCOME STATEMENT

SALES REVENUE

In the first three months of 2010, the Homag Group generated sales revenue of EUR 165.0 million, up 38.6 percent on the prior-year figure.

EUR k	2010 01/01-03/31	%	2009 01/01-03/31	%	% change on the prior year
Germany	**31,872**	**19.3%**	**30,203**	**25.4%**	**5.5%**
Other EU countries	63,315	38.4%	52,821	44.4%	19.9%
Rest of Europe	18,383	11.1%	13,641	11.4%	34.8%
North America	9,979	6.0%	3,178	2.7%	214.0%
South America	10,280	6.2%	3,518	3.0%	192.2%
Asia/Pacific	30,415	18.4%	14,431	12.1%	110.8%
Africa	780	0.6%	1,235	1.0%	-36.8%
Other countries	**133,152**	**80.7%**	**88,824**	**74.6%**	**49.9%**
TOTAL	**165,024**	**100.0%**	**119,027**	**100.0%**	**38.6%**

The regions of North America, South America and Asia-Pacific saw the greatest percentage increase in sales revenue in comparison to the same period of the prior year. Looking at the first quarter of 2010 in comparison to the same period in 2008 and 2007, i.e. before the financial crisis, the regions South America and Asia-Pacific have seen revenue increase by almost 50 percent, while revenue in North America has fallen by more than 50 percent, and in Rest of Europe by over 40 percent.

COST OF MATERIALS

EUR k	2010 01/01-03/31	2009 01/01-03/31
Cost of raw materials, consumables and supplies and purchased goods	75,101	53,830
Cost of purchased services	3,821	2,015
	78,922	**55,845**

The ratio of cost of materials to total operating performance rose to 45.0 percent in the first three months of 2010 on account of increased pressure on prices and higher intercompany profits (prior year: 43.6 percent). However, this value still falls short of the 47.6 percent seen in the first three months of 2008.

PERSONNEL EXPENSES

EUR k	**2010 01/01-03/31**	2009 01/01-03/31
Wages and salaries	52,679	47,964
Social security, pension and other benefit costs	9,608	10,461
thereof pension benefits	*3,987*	*4,480*
	62,287	**58,425**

EUR k	**2010 01/01-03/31**	2009 01/01-03/31
Result from employee participation	-462	1,645

After 4,954 employees as at year-end 2009 and 5,387 employees as of March 31, 2009, the Homag Group had 4,956 employees as of March 31, 2010.

The 36.9 percent increase in total operating performance resulted in the reduction of the ratio of personnel expenses to total operating performance from 45.6 percent in the same period of the prior year to 35.5 percent in the reporting period, despite the increase in personnel expenses.

The profit generated in the reporting period resulted in an expense from employee participation amounting to EUR 462 k, compared with income totaling EUR 1,645 k in the same period of 2009.

NET PROFIT/LOSS FOR THE PERIOD

Adjusted EBITDA before expenses from employee participation and restructuring/non-recurring expenses comes to EUR 12.7 million for the first three months of 2010 (prior year: EUR -3.7 million) and after employee participation to EUR 12.2 million (prior year: EUR -2.0 million). After the result from employee participation and before restructuring/non-recurring expenses, EBIT came to EUR 5.0 million (prior year: EUR -8.1 million). With an expense of EUR -1.9 million (prior year: EUR -2.8 million), the financial result has improved slightly in comparison to the prior-year period due to a positive result from investments in associates. After employee participation and after restructuring/non-recurring expenses, EBT increased to EUR 2.8 million (prior year: EUR -11.6 million). The net profit for the period comes to EUR 1.3 million (prior year: EUR -11.2 million) which after minority interests leads to earnings per share of EUR 0.08 (prior year: EUR -0.70).

EXPLANATIONS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Inventories rose by EUR 14.3 million in comparison to December 31, 2009, an increase of 12.8 percent.

Current trade receivables increased by EUR 6.9 million compared to the level as of December 31, 2009. This is an increase of 7.6 percent. Receivables from long-term construction contracts were up EUR 7.5 million or 32.0 percent. Other assets and prepaid expenses rose by EUR 7.3 million or 53.7 percent compared to December 31, 2009. All of these effects are related to the stark increase in business volume.

In the third quarter of 2009 we reported on two major contracts entailing risks of delayed or defaulted payment. In one case, agreement has been reached with the customer and payment of EUR 2.5 million has already been received. The remaining sum of EUR 3.6 million will be settled in installments over a period of four years. The receivable has been discounted accordingly. In the other case, problems with performance have largely been remedied and negotiations with the customer aimed at reaching a commercial settlement have progressed. From today's perspective, a valuation allowance has been recorded for an appropriate portion of the total outstanding amount of EUR 3.5 million.

Cash and cash equivalents increased by EUR 21.6 million compared to December 31, 2009 as of the reporting date, on account of healthy cash inflow.

EQUITY

The change in equity, including other comprehensive income, is presented in the statement of changes in equity.

The equity ratio has fallen from 30.3 percent as of December 31, 2009 to 27.9 percent on account of the significant increase in total assets in the first three months, despite the EUR 4.0 million increase in equity. The increase in equity far in excess of the net profit for the first quarter of 2010 is due to positive currency translation effects from capital consolidation.

Pursuant to IAS 33, earnings per share are determined by dividing the group's net profit or loss for the period by the average number of shares.

	2010 01/01-03/31	2009 01/01-03/31
Profit/loss for the period attributable to owners of Homag Group AG for the calculation of the basic earnings in EUR k	1,180	-11,057
BASIC EARNINGS PER SHARE ACCORDING TO IAS 33 IN EUR	**0.08**	**-0.70**
Weighted average number of shares (basis for the calculation of the earnings per share)	15,688,000	15,688,000

There were no dilutive effects in the reporting period.

The annual general meeting on May 28, 2010 will decide on a proposal to distribute no dividend for fiscal 2009.

LIABILITIES

Non-current liabilities reported an increase of EUR 75.6 million in comparison to December 31, 2009. Current liabilities fell by EUR 21.7 million in comparison to fiscal year 2009. This shift is mainly due to a change in the terms to maturity of financial liabilities as a consequence of the conclusion of a new syndicated loan agreement. After being reclassified as current financial liabilities at the end of 2009 on account of their remaining term to maturity, liabilities arising from the new syndicated loan agreement are now once again reported as non-current financial liabilities. Trade payables rose by EUR 16.5 million in relation to December 31, 2009, an increase of 26.0 percent. Payments received on account rose by EUR 8.5 million (34.3 percent).

Net liabilities to banks fell from EUR 94.6 million as of December 31, 2009 to EUR 89.6 million as of March 31, 2010, and are currently at a very encouraging level due to good cash inflow and successful management of net working capital. This can also be seen in the comparison with net bank liabilities of EUR 117.8 million as of March 31, 2009.

SEGMENT REPORTING

Intersegment transfers are performed at arm's length. Transactions between group segments are eliminated in the consolidation column.

The segments of the Homag Group are Industry, Cabinet Shops, Sales & Service and Other.

The Industry segment comprises those entities whose core business activities center on the provision of system solutions for industrial companies – i.e. a holistic, optimally aligned system comprising machines, handling, data links, information technology and logistics, while covering the main processes of the wood processing workflow.

The Cabinet Shops segment comprises those group entities that offer products tailored to the special requirements of smaller workshops. Apart from high quality and productivity, the portfolio of products offered in the segment centers on simple operation and flexible applications at an affordable price.

The Sales & Service segment comprises the business activities of the Homag sales and service entities in Germany and abroad. The global sales and service network affords customers worldwide competent support at any time, from consulting to sales or on-site servicing.

The Other segment primarily comprises the holding activities of Homag Group AG, foreign production facilities in regions with future potential, the software and consulting portfolio of Schuler Business Solutions AG and the timber frame house construction division.

	Industry		Cabinet Shops		Sales & Services	
	2010	2009	**2010**	2009	**2010**	2009
EUR k	**01/01-03/31**	01/01-03/31	**01/01-03/31**	01/01-03/31	**01/01-03/31**	01/01-03/31
Third-party sales	67,889	52,160	21,072	19,277	58,801	39,140
Sales with group companies from other segments	32,651	16,614	17,710	12,148	298	737
Sales with investments accounted for using the equity method	6,910	2,172	3,050	1,270	37	51
TOTAL SALES REVENUE	**107,450**	**70,946**	**41,832**	**32,695**	**59,136**	**39,928**
EBITDA[1)]	**10,125**	**160**	**1,468**	**-2,619**	**2,507**	**-446**
Restructuring/non-recurring expenses	**-41**	**-95**	**-44**	**-174**	**-203**	**-403**
EBITDA[2)]	**10,084**	**65**	**1,424**	**-2,793**	**2,304**	**-849**
Depreciation of property, plant and equipment and amortization of intangible assets	-4,916	-3,802	-1,268	-1,340	-578	-434
Result from employee participation	-493	1,111	-14	458	0	0
Share of profit or loss of associates	516	-188	0	0	101	-310
Interest result	-1,286	-1,454	-233	-317	-231	-82
SEGMENT RESULT[3)]	**3,905**	**-4,268**	**-91**	**-3,992**	**1,596**	**-1,675**
EMPLOYEES[4)]	**2,682**	**2,921**	**1,027**	**1,140**	**678**	**761**

	Industry		Cabinet Shops		Sales & Services	
	2010	2009	**2010**	2009	**2010**	2009
EUR k	**Mar. 31**	Dec. 31	**Mar. 31**	Dec. 31	**Mar. 31**	Dec. 31
SEGMENT ASSETS	**368,244**	**341,101**	**134,483**	**123,290**	**167,799**	**157,803**

1) EBITDA before employee participation and restructuring/non-recurring expenses
2) EBITDA before employee participation
3) The segment result is equivalent to EBT
4) Average of the period

Other		Total segments		Consolidation		Group	
2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
01/01-03/31	01/01-03/31	**01/01-03/31**	01/01-03/31	**01/01-03/31**	01/01-03/31	**01/01-03/31**	01/01-03/31
4,437	4,493	152,199	115,070	0	0	152,199	115,070
4,946	3,504	55,605	33,003	-55,605	-33,003	0	0
2,828	464	12,825	3,957	0	0	12,825	3,957
12,211	**8,461**	**220,629**	**152,030**	**-55,605**	**-33,003**	**165,024**	**119,027**
-17	**-271**	**14,083**	**-3,176**	**-1,404**	**-518**	**12,679**	**-3,694**
0	**-12**	**-288**	**-684**	**0**	**0**	**-288**	**-684**
-17	**-283**	**13,795**	**-3,860**	**-1,404**	**-518**	**12,391**	**-4,378**
-443	-466	-7,205	-6,042	0	0	-7,205	-6,042
45	76	-462	1,645	0	0	-462	1,645
0	0	617	-498	0	0	617	-498
-749	-473	-2,499	-2,325	0	0	-2,499	-2,325
-1,164	**-1,146**	**4,246**	**-11,080**	**-1,404**	**-518**	**2,842**	**-11,598**
560	**609**	**4,947**	**5,431**	**0**	**0**	**4,947**	**5,431**

Other		Total segments		Consolidation		Group	
2010 Mar. 31	2009 Dec. 31	**2010 Mar. 31**	2009 Dec. 31	**2010 Mar. 30**	2009 Dec. 31	**2010 Mar. 30**	2009 Dec. 31
232,653	**209,575**	**903,179**	**831,769**	**-325,841**	**-312,285**	**577,338**	**519,484**

OTHER EXPLANATIONS

LITIGATION RISKS

The Homag Group or its group entities were not involved in any material litigation or arbitration proceedings that could have a considerable influence on the economic situation of the entities or the group in the past two years, nor are they involved in any such proceedings at present. The group entities concerned have made adequate provision for any financial burdens from other litigation or arbitration proceedings which do not have a significant influence on the economic situation of the group or there is coverage for these items.

In the case of a German production company, a provision totaling EUR 250 k was recognized for litigation risks.

RELATED PARTIES

Trade to the value of EUR 12.8 million was transacted with associates in the first three months of the year (prior year: EUR 4.0 million). Goods and services worth EUR 0.4 million were received from associates (prior year: EUR 0.2 million).

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the end of the reporting period.

Schopfloch, May 12, 2010

Homag Group AG
The management board

FINANCIAL CALENDAR, CONTACTS AND DISCLAIMER

FINANCIAL CALENDAR

May 28, 2010	Annual general meeting in Freudenstadt
August 13, 2010	Interim report Q2/2010
November 12, 2010	Interim report Q3/2010

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DISCLAIMER

SERVICE

This interim report as well as other up-to-the-minute information about HOMAG Group AG can be downloaded from the internet at: **www.homag-group.com**

FUTURE-ORIENTED STATEMENTS

This interim report contains certain statements relating to the future. Future-oriented statements are all those statements that do not pertain to historical facts and events or expressions pertaining to the future such as “believes”, “estimates”, “assumes”, “forecasts”, “intend”, “may”, “will”, “should” or similar expressions. Such future-oriented statements are subject to risks and uncertainty since they relate to future events and are based on current assumptions of the company, which may not occur in the future or may not occur in the anticipated form. The company points out that such future-oriented statements do not guarantee the future; actual results including the financial position and the profitability of HOMAG Group AG as well as the development of economic and regulatory framework conditions may deviate significantly (and prove unfavorable) from what is expressly or implicitly assumed or described in these statements. Even if the actual results of HOMAG Group AG including the financial position and profitability as well as the economic and regulatory framework conditions should coincide with the future-oriented statements in this interim report, it cannot be guaranteed that the same will hold true in the future.

OTHER INFORMATION

This interim report is published in German and in English. In case of doubt, the German version shall prevail. Minor differences may arise from use of amounts and percentages rounded to the nearest whole number.

www.homag-group.com