Interim Report Q1/2011

HOMAG Group – Success through partnership and strategy

KEY GROUP FIGURES

		3 months 2011	3 months 2010	Variance as %
Total sales revenue	EUR m	175.6	165.0	6.4
Sales revenue Germany	EUR m	37.0	31.9	16.0
Sales revenue outside Germany	EUR m	138.6	133.1	4.1
thereof Europe	EUR m	80.8	81.7	-1.1
North America	EUR m	13.5	10.0	35.0
South America	EUR m	9.3	10.3	-9.7
Asia/Pacific	EUR m	34.3	30.4	12.8
Foreign share	as %	79.0	80.7	-2.1
EBITDA[1)]	EUR m	14.2	12.4	14.5
EBITDA adjusted[2)] before employee participation	EUR m	14.6	12.7	15.0
EBITDA adjusted[2)] after employee participation	EUR m	13.5	12.2	10.7
EBITDA[1)]	as % of sales revenue	8.1	7.5	8.0
EBITDA[1)]	as % of total operating performance	7.6	7.1	7.0
EBIT[1)]	EUR m	6.9	5.2	32.7
EBIT adjusted[2)] before employee participation	EUR m	7.3	5.5	32.7
EBIT adjusted[2)] after employee participation	EUR m	6.2	5.0	24.0
EBIT[1)]	as % of sales revenue	3.9	3.2	21.9
EBIT[1)]	as % of total operating performance	3.7	3.0	23.3
Net profit (before non-controlling interests)	EUR m	1.7	1.3	30.8
Earnings per share[3)]	EUR	0.10	0.08	25.0
ROCE [4)] after taxes	as %	6.9	4.9	40.8
ROCE [5)] before taxes	as %	9.8	6.9	42.0
Equity as of the reporting date	EUR m	169.8	161.3	5.3
Own funds as of the reporting date[6)]	EUR m	212.3	202.1	5.0
Own funds ratio	as %	35.8	35.0	2.3
Capital expenditures on property, plant and equipment[7)]	EUR m	2.0	2.1	-4.8
Depreciation of property, plant and equipment[7)]	EUR m	3.5	3.6	-2.8
Employees	average of the period	5,058	4,947	2.2
thereof trainees	average of the period	375	384	-2.3
Personnel expenses adjusted[2)]	EUR m	68.2	62.2	9.6
Order intake accumulated[8)]	EUR m	187.8	165.6	13.4
Order backlog as of reporting date[8)]	EUR m	218.5	200.5	9.0

[1)] Before taking into account employee participation

[2)] Before restructuring/non-recurring expenses

[3)] Net profit after non-controlling interests, based on 15,688,000 shares

[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) / capital employed (non-current assets + net working capital)

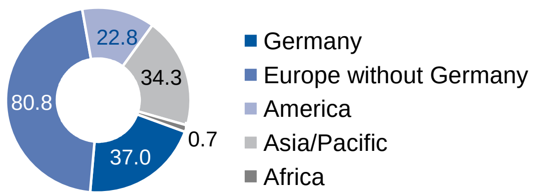
[6)] Equity plus profit participation rights and obligation from employee participation

[7)] Excluding leases

[8)] Order intake and order backlog only contain own machines without merchandise, spare parts and service

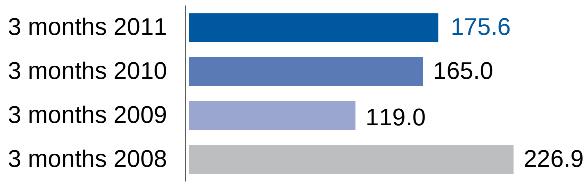
SALES REVENUE BY REGION 3 months 2010

EUR million



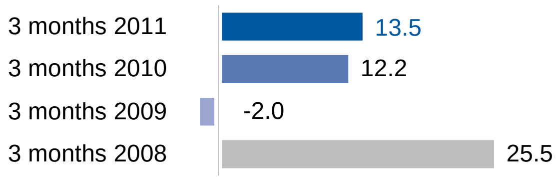
SALES REVENUE

EUR million



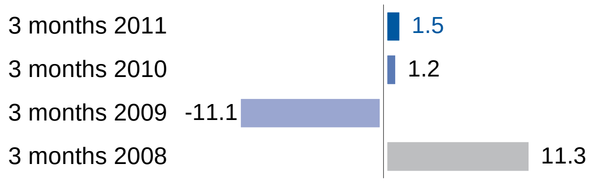
EBITDA adjusted[2] **after employee participation**

EUR million



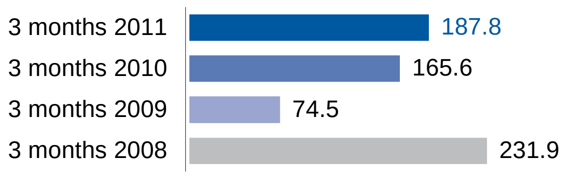
NET PROFIT/LOSS (after non-controlling interests)

EUR million



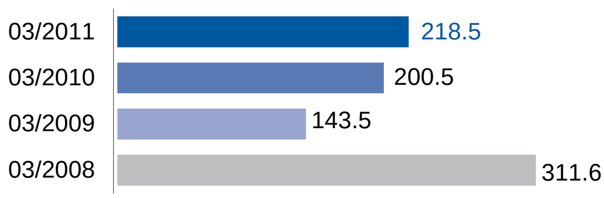
ORDER INTAKE[8)]

EUR million



ORDER BACKLOG[8)]

EUR million



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FOREWORD BY THE MANAGEMENT BOARD

From left to right:
Rolf Knoll
Dr. Markus Flik
Achim Gauß



DEAR SHAREHOLDERS,

In the current fiscal year we want to continue on the successful path that the HOMAG Group took in 2010 following the crisis. We got off to a good start in the first quarter in which we were able to grow again. The growth in order intake of 13 percent compared to the prior-year quarter shows that we continue to tap the opportunities afforded by the market and that we were able to demonstrate our leading market position. The trust placed in our outstanding system and plant competence is also evidenced by a number of project orders for high-end furniture manufacturing.

We have benefited from our good positioning in the domestic market, which continues to be in good shape. Notwithstanding the expected slow start to the year, fast growing markets like Brazil, India or China, where we presented our Company and products at several local trade fairs and received positive feedback, continue to play a key role. Russia is increasingly important to our activities, and so too eastern Europe by association.

In addition, we raised our sales revenue in the first three months of 2011 compared to the prior year. As expected, the growth rate came to 6 percent due to the high volume of deliveries in the fourth quarter of 2010 and the resulting lower order backlog as of year end.

We announced that we intended to improve our results of operations further in the current fiscal year. And we have already achieved this in the first quarter, with increases across all of our key earnings indicators and a slight improvement in profitability. Personnel costs have not been flexibly adjusted to the extent that was necessary in the prior year as order intake was pleasingly strong at the start of the year, driving up order backlog.

The management board reshuffle with Hans-Dieter Schumacher taking over as CFO from Andreas Hermann as of the end of the first quarter was seamless, clearly a testament to the good on-boarding work done, for which the supervisory and management boards would like to thank Andreas Hermann.

OUTLOOK

In light of the fast recovery of order backlog at the end of March, we expect sales revenue to increase in the second and third quarters compared to the first three months of 2011. In the second quarter, we want to increase our earnings, although the cost of participating in the industry’s leading trade fair, Ligna, which will be held at the end of May in Hanover, will be incurred in the second quarter and we anticipate an additional burden on earnings from the BÜTFERING restructuring project. There may be a certain degree of spending reluctance in the run up to Ligna – however, we anticipate positive impetus from post-trade-fair business, especially in the second half of the year, as we can again unveil to our customers numerous innovations.

For the full fiscal year 2011, we still expect the HOMAG Group to grow further. This is subject to the condition that there are no major setbacks to global economic development triggered, for instance, by the debt crisis in the eurozone, the political situation in North Africa or the disaster in Japan. Until now, the consequences of these issues for the HOMAG Group have been manageable. However, temporary restrictions in the supply of materials cannot be ruled out entirely.



From left to right:
Herbert Högemann
Jürgen Köppel
Hans-Dieter Schumacher

Against this backdrop and after the healthy first quarter, we can confirm all of the forecasts for 2011 that we made in our 2010 annual report. We aim to generate at least a mid-single-digit percentage increase in sales revenue and also generate moderate growth in order intake. At the same time, we intend to significantly increase our net profit and our operating result (EBITDA before employee participation) slightly more than the targeted sales revenue growth.

Schopfloch, May 2011

The management board

ROLF KNOLL

DR. MARKUS FLIK

ACHIM GAUSS

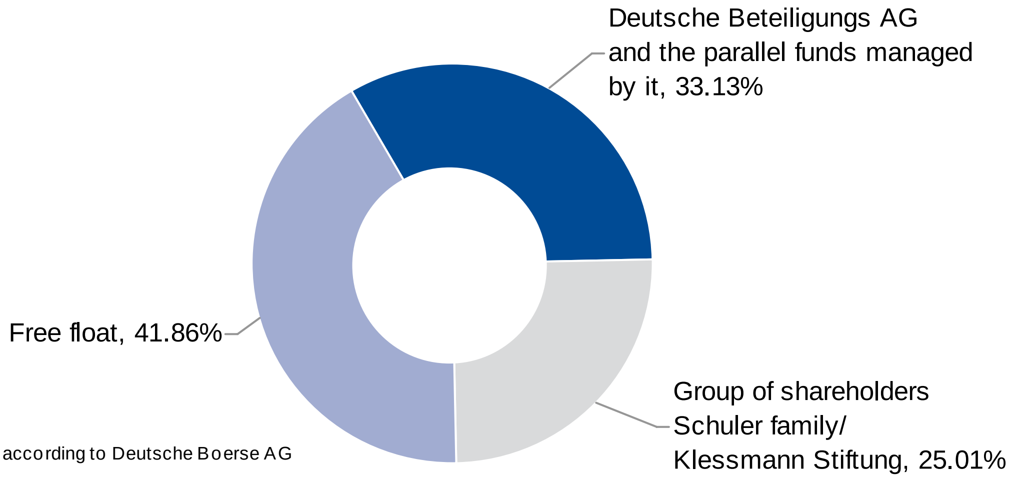
HERBERT HÖGEMANN

JÜRGEN KÖPPEL

HANS-DIETER SCHUMACHER

THE HOMAG GROUP AG SHARE

SHAREHOLDER STRUCTURE AS OF APRIL 30, 2011*



*Method of calculation according to Deutsche Boerse AG

The development of stock markets in the first quarter of 2011 was marked by the disaster in Japan, in the wake of which share prices plummeted across the board in March before recovering again toward the end of the month. DAX and MDAX rose just under 2 percent overall in the first three months, while the TecDAX shot up almost 10 percent owing to its underlying stocks that include renewables. Our benchmark index, the SDAX, closed the first quarter at the same level as at the end of 2010.

Following the extremely positive development in the past year, the HOMAG share was able to gain more ground at the start of the year, reaching a EUR 17.59 high for the quarter at the start of January, up from EUR 16.60 as of year-end 2010. The share price then lost a little ground and oscillated at around EUR 16, before falling sharply to EUR 13.10 following the disaster in Japan and the sale of shares by an investor. Our share rallied somewhat toward the end of the quarter, closing the first three months of 2011 at EUR 14.56.

In April, the stock markets developed favorably overall as the stock indices rose substantially in some cases in the second half of the month. For instance, the DAX climbed almost 7 percent, while the MDAX and SDAX each improved about 4 percent. The HOMAG share outperformed these indices in April, rising a solid 12 percent to EUR 16.35.

With the supervisory board's approval the management board passed a resolution on March 25, 2011 to propose to the annual general meeting on May 25, 2011 the payment of a dividend of EUR 0.30 for fiscal 2010. We thus want to distribute a large portion of the net profit for the year and give our shareholders an above-average slice of our successful year 2010, following the unprecedented decision not to pay a dividend for 2009 owing to the negative results at that time. Going forward, we intend to return to our past dividend policy.

Again in the first quarter of 2011, we informed the capital markets promptly and in detail about all events of significance for the Company and we presented our annual report for 2010 at the end of the quarter, which can be ordered or downloaded from the internet by all interested parties. We also held teleconferences and personal talks with many investors and analysts, held a road show in Paris and an analysts conference in Frankfurt at which we presented our annual financial statements for 2010 and our plans for the future.

Our management board answered questions posed by members of the press in several interviews and at our press conference on the financial statements. In addition, we issued five press releases to report on current developments. In the first quarter of 2011, we also published our declaration of compliance, as well as the corporate governance report.

PERFORMANCE OF THE HOMAG GROUP SHARE IN COMPARISON WITH SDAX

January 4, 2010 to April 30, 2011
in EUR

HOMAG Group AG
SDAX (Price Index)

Source: XETRA, stock performance indexed (January 4, 2010 = 100)

SHARE PERFORMANCE INDICATORS

ISIN code		DE0005297204
Stock exchange segment		Prime Standard
Index		SDAX
XETRA code		HG1
IPO	July 13, 2007	
Number of shares	no-par value ordinary bearer shares	15,688,000
Price high* January 4, 2010-March 31, 2011	December 14, 2010	EUR 18.20
Price low* January 4, 2010-March 31, 2011	January 5, February 4, February 8, 2010	EUR 11.00
Price* as at March 31, 2011		EUR 14.56
Earnings per share	January 1-March 31, 2011	EUR 0.10
Market capitalization (March 31, 2011)		EUR 228.4 million

* XETRA closing quote

INTERIM MANAGEMENT REPORT AS OF MARCH 31, 2011

ECONOMIC ENVIRONMENT

The global economy continues on an upward trend in the spring of 2011, as is reflected in the spring reports of the leading economic research institutes. Emerging countries in particular are exhibiting considerable economic vitality again, although production and trade has likewise expanded in industrialized nations and advanced economies. Following a somewhat weaker second half of 2010, the economy has picked up again recently in the eurozone, although growth varies widely from country to country. While some countries are already well on their way to recovery, others like Greece, Spain, Ireland or Portugal are struggling with structural crises and have benefited little from the buoyant global economy.

In Germany, the dynamic upswing in the prior year has continued into the new year. As a result, the euro zone's largest economy continues to serve as an engine of growth. At the start of the year, for instance, Germany's industrial production was only 6 percent short of the peak reached prior to the recession, driven by healthy demand both in Germany and abroad. Although the business climate index of the Ifo Institute for Economic Research decreased slightly in April 2011 compared to the two previous months, it still approximates the record level reached in February 2011.

According to the VDMA ["Verband Deutscher Maschinen- und Anlagenbau e.V.": German Engineering Federation], the mechanical engineering sector started into the new year with 32 percent growth in order intake for the first three months of the year. Moreover, the woodworking machines segment was able to ratchet up order intake 42 percent, driven in particular by strong demand from abroad. However, it must be noted that the suppliers of the saw and timber industry, a field in which the HOMAG Group is not active, saw orders rise 92 percent, while the two segments in which the HOMAG Group does operate rose just 5 and 21 percent respectively.

BUSINESS DEVELOPMENT

Following the successful fiscal year 2010, in which the HOMAG Group quickly recovered from the crisis and returned to the black, we got off to a good start to 2011. As expected and previously announced, we registered strong demand for our products in the first quarter of 2011 and were thus able to raise our order intake by a solid 13 percent to EUR 187.8 million compared to the prior-year quarter (prior year: EUR 165.6 million). The improvement stems from both stand-alone machines as well as cells and production lines, particularly for furniture manufacturing. As a result, our order backlog, which had lulled due to the high level of deliveries in the fourth quarter of 2010, increased again very considerably by 46 percent compared to the level as of year-end 2010 from EUR 149.3 million to EUR 218.5 million. This is therefore another area in which we have already exceeded the solid prior-year figure (prior year: EUR 200.5 million) by 9 percent. The low order backlog as of December 31, 2010 has also meant that sales revenue, as expected, is up moderately by 6 percent to EUR 175.6 million for the first three months compared to the prior-year period (prior year: EUR 165.0 million). Our total operating performance came to EUR 187.3 million, up 7 percent on the prior-year quarter (prior year: EUR 175.4 million).

Personnel costs have not been flexibly adjusted to the extent that was necessary in the prior year owing to the pleasingly strong order backlog at the start of the year and the related increase in order intake. Reduced working hours schemes only had to be used in very isolated cases in the first three months of the year and we expect that we will be able to further reduce our use of this instrument for adjusting capacity as the year progresses.

Of our global sales markets, Germany continued to be the largest individual market in the first quarter of 2011, generating an increase in order intake again on the prior year. We primarily see this as a reflection, among other things, of the good post-trade-fair business from our in-house trade fairs held in the fall of 2010.

As regards our export markets, western Europe continues to show a mixed picture. For instance, Italy and Belgium saw a decline, but we were able to grow in several countries including France and the UK. In eastern Europe, we recorded a very positive order intake. Apart from Russia, the good result in the region was buoyed by the contributions of Lithuania, Romania, Belarus and Slovakia.

Overall, America continues to be burdened by the weakness in the USA, although there are more and more indications of a strengthening recovery and order intake has improved considerably compared to the low level seen in 2010. The Canadian market is in better shape, stabilizing at a healthy level in the first three months. In South America, the Brazilian market slowed somewhat at the start of the year after the excellent year 2010, although the FIMMA trade fair made a positive impact again at the end of March.

In Asia, we were able to gain further ground in India and parts of South East Asia, while we were unable to follow up on the outstanding prior-year figure in China, although we are still at a high level. At the Asian CIFM/interzum trade fair in Guangzhou, China, the HOMAG Group presented itself successfully at the end of the quarter with a series of product innovations from our Chinese production facilities. Overall, the BRIC countries (Brazil, Russia, India and China) made a significant contribution to order intake in the Group and continue to play a key role.

EARNINGS SITUATION

The Group's earnings situation developed somewhat better than expected in the first three months of 2011. We were able to further increase our earnings before taxes (EBT) and our net profit further on the prior-year quarter, while improving our profitability slightly. In the first quarter of 2011, the interest result also improved by about EUR 0.2 million year on year to EUR -2.3 million on the back of excellent interest income. Here, we benefited substantially from the lower net liabilities to banks compared to the prior-year quarter. A slightly negative investment result from associates in the first three months of 2011 led to an financial result of EUR -2.4 million (prior year: EUR -1.9 million).

Extraordinary expenses from restructuring measures came to EUR 0.4 million in the opening quarter of the year (prior year: EUR 0.3 million). This relatively low level is attributable to the fact that we executed some measures early and these were already reflected in the financial statements in the fourth quarter of 2010. In the reporting period, the employee profit participation program resulted in an expense of EUR 1.1 million (prior year: EUR 0.5 million).

In the first quarter of 2011, our personnel expenses increased to EUR 68.6 million (prior year: EUR 62.3 million). This is primarily attributable to the increase in personnel, the lower use of reduced working hours schemes and the lower share of merchandise in the product mix. As a result, the ratio of personnel expenses to total operating performance increased to 36.6 percent (prior year: 35.5 percent). By contrast, our ratio of cost of materials to total operating performance decreased noticeably to 42.8 percent (prior year: 45.0 percent) due to lower intercompany profits, lower discounts and a lower share of merchandise, despite the fact that the number of contract workers, whose cost is reflected here, increased again and the cost of raw materials also increased. However, the ratio of cost of materials to total operating performance is expected to increase again as of the second quarter of 2011 as raw materials prices will continue to rise and the share of merchandise will likewise increase.

Owing to the low level of extraordinary expenses in the first three months of 2011 (EUR 0.4 million) and 2010 (EUR 0.3 million) we have elected not to disclose them separately in the following earnings indicators and instead report earnings indicators adjusted for extraordinary expenses only. Accordingly, before the result from employee participation, we were able to increase EBITDA to EUR 14.2 million between January and March 2011 (prior year: EUR 12.4 million) and EBIT to EUR 6.9 million (prior year: EUR 5.2 million). Our financial result deteriorated to EUR -2.4 million (prior year: EUR -1.9 million), resulting in EBT before the result from employee participation of EUR 4.5 million (prior year: EUR 3.3 million) and of EUR 3.4 million after the result from employee participation (prior year: EUR 2.8 million). We were able to reduce our ratio of tax expenses to EBT compared to the very high prior-year value from 55 percent to 50 percent, although it still reflects the interest limitation regulations and losses incurred by some subsidiaries on which it was not possible to recognize deferred tax assets. The net profit for the period before non-controlling interests stands at EUR 1.7 million (prior year: EUR 1.3 million) and after non-controlling interests at EUR 1.5 million (prior year: EUR 1.2 million) and gives rise to earnings per share of EUR 0.10 (prior year: EUR 0.08).

NET ASSETS AND FINANCIAL POSITION

Our total assets increased slightly from EUR 570 million at the end of 2010 to EUR 593 million as of March 31, 2011.

Most of this increase was attributable to receivables from long-term contracts and inventories, which is attributable to the larger number of machines in progress. Due to strategic procurement decisions, there may be a further increase in inventories in the coming quarters to avoid to the extent possible any supply bottlenecks due to parts shortages.

On the equity and liabilities side of the statement of financial position, trade payables and payments on account received rose due to the increase in order intake and other current liabilities and deferred income.

Compared to December 31, 2010, our equity ratio did not change substantially as of the end of the first quarter of 2011. Accordingly, the equity ratio as of March 31, 2011 stands at 29 percent (December 31, 2010: 30 percent) and our own funds ratio, which takes account of participating capital and obligations from employee participation, is 36 percent (December 31, 2010: 37 percent).

After the net liabilities to banks as of year-end 2010 had reached the lowest level in more than 20 years at EUR 55.8 million, they increased somewhat again, as expected, in the first three months and came to EUR 59.5 million as of the end of the quarter. This is still an excellent level, as can be seen by comparing it to the first quarter of 2010 in which the net liabilities to banks stood at EUR 89.6 million.

The return on capital employed (ROCE) before taxes on the basis of EBIT before the result from employee participation and before extraordinary expenses stood at 9.8 percent in the first quarter of 2011 (prior year: 6.9 percent). After taxes (tax rate used in calculation: 30 percent), ROCE on the basis of EBIT before the result from employee participation and before extraordinary expenses came to 6.9 percent (prior year: 4.9 percent).

Cash flow from operating activities decreased in the first three months of 2011 to EUR 3.5 million (prior year: EUR 11.0 million). The prior-year quarter was positively impacted in particular by the increase in trade payables due to the stark growth in business volume following the crisis, while the increase was less pronounced in the current quarter. Cash flow from investing activities came to EUR -5.9 million (prior year: EUR -4.8 million), resulting in free cash flow (cash flow from operating activities less cash flow from investing activities) of EUR -2.4 million (prior year: EUR 6.2 million). Cash flow from financing activities decreased to EUR 1.8 million between January and March 2011 (prior year: EUR 14.2 million). The figure for the prior-year quarter mainly reflected the new syndicated loan agreement. Cash and cash equivalents amounted to EUR 68.9 million as of March 31, 2011 (prior year: EUR 51.4 million).

EMPLOYEES

In the first three months of 2011 there was a slight increase in the number of employees – particularly abroad – and the HOMAG Group had 5,071 employees as of March 31, 2011 (December 31, 2010: 5,051 employees). In addition, we had 99 temps working for us and 25 employees were still on subsidized temporary layoff. The increase in employees compared to March 31, 2010 (4,956 employees) mostly reflected the increased headcount in Germany at WEEKE and at the foreign production companies in China and Poland as well as at the overseas sales companies HOMAG South America and HOMAG Asia.

Apart from the further slight decrease in personnel abroad in the course of the year, we expect a marginal decrease in personnel as a result of the TORWEGGE and FRIZ restructuring projects and now also the BÜTFERING project. Talks are still being held with employee representatives on this topic.

CAPITAL EXPENDITURE

Following the low level of capital expenditure last year, we will return to an investment volume in the current fiscal year that approximates the long-term average. In the first quarter of 2011, our capital expenditure excluding investments under lease agreements increased year on year slightly to EUR 6.0 million (prior year: EUR 5.2 million). Capital expenditure contains own work capitalized of EUR 2.6 million (prior year: EUR 2.5 million).

RESEARCH AND DEVELOPMENT

In the first quarter of 2011, the HOMAG Group AG’s R&D activities were marked by the preparations for the Ligna trade fair in May and the positive development in the project business. Our new developments in the field of surfacing technology in particular contributed to a recovery of demand.

The growing demand for made-to-order adjustments in the project business coupled with the large number of new developments can only be accomplished with a motivated team together with a refined and effective organizational structure and workflows in the R&D function. With the ProFuture project, we have begun to create the conditions necessary to shore up the successful development of business going forward and we are introducing mechatonic development based on an end-to-end product lifecycle perspective. Another focus is on data management geared to ensure the correct configuration of products both from a sales and a technical perspective in order to support the worldwide sales and service network.

At Ligna we will present numerous innovations that demonstrate yet again our technology leadership and our system and plant competence. Efficient use of resources is one of the focal points in this context. In the area of furniture production, we will present innovations in the fields of surface coating, edge processing including follow-up processing and sanding technology. In the PRACTIVE area we will be unveiling new units that deliver even greater precision and performance and that afford additional advantages in the areas of automation, maintenance cost and flexibility.

We will also present new solutions for warehousing, sorting and dividing as well as in the field of CNC technology. In the area of machining centers, the focus is on laser technology and solid wood processing for windows, stairs, doors and conservatories in all price and performance categories.

Additional development highlights that will be presented at Ligna span the fields of transport and logistics, high-performance drills, drilling and hardware mounting as well as assembly technology. In packaging technology, we are responding to new developments in the general trend toward smaller batch sizes in connection with made-to-order manufacturing.

RISK REPORT

The risk management system in place and the individual business risks are described in the annual report 2010, pages 73 to 77. The comments made there are still essentially valid. There are no discernable risks at present that could jeopardize the continuation of the HOMAG Group as a going concern.

SUBSEQUENT EVENTS

After the end of the reporting period, on April 1, 2011, Hans-Dieter Schumacher, who has been on the management board since mid-January, officially assumed his areas of competence Finance, IT and HR from Andreas Hermann, who stepped down from the management board on March 31, 2011. In addition, Dr. Markus Flik also joined the management board on April 1, 2011; he will become its chairman on July 1, 2011.

OUTLOOK

In their spring reports, the leading economic research institutes assume that the global economic expansion will continue in 2011 overall. Global trade is expected to grow by 9 percent and the global economy by 3.4 percent. Economic experts anticipate that emerging economies in particular will contribute to the upswing with GDP growth of 7.0 percent. China and India, are expected to develop above average. GDP growth of 2.2 percent is anticipated for the advanced economies, while growth of 3 percent is forecast for both the USA and Canada.

Within the eurozone, which is expected to grow 1.7 percent, the spring reports anticipate an above-trend development in several countries including the Netherlands, Belgium, Austria and Finland, while only weak growth is expected for Italy and Spain and a recession is forecast in Greece, Portugal and Ireland. The economic think tanks have raised their forecast for Germany from the 2.0 percent projected in the fall to a current 2.8 percent. The sustained, strong upswing will be shouldered in particular by private consumption and investment in capital goods.

At the start of April, the VDMA raised its production forecast for the mechanical engineering industry for 2011 from 10 percent to 14 percent. This was motivated by the extremely high production level at the turn of the year and the good start to the current year marked by a further increase in order volumes. The most recent forecast for the wood processing machines segment dates from January 2011. According to this, the competent association within the VDMA anticipates sales revenue growth of 7 percent for 2011. In 2010, manufacturers of wood processing machines already benefited more than most from the economic recovery as they have always tended to respond earlier to changes in the business cycle than other mechanical engineering sectors.

Our forecasts for fiscal 2011 that we made in our annual report for 2010 and at the presentation of the annual financial statements at the end of March continue to be valid and have been confirmed. We aim to generate at least a mid-single-digit percentage increase in sales revenue and also generate moderate growth in order intake compared to 2010. Our objective is to improve our operating result (EBITDA before employee participation) slightly more than the increase in sales revenue, while substantially increasing our net profit in particular. Having said that, we anticipate a pronounced seasonal pattern with large fluctuations within individual quarters.

In light of the fast recovery of order backlog at the end of March, we expect sales revenue to increase in the second and third quarters compared to the opening quarter of the year. In the second quarter, we want to increase our earnings, despite having to shoulder the burden from the trade fair costs for Ligna, which takes place at the end of May and runs until the start of June. In addition, we anticipate an extraordinary burden on earnings from our restructuring project at our subsidiary BÜTFERING.

As had already been announced, we want to gradually approach the business volume that we had seen in the record years 2007 and 2008 before the crisis. We are certainly on the right track and we still think it possible to reach sales revenue of EUR 800 million by 2012 and match the previous peaks from 2013 onwards. On the back of the expected development of sales revenue in 2012, we project a double-digit EBITDA margin before employee participation and extraordinary expenses again as of 2013.

These forecasts continue to be subject to the conditions already mentioned that there are no major setbacks to global economic development. This means, for instance, that the debt crisis in the eurozone or the political situation in North Africa do not deteriorate further and that the disaster in Japan does have any severe ramifications for the world economy. In addition, the shortage of parts that is already evident could also put a damper on the development of business should it worsen.

In the individual markets, we expect the trends evident in the first three months of 2011 to generally continue into the second quarter and as the year progresses. In the prevailing environment, Germany and central Europe overall should form a solid foundation for the HOMAG Group’s growth in the coming quarters as well. In western Europe, we anticipate rising order intake, although setbacks from financial policy measures in countries like Portugal cannot be completed precluded. Based on the conditions prevailing at present, eastern Europe will grow considerably again in the current fiscal year, with the Russian market taking the lead. Medium-sized markets in the region support the positive trend and thus help the Group to spread its risks.

In 2011, the development of business in America, will largely hinge on the speed at which the USA recovers. Here, we anticipate a perceptible increase as of the second half of the year at the earliest. Brazil will continue to make a positive contribution however. We look to the Asian region with optimism, assuming the disaster in Japan does not have far-reaching consequences for the economy in the region. China will continue to play a key role in the region, although we are positioning our success in Asia on a broader base through our pronounced presence.

We are also looking forward to the industry's largest trade fair in the world, Ligna, which is held every two years. The trade fair will be held at the end of May in Hanover and we will again be able to present to our customers numerous product innovations and enhancements. In the past, the trade fair has produced positive impetus, particularly in European markets and we expect similar benefits again in 2011. Although it might also cause a certain degree of spending reluctance in the lead up to it, we should be able to benefit all the more from the post-trade-fair business, particularly in the second half of 2011.

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

EUR k	2011 01/01-03/31	2010 01/01-03/31
SALES REVENUE	**175,641**	**165,024**
Increase or decrease in inventories of finished goods and work in progress	8,964	7,747
Own work capitalized	2,745	2,598
	11,709	10,345
TOTAL OPERATING PERFORMANCE	**187,350**	**175,369**
Other operating income	4,578	5,924
	191,928	**181,293**
Cost of materials	80,150	78,922
Personnel expenses before employee participation	68,637	62,287
Amortization of intangible assets	2,875	2,665
Depreciation of property, plant and equipment	4,417	4,540
Other operating expenses	28,948	27,693
	185,027	**176,107**
OPERATING RESULT BEFORE EMPLOYEE PARTICIPATION	**6,901**	**5,186**
Result from employee participation	-1,121	-462
NET OPERATING PROFIT	**5,780**	**4,724**
Profit/loss from associates	-90	617
Interest income	1,432	446
Interest expenses	3,703	2,945
EARNINGS BEFORE TAXES	**3,419**	**2,842**
Income taxes	-1,718	-1,556
NET PROFIT FOR THE PERIOD	**1,701**	**1,286**
Profit attributable to non-controlling interests	185	106
Profit attributable to owners of Homag Group AG	**1,516**	**1,180**
Earnings per share attributable to owners of Homag Group AG in EUR (basic and diluted)	0.10	0.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR k	**2011 01/01-03/31**	2010 01/01-03/31
NET PROFIT FOR THE PERIOD	**1,701**	**1,286**
Currency effects	-1,797	2,730
OTHER COMPREHENSIVE INCOME	**-1,797**	**2,730**
TOTAL COMPREHENSIVE INCOME	**-96**	**4,016**
Total comprehensive income attributable to non-controlling interests	-5	316
Total comprehensive income attributable to owners of Homag Group AG	**-91**	**3,700**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR k		Mar. 31, 2011	Dec. 31, 2010
NON-CURRENT ASSETS			
I.	Intangible assets	59,126	58,071
II.	Property, plant and equipment	136,557	138,647
III.	Investments in associates	7,120	7,519
IV.	Other financial assets	493	493
V.	Receivables and other assets		
	Trade receivables	3,902	4,155
	Other financial assets	3,489	3,155
	Other assets and prepaid expenses	103	133
	Income tax receivables	2,449	2,443
VI.	Deferred taxes	16,675	17,359
		229,914	**231,975**
CURRENT ASSETS			
I.	Inventories	147,702	128,233
II.	Receivables and other assets		
	Trade receivables	90,616	94,810
	Receivables from long-term construction contracts	22,106	15,941
	Receivables due from associates	9,979	8,797
	Other assets and prepaid expenses	17,855	13,945
	Income tax receivables	5,526	6,144
III.	Cash and cash equivalents	68,852	70,286
		362,636	**338,156**
TOTAL ASSETS		**592,550**	**570,131**

EQUITY AND LIABILITIES

EUR k		Mar. 31, 2011	Dec. 31, 2010
EQUITY			
I.	Issued capital	15,688	15,688
II.	Capital reserves	32,976	32,976
III.	Revenue reserves	103,895	98,814
IV.	Net profit for the period	1,516	6,683
	Equity attributable to owners	154,075	154,161
V.	Non-controlling interests	15,724	15,853
		169,799	**170,014**
NON-CURRENT LIABILITIES AND PROVISIONS			
I.	Non-current financial liabilities	109,780	109,827
II.	Other non-current liabilities	11,512	11,546
III.	Pensions and other post employment benefits	3,322	3,260
IV.	Obligations from employee participation	12,598	12,392
V.	Other non-current provisions	5,394	5,357
VI.	Deferred taxes	11,417	10,834
		154,023	**153,216**
CURRENT LIABILITIES AND PROVISIONS			
I.	Current financial liabilities	60,324	57,769
II.	Trade payables	74,912	67,002
III.	Payments on account	44,640	39,690
IV.	Liabilities from long-term construction contracts	3,026	865
V.	Liabilities to associates	2,153	4,158
VI.	Other financial liabilities	101	299
VII.	Other current liabilities and deferred income	60,540	54,043
VIII.	Tax liabilities	4,974	5,826
IX.	Pensions and other post employment benefits	50	50
X.	Other current provisions	18,008	17,199
		268,728	**246,901**
TOTAL LIABILITIES		**422,751**	**400,117**
TOTAL EQUITY AND LIABILITIES		**592,550**	**570,131**

CONSOLIDATED CASH FLOW STATEMENT

EUR k	2011 01/01-03/31	2010 01/01-03/31
1. CASH FLOW FROM OPERATING ACTIVITIES		
Profit or loss before taxes	**3,419**	**2,842**
Income tax paid (-)	-1,774	-1,375
Interest result	2,272	2,499
Interest paid (-)	-3,539	-2,711
Interest received (+)	1,432	419
Write-downs (+)/write-ups (-) of non-current assets (netted)	7,292	7,205
Increase (+)/decrease (-) in provisions	-44	1,252
Other non-cash expenses (+)/income (-)	0	94
Share of profit (-) or loss (+) of associates	90	-617
Gain (-)/loss (+) on disposals of non-current assets	-40	25
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-29,669	-32,304
Increase (+)/decrease (-) in trade payables and other liabilities	24,019	33,662 [1)]
CASH FLOW FROM OPERATING ACTIVITIES	**3,458**	**10,991**
2. CASH FLOW FROM INVESTING ACTIVITIES		
Cash received (+) from disposals of property, plant and equipment	95	15
Cash paid (-) for investments in property, plant and equipment	-2,015	-1,737
Cash received (+) from disposal of intangible assets	2	0
Cash paid (-) for investments in intangible assets	-3,948	-3,078
CASH FLOW FROM INVESTING ACTIVITIES	**-5,866**	**-4,800**

EUR k	2011 01/01-03/31	2010 01/01-03/31
3. CASH FLOW FROM FINANCING ACTIVITIES		
Cash paid (-) to non-controlling interests	-120	0
Cash received (+) from the issue of (financial) liabilities	4,346	31,403
Cash repayment (-) of bonds and (financial) liabilities	-2,402	-17,194 [1)]
CASH FLOW FROM FINANCING ACTIVITIES	**1,824**	**14,210**
4. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Change in cash and cash equivalents (subtotal 1-3)	-584	20,401
Effect of currency translation adjustments and change in scope of consolidation on cash and cash equivalents	-850	1,214
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**70,286**	**29,823**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [2)]	**68,852**	**51,438**

1) To improve the informative value of the cash flow statement, changes in overdraft liabilities to banks were disclosed in cash flow from financing activities for the first time in the consolidated financial statements for 2010. Previously, payments received and made in connection with changes in overdraft liabilities to banks were reported in “Increase (+)/decrease (-) in trade payables and other liabilities” under cash flow from operating activities. As a result, the figures for the comparative period, the first quarter of 2010, have been restated accordingly.

2) Cash and cash equivalents at the end of the period correspond to the line item cash and cash equivalents in the statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR k	Issued capital	Capital reserves	Revenue reserves
			Revenue
Jan. 01, 2010	**15,688**	**32,976**	**114,449**
Other changes			
Changes from non-controlling interests			
Transactions with owners			
Reclassification to revenue reserves			**-20,710**
Net result for the period			
Other income and expense			
Total comprehensive income			
Mar. 31, 2010	**15,688**	**32,976**	**93,739**
Jan. 01, 2011	**15,688**	**32,976**	**93,348**
Other changes			**5**
Dividends paid			
Transactions with owners			
Reclassification to revenue reserves			**6,683**
Net result for the period			
Other income and expense			
Total comprehensive income			
Mar. 31, 2011	**15,688**	**32,976**	**100,036**

reserves					
Other comprehensive income	Translation reserve	Group result	Equity before non-controlling interests	Non-controlling interests	Total
57	**490**	**-20,710**	**142,950**	**14,295**	**157,245**
24			24	-27	**-3**
24			**24**	**-27**	**-3**
		20,710			
		1,180	1,180	106	**1,286**
	2,520		2,520	210	**2,730**
	2,520	**1,180**	**3,700**	**316**	**4,016**
81	**3,010**	**1,180**	**146,674**	**14,584**	**161,258**
-224	**5,690**	**6,683**	**154,161**	**15,853**	**170,014**
			5		**5**
				-124	**-124**
				-124	**-124**
		-6,683	**0**		
		1,516	1,516	185	**1,701**
	-1,607		-1,607	-190	**-1,797**
	-1,607	**1,516**	**-91**	**-5**	**-96**
-224	**4,083**	**1,516**	**154,075**	**15,724**	**169,799**

SELECTED EXPLANATORY NOTES

GENERAL

These interim condensed consolidated financial statements for the first three months of 2011 were released for publication by resolution of the management board on May 11, 2011.

COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The interim condensed consolidated financial statements of Homag Group AG (the Homag Group) as of March 31, 2011, like the consolidated financial statements as of December 31, 2010, were prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), the interpretations of the Standing Interpretations Committee (SIC) and of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU and applicable as of the end of the reporting period.

The same accounting policies generally apply for this interim report as for the 2010 consolidated financial statements. These policies are explained in detail in the 2010 annual report. In addition, the amendments to IFRSs and the new policies mandatory as of March 31, 2011 have been adopted in the interim financial statements. The amendments to the following IFRSs became applicable for the first time in the reporting period:

IAS 24	Related Party Disclosures
Amendments to IAS 32	Classification of Rights Issues
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
Improvements to IFRSs 2010	Improvements to IFRSs 2010
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above amendments did not have any significant effect on the quarterly consolidated financial statements.

Further mandatory amendments to IFRSs and new policies were described in detail in the 2010 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 cash flow statement, a statement of changes in equity and a statement of comprehensive income have been presented separately.

The income statement has been prepared using the function of expenses 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, 2010.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

SALES REVENUE

In the first three months of 2011, the Homag Group generated sales revenue of EUR 175,641 k, up 6.4 percent on the comparable period in 2010.

EUR k	2011 01/01-03/31	%	2010 01/01-03/31	%	% change on the prior year
Germany	**36,952**	**21.0%**	**31,872**	**19.3%**	**15.9%**
Other EU countries	57,199	32.6%	63,315	38.4%	-9.7%
Rest of Europe	23,610	13.4%	18,383	11.1%	28.4%
North America	13,540	7.7%	9,979	6.0%	35.7%
South America	9,303	5.3%	10,280	6.2%	-9.5%
Asia/Pacific	34,279	19.6%	30,415	18.4%	12.7%
Africa	758	0.4%	780	0.6%	-2.8%
Other countries	**138,689**	**79.0%**	**133,152**	**80.7%**	**4.2%**
TOTAL	**175,641**	**100.0%**	**165,024**	**100.0%**	**6.4%**

The regions of North America (35.7 percent), rest of Europe (28.4 percent) and Germany (15.9 percent) saw the greatest percentage increase in sales revenue in the first three months of 2011 in comparison to the same period of the prior year. By contrast, the regions other EU countries and South America recorded a sales revenue decrease of 9.7 percent and 9.5 percent respectively on the prior-year period. The share of sales revenue earned in Germany increased from 19.3 percent in the first quarter of 2010 to 21.0 percent in the reporting period.

COST OF MATERIALS

EUR k	2011 01/01-03/31	2010 01/01-03/31
Cost of raw materials, consumables and supplies and purchased goods	75,655	75,101
Cost of purchased services	4,495	3,821
	80,150	**78,922**

In the first quarter of 2011, the ratio of cost of materials to total operating performance fell significantly from 45.0 percent in the corresponding prior-year period to 42.8 percent. This is attributable to a decrease in intercompany profits and in discounts as well as the lower share of merchandise in the product mix. The increased number of temporary workers and higher raw materials prices had the opposite effect. In the reporting period, the ratio of cost of materials to total operating performance was down slightly on the ratio for 2010 (43.0 percent).

PERSONNEL EXPENSES

EUR k	2011 01/01-03/31	2010 01/01-03/31
Wages and salaries	58,315	52,679
Social security, pension and other benefit costs	10,322	9,608
thereof pension benefits	*4,213*	*3,987*
	68,637	**62,287**

EUR k	2011 01/01-03/31	2010 01/01-03/31
Result from employee participation	-1,121	-462

After 5,051 employees as at year-end 2010 and 4,956 employees as of March 31, 2010, the Homag Group had 5,071 employees as of March 31, 2011.

Personnel expenses increased 10.2 percent and thus outpaced the 6.8 percent increase in total operating performance**.** This is reflected in an increase in the ratio of personnel expenses to total operating performance from 35.5 percent in the prior year to 36.6 percent in the reporting period. The increase in personnel expenses is mainly due to an increase in headcount by 115 employees, a decrease in the use of reduced working hours schemes and a lower share of merchandise.

Healthy profits for the period generated at group companies that have employee profit participation programs resulted in an expense from employee participation of EUR 1,121 k, compared with the expense of EUR 462 k incurred in the same period of 2010.

NET PROFIT FOR THE PERIOD

We have elected not to present the earnings indicators separately due to the low level of restructuring/non-recurring expenses of EUR 431 k (prior year: EUR 288 k).

EBITDA before the result from employee participation comes to EUR 14,193 k for the first three months of 2011 (prior year: EUR 12,391 k) and after employee participation to EUR 13,072 k (prior year: EUR 11,929 k). After the result from employee participation, EBIT came to EUR 5,780 k (prior year: EUR 4,724 k).

At EUR -2,361 k (prior year: EUR -1,882 k), the financial result deteriorated in comparison to the prior-year period on account of higher interest expenses. The positive effect of the increased interest income was offset by the small negative investment result.

After the result from employee participation, EBT improved to EUR 3,419 k (prior-year: EUR 2,842 k). The net profit for the period comes to EUR 1,701 k (prior year: EUR 1,286 k) which after non-controlling interests leads to earnings per share of EUR 0.10 (prior year: EUR 0.08).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Inventories rose by EUR 19,469 k in comparison to December 31, 2010, an increase of 15.2 percent.

Receivables from long-term construction contracts were up EUR 6,165 k or 38.7 percent. Other current assets and prepaid expenses rose by EUR 3,910 k or 28.0 percent compared to December 31, 2010.

Trade receivables decreased by EUR 4,447 k compared to December 31, 2010. This corresponds to a fall of 4.5 percent.

EQUITY

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

In the first three months of the year, the equity ratio decreased due to the increase in total equity and liabilities compared to December 31, 2010 from 29.8 percent to 28.7 percent. The decrease in equity, despite the net profit generated for the first three months of 2011, stems from exchange rate losses of EUR 1,797 k. The significant currency differences are attributable to changes in the Chinese yuan and the Canadian dollar exchange rates.

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.

	2011 **01/01-03/31**	2010 01/01-03/31
Profit for the period attributable to owners of Homag Group AG for the calculation of the basic earnings in EUR k	1,516	1,180
BASIC EARNINGS PER SHARE ACCORDING TO IAS 33 IN EUR	**0.10**	**0.08**
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.

At its meeting on March 25, 2011 to ratify the Company's annual financial statements, the supervisory board of HOMAG Group AG approved a resolution of the management board to propose a dividend of EUR 0.30 per participating share at the annual general meeting on May 25, 2011. The profit distribution for the 15,688,000 shares thus amounts to EUR 4,706 k.

LIABILITIES

Non-current liabilities and provisions have remained practically unchanged since December 31, 2010. Current liabilities and provisions rose by EUR 21,827 k in comparison to the end of fiscal 2010. This is mainly attributable to the EUR 7,910 k (11.8 percent) increase in trade payables, the EUR 6,497 k (12.0 percent) increase in other current liabilities and deferred income and the EUR 4,950 k (12.5 percent) increase in payments on account received. Liabilities from long-term construction contracts increased EUR 2,161 k or 249.8 percent. By contrast, liabilities to associates decreased substantially by almost 50 percent or EUR 2,005 k.

As of March 31, 2011, net liabilities to banks increased slightly to EUR 59,483 k compared to the very good level of EUR 55,840 k as of December 31, 2010 and continue at an excellent level. This can also be seen in the comparison with net liabilities to banks of EUR 89,553 k as of March 31, 2010.

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.

	Industry		Cabinet Shops		Sales & Services	
	2011	2010	**2011**	2010	**2011**	2010
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	69,634	67,889	23,427	21,072	58,304	58,801
Sales with group companies from other segments	23,178	32,651	20,193	17,710	489	298
Sales with investments recognized at equity	13,311	6,910	4,045	3,050	164	37
TOTAL SALES REVENUE	**106,123**	**107,450**	**47,665**	**41,832**	**58,957**	**59,136**
EBITDA[1)]	**11,111**	**10,125**	**2,932**	**1,468**	**1,328**	**2,507**
Restructuring/non-recurring expenses	-240	-41	-54	-44	-123	-203
EBITDA[2)]	**10,871**	**10,084**	**2,878**	**1,424**	**1,205**	**2,304**
Depreciation of property, plant and equipment and amortization of intangible assets	-5,037	-4,916	-1,274	-1,268	-542	-578
Result from employee participation	-973	-493	-225	-14	0	0
Share in result of associates	-90	516	0	0	0	101
Interest result	-902	-1,286	-313	-233	-111	-231
SEGMENT RESULT[3)]	**3,869**	**3,905**	**1,066**	**-91**	**552**	**1,596**
EMPLOYEES[4)]	**2,700**	**2,682**	**1,023**	**1,027**	**718**	**678**

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

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 Consulting GmbH and Homag eSolution GmbH and the timber frame house construction division.

Other		Total segments		Consolidation		Group	
2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
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
3,242	4,437	154,607	152,199	0	0	154,607	152,199
5,072	4,946	48,932	55,605	-48,932	-55,605	0	0
3,514	2,828	21,034	12,825	0	0	21,034	12,825
11,828	**12,211**	**224,573**	**220,629**	**-48,932**	**-55,605**	**175,641**	**165,024**
-1,068	**-17**	**14,303**	**14,083**	**321**	**-1,404**	**14,624**	**12,679**
-14	0	-431	-288	0	0	-431	-288
-1,082	**-17**	**13,872**	**13,795**	**321**	**-1,404**	**14,193**	**12,391**
-439	-443	-7,292	-7,205	0	0	-7,292	-7,205
77	45	-1,121	-462	0	0	-1,121	-462
0	0	-90	617	0	0	-90	617
-945	-749	-2,271	-2,499	0	0	-2,271	-2,499
-2,389	**-1,164**	**3,098**	**4,246**	**321**	**-1,404**	**3,419**	**2,842**
617	**560**	**5,058**	**4,947**	**0**	**0**	**5,058**	**4,947**

OTHER NOTES

CONTINGENT LIABILITIES

As had already been reported as of year-end 2010, a German production company has set up a provision of EUR 250 k for litigation risks concerning legal proceedings with a customer. Management aims to settle out of court.

The Homag Group or its group entities were not involved in any other 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 adequate coverage for these items.

RELATED PARTIES

Trade amounting to EUR 21,055 k was transacted with associates in the first three months of the year (prior year: EUR 12,820 k). Goods and services worth EUR 609 k were received from associates (prior year: EUR 431 k).

EVENTS AFTER THE REPORTING PERIOD

On April 1, 2011, Hans-Dieter Schumacher assumed the areas of competence Finance, IT and HR from Andreas Hermann. Mr. Schumacher has been a member of the management board since mid-January 2011, Mr. Hermann stepped down from the management board on March 31, 2011.

Dr. Markus Flik joined the management board on April 1, 2011. He will become its chairman on July 1, 2011.

In accordance with the requirements of Sec. 123 AktG ["Aktiengesetz": German Stock Corporation Act], the annual general meeting was convened on April 13, 2011 to take place on May 25, 2011.

Schopfloch, May 11, 2011

Homag Group AG
The management board

FINANCIAL CALENDAR, CONTACT AND DISCLAIMER

FINANCIAL CALENDAR

May 25, 2011	Annual general meeting in Freudenstadt
August 12, 2011	Six-month report 2011
November 14, 2011	Nine-month report 2011

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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.

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