Interim Report Q2/2012

Success through partnership and strategy

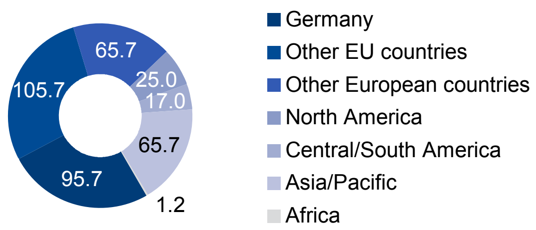
KEY GROUP FIGURES

		6 months 2012	6 months 2011	6 months 2010	6 months 2009
Total sales revenue	EUR m	376.0	374.3	346.2	240.9
Sales revenue Germany	EUR m	95.7	86.3	69.7	58.1
Sales revenue other EU countries	EUR m	105.7	131.6	130.7	102.4
Sales revenue other European countries	EUR m	65.7	48.8	34.8	26.4
Sales revenue North America	EUR m	25.0	27.3	21.1	12.3
Sales revenue Central/South America	EUR m	17.0	17.9	18.0	10.0
Sales revenue Asia/Pacific	EUR m	65.7	60.9	71.1	29.4
Sales revenue Africa	EUR m	1.2	1.5	0.8	2.3
operative EBITDA[1) 2)]	EUR m	30.9	28.6	27.7	-0.5
operative EBITDA[1) 2)]	as % of sales revenue	8.2	7.6	8.0	-0.2
EBIT[1)]	EUR m	16.0	11.2	12.5	-20.7
EBIT[1)]	as % of sales revenue	4.2	3.0	3.6	-8.6
EBT	EUR m	8.3	5.0	6.2	-22.2
EBT	as % of sales revenue	2.2	1.3	1.8	-9.2
Net profit/loss					
before non-controlling interests	EUR m	3.0	1.8	3.4	-19.3
after non-controlling interests	EUR m	3.0	1.5	2.8	-18.8
Earnings per share[3)]	EUR	0.19	0.10	0.18	-1.20
ROCE[4)] after taxes	as %	8.3	6.4	6.0	-5.5
HVA[5)]	as %	-1.2	-2.7	-3.2	-14.7
Free cash flow[6)]	EUR m	0.0	-18.3	13.6	-8.4
Equity as of the reporting date	EUR m	164.3	164.3	166.0	158.5
Equity ratio	as %	28.3	28.7	28.8	29.7
Net liabilities to banks	EUR m	83.0	91.6	83.9	96.8
Net debt to EBITDA ratio[7)]		1.3	1.6	1.5	--- [8)]
Investments / capitalized intangible assets[9)]	EUR m	8.7	8.0	6.0	8.4
Investments / capitalized property, plant and equipment[9)]	EUR m	9.4	5.3	3.3	6.6
Amortization of intangible assets[9)]	EUR m	5.7	5.7	5.2	3.5
Depreciation of property, plant and equipment[9)]	EUR m	6.8	7.0	7.2	7.4
Employees	average of the period	5,073	5,077	4,958	5,281
thereof trainees	average of the period	336	364	377	365
Order intake accumulated[10)]	EUR m	327.2	339.1	300.1	175.7
Order backlog as of the reporting date[10)]	EUR m	223.6	231.3	199.9	161.0

1) Before taking into account employee participation
2) Before restructuring/non-recurring expenses
3) Net profit/loss after non-controlling interests, based on 15,668,000 shares
4) (Adjusted EBIT[1) 2)] for the first six months x 2 x 70 %) / capital employed (non-current assets + net working capital) (assumed effective tax rate of 30 %)
5) ROCE after taxes less weighted average cost of capital employed
6) Cash flow from operating activities plus cash flow from investing activities
7) Net liabilities to banks / operative EBITDA (before employee participation and restructuring/non-recurring expenses) for the first six months x 2
8) Not meaningful due to negative operative EBITDA
9) Excluding leases
10) Order intake and order backlog only contain own machines without merchandise, spare parts and services

SALES REVENUE BY REGION 6 months 2012

EUR million



SALES REVENUE

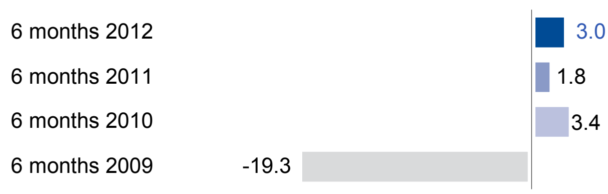
EUR million

operative EBITDA[1)]

EUR million

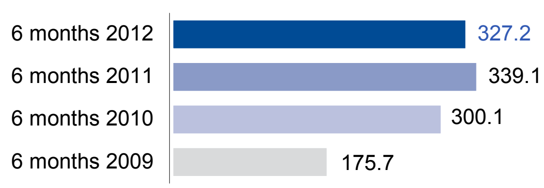
NET PROFIT/LOSS
before non-controlling interests

EUR million



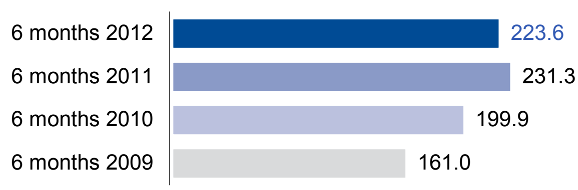
ORDER INTAKE [2)]

EUR million



ORDER BACKLOG [2)]

EUR million



[1)] Before taking into account employee participation and before restructuring/non-recurring expenses
[2)] Order intake and order backlog only contain own machines without merchandise, spare parts and services

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FOREWORD BY THE MANAGEMENT BOARD



From left to right:
Dr. Markus Flik
Harald Becker-Ehmck
Herbert Högemann

DEAR SHAREHOLDERS,

Over the course of the second quarter of 2012, the economic outlook again deteriorated slightly according to the general consensus seen in publications by economic experts. This is mainly a consequence of the intensification of the sovereign debt crisis in the eurozone, which has led to growing uncertainty among companies and consumers. This uncertainty also has an impact on the capital goods industry, as companies are now more likely to postpone investments. Thanks to the successful work of our sales team, we were able to slightly increase the HOMAG Group's order intake compared with the prior-year period, contrary to the trend in the industry and in spite of the slowed economy. The project business in particular made a material contribution to this between April and June.

Considering of our global sales regions, development varied greatly. Germany, parts of western Europe, the US, China and smaller markets in southeast Asia developed positively. The situation is more challenging in the regions impacted by the sovereign debt crisis in western Europe, as well as Russia, Brazil and Canada.

Competition has become even fiercer and therefore the pressure on margins has also increased further due to the more challenging business environment. Nevertheless, we were able to keep our earnings indicators stable in the second quarter and improve our profitability to some extent. This was possible despite the negative effect on earnings of around EUR 5 million resulting from the valuation of large-scale production lines based on their percentage of completion (PoC method). Owing to our successful net working capital management, we were able to increase the return on capital employed (ROCE) and the free cash flow. The sole exception within the stable development of earnings was the small net loss for the period, which was incurred only due to the very high tax rate of 126 percent.

A comparison of the first half of the year to the prior-year period reveals that we are still on the right track and that our profitability has improved compared to the prior year. EBT, for example, improved by 66 percent.

During the second quarter of 2012, our long-standing colleague responsible for research and development, Achim Gauß, stepped down from HOMAG Group AG's management board of his own volition. The management board members Dr. Markus Flik and Jürgen Köppel have assumed his tasks. We would like to thank Mr. Gauß for his dedicated and successful work at the HOMAG Group. He has driven forward key innovations and built up valuable customer relationships. We wish him all the best for his personal and professional future. Our new colleague, Harald Becker-Ehmck, joined the management board as of July 1, 2012 and will be the management board member in charge of production, materials management, quality management and affiliates.

From left to right:
Jürgen Köppel
Hans-Dieter Schumacher

OUTLOOK

The ever more difficult economic environment has also led to more intense competition in our industry, which, from today's perspective, will continue until the end of the year. However, we still aim to realize our previous forecasts for 2012, even though we in the meantime consider these to be ambitious. This is still subject to the condition that the economic environment does not deteriorate further, i.e., that there are no further disruptions to financial markets or in economic conditions. We continue to aim to attain an order intake that is roughly at the same level as 2011. Factoring out the special effect from the large-scale project Mekran, the same applies to our sales revenue, which we expect to reach about EUR 750 million. Based on these conditions, we anticipate an operative EBITDA (before employee participation expenses and before extraordinary expenses) of around EUR 65 million and aim to achieve a net profit for the year.

On the whole, we are rather encouraged by the results of the first half of the year, as we have been able to optimize our processes as planned, thus further improving our operating performance. We will further pursue this course, so that the HOMAG Group can continue its positive development despite the ever more difficult market environment.

Schopfloch, August 2012
The management board

DR. MARKUS FLIK

HARALD BECKER-EHMCK

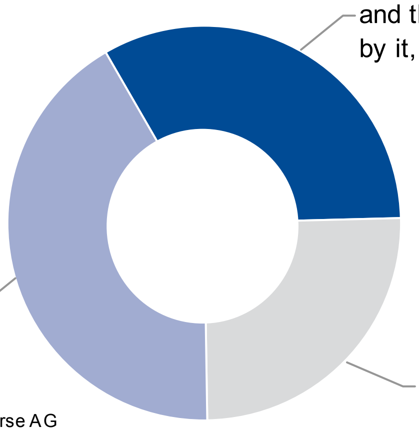
HERBERT HÖGEMANN

JÜRGEN KÖPPEL

HANS-DIETER SCHUMACHER

THE HOMAG GROUP AG SHARE

SHAREHOLDER STRUCTURE AS OF JULY 31, 2012*



*Method of calculation according to Deutsche Boerse AG

The ever intensifying sovereign debt crisis in Europe, the weak economic figures in the eurozone and the weakening growth in the US and in China impacted the stock markets in the second quarter of 2012. Following significant gains in the first three months of 2012, German stock indices sustained losses between April and June. The MDAX decreased by over 3 percent, the TecDAX fell by just below 6 percent and the DAX and the SDAX each dropped around 8 percent.

The HOMAG share was not affected by this negative trend. In the second quarter, the HOMAG share climbed by around 8 percent and developed very positively, particularly in June. In this context, our share reached a record high of EUR 12.50 in the period under review and came to EUR 12.20 on the last trading day in June. Accordingly, our share price grew by a total of over 55 percent in the first half of the year.

German stock markets developed again positively in July. The DAX, MDAX and TecDAX each increased about 5 percent and the SDAX rose by over 2 percent. The HOMAG share price remained stable, closing the month at EUR 12.02.

Around 347 shareholders attended the annual general meeting in Freudenstadt on May 24, 2012, representing 82 percent of the capital stock. The shareholders present seconded the proposal of the management board and supervisory board not to pay out a dividend for the fiscal year 2011 owing to the net loss incurred. The management's proposal as regards the election of the auditor for 2012 was also seconded by the annual general meeting. The management board and the supervisory board were exonerated. By contrast, the shareholders present did not approve the point on the agenda to create new authorized capital, and the remuneration system for the management board was not approved by the annual general meeting either.

We continued our active communication with the capital market in the second quarter of 2012. The management board held several personal talks and phone calls with investors and analysts and presented the results of the first quarter in a conference call answering all questions from the analysts. In addition, we also presented our Company at the investor conference of Deutsche Beteiligungs AG in Frankfurt. Prior to the annual general meeting, the management board held personal talks with various investor protection associations. We also kept the interested public informed of all news about the Group with two press releases and one radio interview. In addition, at the start of April we published the annual document on our website.

PERFORMANCE OF THE HOMAG GROUP SHARE IN COMPARISON WITH SDAX

Source: XETRA, stock performance indexed (January 3, 2011 = 100)

SHARE PERFORMANCE INDICATORS

ISIN code		DE0005297204
Stock exchange segment		Prime Standard
XETRA code		HG1
IPO	July 13, 2007	
Number of shares	no-par value ordinary bearer shares	15,688,000
Price high* January 3, 2011-June 29, 2012	January 5, 2011	EUR 17.59
Price low* January 3, 2011-June 29, 2012	December 30, 2011	EUR 7.80
Price* as at June 29, 2012		EUR 12.20
Earnings per share	January 1-June 30, 2012	EUR 0.19
Market capitalization (June 29, 2012)		EUR 191.4 million

* XETRA closing quote

INTERIM MANAGEMENT REPORT AS OF JUNE 30, 2012

ECONOMIC ENVIRONMENT

The global economy lost momentum towards the middle of the year and is currently in a phase of very restrained economic expansion. Economic experts at the IfW ["Institut für Weltwirtschaft": Institute for the World Economy] attribute this in particular to the burdens arising from the sovereign debt crisis in the eurozone that deteriorated again. Whereas Italy, Spain and the Netherlands are currently experiencing recessionary trends and growth in France has stagnated, the gross domestic product (GDP) has risen in Austria, Finland and Slovakia, among others. The weaker economic development in advanced economies has also been felt in emerging countries, where momentum has likewise slowed.

Of the eurozone countries, Germany developed positively on the whole, although following the good development in the first quarter of 2012 the impact of the European sovereign debt crisis is in the meantime making itself felt. In this context, order intake stagnated in the industry, and exports and industrial production decreased. Increased uncertainty among companies has become particularly evident in the investment in capital goods, which was rather more restrained. The slightly more negative mood is also reflected by the ifo business climate index, which dropped at a surprisingly rapid pace in July 2012, the third month in a row to see a decline. It has now reached the lowest level since March 2010. For this reason, assessments of both the current business climate and the outlook for further business development have been more pessimistic than one month earlier.

According to the VDMA ["Verband Deutscher Maschinen- und Anlagenbau e.V.": German Engineering Federation], order intake in the mechanical engineering industry fell by 6 percent between April and June 2012. The decline in order intake from Germany amounted to 7 percent, and order intake from abroad fell by 5 percent. As regards secondary wood processing, the segment of relevance to HOMAG, order intake was down 6 percent in the second quarter compared to the prior year – without taking into account price adjustments. According to the competent trade association within the VDMA, sales revenue decreased by 3 percent overall, increasing in Germany but falling abroad.

BUSINESS DEVELOPMENT

In spite of the ever more difficult market environment, the HOMAG Group was able to slightly increase its order intake compared to the prior-year figure to EUR 156.6 million in the second quarter of 2012 (prior year: EUR 151.3 million), thus developing at a level above industry average. In addition to the post-trade-fair business following HOLZ-HANDWERK in Nuremberg and CIFM/interzum in Guangzhou, China, the particularly good project business between April and June contributed to this development. In this way, we reached the EUR 100 million threshold in project business order intake after five months. Our entire order backlog rose from EUR 208.9 million at the end of the first quarter to EUR 223.6 million as of June 30, 2012 and was only slightly below the prior year (prior year: EUR 231.3 million).

Two aspects should be taken into consideration when comparing the sales revenue of EUR 188.3 million in the second quarter of 2012 to the prior-year figure (EUR 198.7 million). On the one hand, there are effects arising from the prescribed application of the percentage-of-completion (PoC) method. Based to this, sales revenue and earnings from large-scale production lines are recognized based on their percentage of completion as of the reporting date. This led to a positive effect on sales revenue in the prior-year quarter resulting from the stronger project business at the start of 2011. In total, this was EUR 12.5 million higher than in the reporting quarter. On the other, sales revenue in the prior-year quarter contained EUR 9.0 million relating to the large-scale project with our customer Mekran. This large-scale project came to EUR 2.3 million in the reporting quarter. After eliminating these two effects, we were able to exceed the good level of sales revenue from the prior year. Total operating performance in the second quarter of 2012 came to EUR 191.5 million (prior year: EUR 201.7 million).

Relative to our global sales markets, our central European region developed positively on the whole in the second quarter of 2012. Germany made a significant contribution to this as the largest single market in this region to see growth in the second quarter. This is primarily due to the project business which developed well compared with the first quarter of 2012. It was nevertheless not entirely possible to reach the strong order intake of the prior year in the first six months of the current year.

The western European exports market developed better in both the second quarter and the first half of 2012, even though markets such as Spain are reeling under the effects of the euro crisis. In the second quarter, eastern Europe was up on the prior year, although after the first half of the year this region was not on the whole able to reach the excellent prior-year level. The difficult financing situation continues to play a major role especially in Russia.

The positive development trend in the US also continued into the second quarter, considerably exceeding the prior-year figure. The Americas region as a whole was slightly below the prior-year level in the first half of 2012, due in particular to the weaker Brazilian and Canadian markets.

In Asia, by contrast, we exceeded the level seen in the first two quarters of the prior year. We are satisfied with the development of order intake on the Chinese market and smaller growth markets in southeast Asia were also above the prior-year figures and developed positively. India did not live up to expectations in the first half of the year. We are, nevertheless, continuing to expand our commitment there in the area of sales, service and production in order to have structures in place to enable us to exploit in an optimum way any future opportunities that arise.

In relation to the comparable six-month period, order intake decreased to EUR 327.2 million (prior year: EUR 339.1 million). We increased sales revenue slightly to EUR 376.0 million (prior year: EUR 374.3 million). Total operating performance came to EUR 391.5 million (prior year: EUR 389.1 million).

EARNINGS SITUATION

Despite the high pressure on margins resulting from more intense competition, our operative EBITDA margin improved slightly once more in the second quarter of 2012 compared with the prior year. Our operative EBITDA before employee participation expenses and before extraordinary expenses came to EUR 14.2 million (prior year: EUR 14.0 million). This represents a slight increase in spite of the drop in sales revenue. For all key earnings figures it should be noted that there was a negative effect of EUR 5.1 million on earnings in the quarter-on-quarter comparison resulting from the application of the PoC method.

Our personnel expenses rose slightly to EUR 72.3 million (prior year: EUR 71.3 million), primarily due to the collectively negotiated wage and salary increase as of May 1, 2012. The overtime incurred, among other things, for the HOMAG Group’s large-scale IT project ProFuture must also be taken into consideration. The project encompasses the end-to-end reengineering of the complete order handling process in connection with the modernization of the related IT systems. The lower headcount as of June 30, 2012 has not yet affected this figure as the majority of these employees leaving the Group left at the end of the quarter. As a result, the ratio of personnel expenses to total operating performance increased to 37.7 percent (prior year: 35.4 percent). In contrast, our ratio of cost of materials to total operating performance decreased from 45.1 percent to 43.0 percent in the second quarter of 2012. The prior-year figure, however, contains a higher share of merchandise as a result of the large-scale project Mekran. After eliminating this effect, the ratio of cost of materials to total operating performance was at a similar level in a quarter-on-quarter comparison.

Compared with the prior year, our extraordinary expenses between April and June fell substantially to EUR 1.1 million (prior year: EUR 2.7 million) as forecast. In contrast, our employee participation expenses increased to EUR 2.9 million (prior year: EUR 0.5 million). This is due to the sharp decline in the interest rate, which has led to a lower discounting effect for these non-current obligations. According to the International Financial Reporting Standards, this interest rate is to be determined by reference to market yields prevailing as of the reporting date on high-quality fixed interest bearing corporate bonds. This resulted in a decrease from 5.3 percent to 4.1 percent.

The decrease in extraordinary expenses resulted in EBIT before employee participation expenses and after extraordinary expenses improving to EUR 6.1 million in the second quarter of 2012 (prior year: EUR 4.3 million). Interest expenses fell compared to the prior-year quarter on account of the repayment of the second tranche of the participation rights (EUR 15 million) in the second half of 2011. This in conjunction with the cash pool, which makes central management of cash reserves at numerous subsidiaries possible, led to the improvement of the interest result to EUR -2.1 million (prior year: EUR -2.8 million) and, together with the profit from associates, leads to a financial result of EUR -1.7 million (prior year: EUR -2.2 million). Despite this positive development, EBT after employee participation expenses and after extraordinary expenses came to EUR 1.6 million, as in the prior year. This reflects the significant increase in employee participation expenses.

The interest limitation regulations and losses incurred at some subsidiaries, for which no deferred tax assets could be recognized, once again led to a very high tax expense rate of 126 percent in the second quarter (prior year: 96 percent). The net loss for the period before non-controlling interests stands at EUR -0.4 million (prior year: net profit for the period of EUR 0.1 million) and after non-controlling interests at EUR -0.2 million (prior year: net profit for the period of EUR 0.0 million). This leads to earnings per share of EUR -0.01 (prior year: EUR 0.00).

Primarily thanks to the good first quarter, we were able to increase all our key earnings figures in the first half of 2012 compared with the prior year. For instance, operative EBITDA before employee participation expenses and before extraordinary expenses climbed to EUR 30.9 million (prior year: EUR 28.6 million). EBIT before employee participation expenses and after extraordinary expenses improved to EUR 16.0 million (prior year: EUR 11.2 million) and EBT after employee participation expenses and after extraordinary expenses improved to EUR 8.3 million (prior year: EUR 5.0 million). The tax rate in the first six months of 2012 comes to 65 percent (prior year: 65 percent). This brings the net profit for the period before non-controlling interests to EUR 3.0 million (prior year: EUR 1.8 million) and after non-controlling interests also to EUR 3.0 million (prior year: EUR 1.5 million) and leads to earnings per share of EUR 0.19 (prior year: EUR 0.10).

NET ASSETS AND FINANCIAL POSITION

As expected, our total assets rose to EUR 579.4 million as of June 30, 2012 (December 31, 2011: EUR 558.4 million). This is largely due, among other things, to an increase in the other assets and prepaid expenses item on the assets side of the statement of financial position, primarily on account of the deferral of vacation pay. Moreover, as usual the inventories increased significantly compared to year-end 2011 due to the increased order volume. Since the first quarter of 2012, non-current assets in connection with the restructuring have been classified as held for sale in accordance with IFRS 5. This item of the statement of financial position mainly contains land and buildings as well as inventories intended for sale and pertaining to the subsidiaries undergoing restructuring (BÜTFERING, FRIZ and TORWEGGE).

Our equity as of June 30, 2012 rose slightly to EUR 164.3 million compared to year-end 2011 (December 31, 2011: EUR 161.7 million). The equity ratio, however, went down from 29 percent to just over 28 percent as a result of the increase in total assets. Since the current syndicated loan agreement expires in February 2013 – and thus in less than one year – the equity and liabilities side also reflects a shift from non-current to current financial liabilities. Prepayments received rose significantly to EUR 40.8 million (December 31, 2011: EUR 27.7 million) due to a higher volume of project business compared with year-end 2011. Other current liabilities and deferred income increased as of June 30, 2012, particularly due to normal seasonal movements at the beginning of the year, such as the increase in vacation provisions.

In spite of the repayment of the second tranche of the participation rights amounting to EUR 15 million in the second half of 2011, we were able to reduce our net liabilities to banks compared to the prior year to EUR 83.0 million as of June 30, 2012 (prior year: EUR 91.6 million). The increase compared with the end of the prior quarter (EUR 77.4 million) relates to higher investments and higher inventories.

The return on capital employed (ROCE) before taxes on the basis of EBIT before the result from employee participation and before extraordinary expenses rose to 11.9 percent in the first half of 2012 (prior year: 9.1 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 8.3 percent (prior year: 6.4 percent). This increase is attributable to our successful net working capital management, among other things, due to the increase in prepayments received as well as increased EBIT before the result from employee participation and before extraordinary expenses.

Operating cash flow (cash flow from operating activities) increased substantially between January and June 2012 to EUR 17.3 million (prior year: EUR -5.3 million). This is primarily due to the fact that inventories as well as receivables both saw a stronger rise in the first half of the prior year than in the first half of 2012, reflecting, among other things, our active working capital management. As a result of our substantially increased investing activities, cash flow from investing activities came to EUR -17.2 million (prior year: EUR -13.0 million). This results in a slightly positive free cash flow of EUR 0.05

million (prior year: EUR -18.3 million). The cash flow from financing activities improved to EUR -2.9 million (prior year: EUR -15.4 million), as the prior-year figure contained a dividend payment of EUR 4.7 million as well as the repayment of the first tranche of the participation rights of EUR 10 million. Cash and cash equivalents stood at EUR 54.4 million as of June 30, 2012 (prior year: EUR 36.1 million). This level will most likely decrease further over the course of the year due to the fact that the restructuring measures approved and announced in 2011 will have an impact on cash and that the level of investments planned continues to be above the prior-year level.

EMPLOYEES

Compared to 5,141 employees at year-end 2011 and 5,104 employees at the end of the first quarter, the Group's headcount decreased further to 5,038 employees as of June 30, 2012 (prior year: 5,075 employees). This is mainly due to the implementation of restructuring measures at BÜTFERING, FRIZ and TORWEGGE. LISSMAC Maschinenbau GmbH, which purchased the metal grinding machines business unit from BÜTFERING, has in the meantime taken on 17 employees from BÜTFERING. 38 employees have joined the transfer company thus far and 7 employees have already been referred to new employment. As of the end of the first half of the year, 92 contract workers (prior year: 104 contract workers) were employed by the Group.

CAPITAL EXPENDITURE

We again increased our capital expenditure on intangible assets and property, plant and equipment further, as announced, to EUR 10.8 million in the second quarter of 2012 (without leases) (prior year: EUR 7.3 million). The focal point of our investment was on the new building for the sales branch in Switzerland, the further expansion of the Chinese production plant in Shanghai and the automation of the warehouse of HOMAG Holzbearbeitungssysteme GmbH as well as investment in our corporate software in connection with our large-scale IT project ProFuture. Capital expenditure contains capitalized development work of EUR 2.6 million (prior year: EUR 2.8 million). On the whole, we invested EUR 18.1 million in the first half of the year (prior year: EUR 13.3 million).

RESEARCH AND DEVELOPMENT

We continued to pursue the trend towards automation with our new and enhanced developments in the cabinet shop segment. For example, we instituted a generation change for the core products at our CNC processing centers. We have now opted for the moving gantry design in the new machine series. This offers customers the benefits of an even more stable machine construction, extreme operating simplicity and better visibility of the part processing stage. Optimized safety technology is another feature of this new generation. We are also currently developing a new machine in the field of throughfeed technology that unites ergonomic use, durable engineering and a high degree of automation. These advantages support fast, flexible and efficient furniture manufacturing. In this way, we continue to pursue our strategy of promoting the standard machine business.

To accommodate the increasingly important packaging technology for furniture parts and structural elements, we have developed a highly flexible cardboard cutting machine. This allows our customers to lower packaging time and optimize product protection for transport. In order to ensure the resource-efficient use of packaging materials, customized packing designs can be processed individually with this machine, thus making way for filling materials savings.

The further development of software for cut optimization of panel-shaped materials also contributes to the conservation of valuable resources. The software can be used both by the cabinet shop and industry sectors and offers optimal cutting solutions specifically in the manufacture of individual products.

RISK AND OPPORTUNITIES REPORT

The risk management system in place and the individual business risks and opportunities are described in the annual report 2011, pages 75 to 81. 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

Harald Becker-Ehmck has been a member of the management board of HOMAG Group AG since July 1, 2012 and will in the future be responsible for production, materials management, quality management and affiliates. Harald Becker-Ehmck has many years of experience in the management of global and international procurement and production networks and will, among other things, drive forward the ongoing development of the global network for production and supply.

Effective as of July 30, 2012, HOMAG Group AG purchased all the remaining shares in BRANDT Kantentechnik GmbH, thus increasing its equity interest from 70 to 100 percent. Equal amounts of shares were sold by Marianne and Heinrich Brandt (brother and sister), who have retired from entrepreneurial responsibility. The increase in the BRANDT shareholding serves to simplify the group structure and makes it possible to utilize additional tax benefits.

OUTLOOK

Based on the deterioration in indicators observed towards the middle of the year, the IfW expects that the global economy will initially continue to lose momentum. Slight improvement is expected towards the end of the year, which will primarily result from stronger development in emerging economies. Economic expansion in advanced economies is expected to remain modest. On the whole, the IfW estimates that the global economy will grow by 3.4 percent in 2012, thus less than in the prior year. Accordingly, advanced economies will grow by 1.4 percent, emerging economies by approximately 6 percent. The US is expected to grow by 2.1 percent, Japan by 2.5 percent, China by 8.0 percent, India by 7.0 percent, Brazil by 2.0 percent and Russia by 4.5 percent.

Economic analysts assume that the economy in Europe will remain weak and decline in both the eurozone and the EU. The weakest development is forecast for Greece and Portugal. GDP, for example, is also expected to decline in Spain, Italy and the Netherlands. Germany remains among the strongest countries in Europe with expected growth of 0.9 percent in 2012, but cannot completely escape the crisis in the eurozone. Basically, recovery is expected to slowly take effect in Germany and make way for slightly more growth again in 2013.

On the whole, forecasts by economists are currently dominated by great uncertainty and are linked to a number of conditions as the further factors affecting development, such as the euro crisis, are difficult even for experts to predict.

At the end of July, the VDMA confirmed its February forecast for German manufacturers of plant and machinery, and continues to expect production to stagnate in 2012. No new forecasts have been made for the wood processing machines segment. At the beginning of the year growth was forecast to be between 2 and 5 percent, with the companies operating in the production line expected to benefit in particular on account of the high order backlog at some of them.

The cooling down in the global economy outlined by economic experts has also been felt by the HOMAG Group. Despite these growing challenges, we have maintained our planned targets for 2012, even though these are in the meantime considered ambitious. These forecasts are still subject to the condition that the euro crisis does not deteriorate further and that there are no further disruptions on the financial markets or in economic conditions. Our objective is to reach 2011 levels for order intake. As regards sales revenue, we aim to reach about EUR 750 million and also thereby match the level of 2011 – adjusted for the special effect of the large-scale project Mekran. Subject to these conditions, we expect an operative EBITDA (before employee participation expenses and before extraordinary expenses) of about EUR 65 million. We continue to expect a net profit for the year in 2012.

We aim to continue on our path for success in the optimization of our processes in the second half of 2012, thereby further improving our operative performance step by step. We expect that the HOMAG Group will maintain its good position even in an ever more difficult market environment.

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

EUR k	2012 04/01-06/30	2011 04/01-06/30	2012 01/01-06/30	2011 01/01-06/30
SALES REVENUE	**188,263**	**198,703**	**375,962**	**374,344**
Increase or decrease in inventories of finished goods and work in progress	260	-117	9,748	8,847
Own work capitalized	2,965	3,152	5,822	5,897
	3,225	3,035	15,570	14,744
TOTAL OPERATING PERFORMANCE	**191,488**	**201,738**	**391,532**	**389,088**
Other operating income	4,858	3,312	8,370	7,890
	196,346	**205,050**	**399,902**	**396,978**
Cost of materials	82,269	90,938	168,590	171,088
Personnel expenses before employee participation	72,282	71,319	143,366	139,956
Amortization of intangible assets	2,950	2,850	5,746	5,725
Depreciation of property, plant and equipment	4,015	4,082	8,075	8,499
Other operating expenses	28,687	31,564	58,158	60,512
	190,203	**200,753**	**383,935**	**385,780**
OPERATING RESULT BEFORE EMPLOYEE PARTICIPATION	**6,143**	**4,297**	**15,967**	**11,198**
Expenses from employee participation	-2,861	-515	-3,883	-1,636
NET OPERATING PROFIT	**3,282**	**3,782**	**12,084**	**9,562**
Profit/loss from associates	390	656	504	566
Interest income	464	514	1,005	1,946
Interest expenses	2,581	3,353	5,251	7,056
EARNINGS BEFORE TAXES	**1,555**	**1,599**	**8,342**	**5,018**
Income taxes	-1,953	-1,535	-5,386	-3,253
NET PROFIT FOR THE PERIOD	**-398**	**64**	**2,956**	**1,765**
Profit attributable to non-controlling interests	-172	48	-37	233
Profit attributable to owners of Homag Group AG	**-226**	**16**	**2,993**	**1,532**
Earnings per share attributable to owners of Homag Group AG in EUR (basic and diluted)	-0.01	0.00	0.19	0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR k	2012 04/01-06/30	2011 04/01-06/30	2012 01/01-06/30	2011 01/01-06/30
NET PROFIT FOR THE PERIOD	**-398**	**64**	**2,956**	**1,765**
Currency effects	1,145	-34	1,049	-1,831
Actuarial gains and losses	-38	40	-38	40
Income taxes on other comprehensive income	6	0	6	0
OTHER COMPREHENSIVE INCOME	**1,113**	**6**	**1,017**	**-1,791**
TOTAL COMPREHENSIVE INCOME	**715**	**70**	**3,973**	**-26**
Total comprehensive income attributable to non-controlling interests	-32	44	28	39
Total comprehensive income attributable to owners of Homag Group AG	**747**	**26**	**3,945**	**-65**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR k		Jun. 30, 2012	Dec. 31, 2011
NON-CURRENT ASSETS			
I.	Intangible assets	65,453	62,491
II.	Property, plant and equipment	134,661	135,217
III.	Investments in associates	8,645	7,875
IV.	Other financial assets	510	534
V.	Receivables and other assets		
	Trade receivables	1,453	1,664
	Sundry financial assets	1,467	1,813
	Other assets and prepaid expenses	86	99
	Income tax receivables	2,199	2,151
VI.	Deferred taxes	12,691	13,833
		227,165	**225,677**
CURRENT ASSETS			
I.	Inventories	144,992	129,961
II.	Receivables and other assets		
	Trade receivables	85,112	85,382
	Receivables from long-term construction contracts	28,858	34,233
	Receivables due from associates	12,255	9,809
	Other assets and prepaid expenses	21,636	13,960
	Income tax receivables	3,279	2,885
III.	Cash and cash equivalents	54,403	56,469
		350,535	**332,699**
IV.	Non-current assets held for sale	1,725	0
		352,260	**332,699**
TOTAL ASSETS		**579,425**	**558,376**

EQUITY AND LIABILITIES

EUR k		Jun. 30, 2012	Dec. 31, 2011
EQUITY			
I.	Issued capital	15,688	15,688
II.	Capital reserves	32,976	32,976
III.	Revenue reserves	96,222	101,203
IV.	Net profit for the period	2,993	-4,718
	Equity attributable to owners	147,879	145,149
V.	Non-controlling interests	16,371	16,505
		164,250	**161,654**
NON-CURRENT LIABILITIES AND PROVISIONS			
I.	Non-current financial liabilities	18,491	114,328
II.	Other non-current liabilities	10,853	11,101
III.	Pensions and other post employment benefits	3,373	3,284
IV.	Obligations from employee participation	13,373	11,885
V.	Other non-current provisions	4,367	4,562
VI.	Deferred taxes	11,834	11,602
		62,291	**156,762**
CURRENT LIABILITIES AND PROVISIONS			
I.	Current financial liabilities	132,486	38,257
II.	Trade payables	73,386	78,444
III.	Payments on account	40,812	27,685
IV.	Liabilities from long-term construction contracts	4,165	2,917
V.	Liabilities to associates	2,133	1,980
VI.	Other financial liabilities	91	103
VII.	Other current liabilities and deferred income	81,000	71,027
VIII.	Tax liabilities	3,327	2,767
IX.	Pensions and other post employment benefits	52	52
X.	Other current provisions	15,432	16,728
		352,884	**239,960**
XI.	Liabilities from assets held for sale	0	0
		352,884	**239,960**
TOTAL LIABILITIES		**415,175**	**396,722**
TOTAL EQUITY AND LIABILITIES		**579,425**	**558,376**

CONSOLIDATED CASH FLOW STATEMENT

EUR k	2012 01/01-06/30	2011 01/01-06/30
1. CASH FLOW FROM OPERATING ACTIVITIES		
Profit or loss before taxes	**8,342**	**5,018**
Income tax paid (-)	-5,083	-4,767
Interest result	4,246	5,110
Interest paid (-)	-4,600	-6,426
Interest received (+)	981	1,921
Write-downs (+)/write-ups (-) of non-current assets (netted)	13,821	14,224
Increase (+)/decrease (-) in provisions	-190	-2,806
Other non-cash expenses (+)/income (-)	0	-1
Share of profit (-) or loss (+) of associates	-504	-566
Gain (-)/loss (+) on disposals of non-current assets	-111	30
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-18,518	-43,684
Increase (+)/decrease (-) in trade payables and other liabilities	18,895	26,657
CASH FLOW FROM OPERATING ACTIVITIES	**17,279**	**-5,290**
2. CASH FLOW FROM INVESTING ACTIVITIES		
Cash received (+) from disposals of property, plant and equipment	918	281
Cash paid (-) for investments in property, plant and equipment	-9,446	-5,254
Cash received (+) from disposals of intangible assets	1	0
Cash paid (-) for investments in intangible assets	-8,705	-8,048
CASH FLOW FROM INVESTING ACTIVITIES	**-17,232**	**-13,021**

EUR k	2012 01/01-06/30	2011 01/01-06/30
3. CASH FLOW FROM FINANCING ACTIVITIES		
Dividends	0	-4,706
Cash paid (-) to non-controlling interests	-255	-913
Cash received (+) from the issue of (financial) liabilities	6,277	10,973
Cash repayment (-) of bonds and (financial) liabilities	-8,921	-20,775
CASH FLOW FROM FINANCING ACTIVITIES	**-2,899**	**-15,421**
4. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Change in cash and cash equivalents (subtotal 1-3)	-2,852	-33,732
Effect of currency translation adjustments and change in scope of consolidation on cash and cash equivalents	786	-464
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**56,469**	**70,286**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [1)]	**54,403**	**36,090**

[1)] 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

			Revenue
EUR k	Issued capital	Capital reserves	Revenue reserves
Jan. 1, 2011	**15,688**	**32,976**	**93,348**
Other changes			**-78**
Dividends paid			-4,706
Changes from non-controlling interests			-21
Transactions with owners			**-4,727**
Reclassification to revenue reserves			**6,683**
Net result for the period			
Other income and expense			
Total comprehensive income			
Jun. 30, 2011	**15,688**	**32,976**	**95,226**
Jan. 1, 2012	**15,688**	**32,976**	**95,275**
Other changes			**-100**
Dividends paid			
Changes from non-controlling interests			-1,115
Transactions with owners			**-1,115**
Reclassification to revenue reserves			**-4,718**
Net result for the period			
Other income and expense			
Total comprehensive income			
Jun. 30, 2012	**15,688**	**32,976**	**89,342**

reserves					
Other comprehensive income	Translation reserve	Group result	Equity before non-controlling interests	Non-controlling interests	Total
-224	**5,690**	**6,683**	**154,161**	**15,853**	**170,014**
			-78	**-2**	**-80**
			-4,706	-913	**-5,619**
			-21	21	**0**
			-4,727	**-892**	**-5,619**
		-6,683	**0**	**0**	**0**
		1,532	1,532	233	**1,765**
39	-1,636		-1,597	-194	**-1,791**
39	**-1,636**	**1,532**	**-65**	**39**	**-26**
-185	**4,054**	**1,532**	**149,291**	**14,998**	**164,289**
-134	**6,062**	**-4,718**	**145,149**	**16,506**	**161,655**
			-100		**-100**
				-255	**-255**
			-1,115	92	**-1,023**
			-1,115	**-163**	**-1,278**
		4,718	**0**	**0**	**0**
		2,993	2,993	-37	**2,956**
-32	984		952	65	**1,017**
-32	**984**	**2,993**	**3,945**	**28**	**3,973**
-166	**7,046**	**2,993**	**147,879**	**16,371**	**164,250**

SELECTED EXPLANATORY NOTES

GENERAL

These condensed consolidated financial statements for the first six months of 2012 were released for publication by resolution of the management board on August 9, 2012.

APPLICATION OF ACCOUNTING REQUIREMENTS

The interim condensed consolidated financial statements of Homag Group AG (the Homag Group) as of June 30, 2012, like the consolidated financial statements as of December 31, 2011, 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 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 2011 consolidated financial statements. These policies are explained in detail in the annual report 2011. In addition, the amendments to IFRSs and the new policies mandatory as of June 30, 2012 have been adopted in the interim financial statements.

All mandatory new and amended IFRSs were described in detail in the annual report 2011.

The interim report has 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 nature of expense 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, 2011.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

SALES REVENUE

In the first half of 2012, the Homag Group generated sales revenue of EUR 375,962 k, up 0.4 percent on the comparable period in 2011.

EUR k	2012 04/01-06/30	2011 04/01-06/30	2012 01/01-06/30	%	2011 01/01-06/30	%	% change on the prior year
Germany	**49,012**	**49,385**	**95,666**	**25.4%**	**86,337**	**23.1%**	**10.8%**
Other EU countries	51,289	74,393	105,658	28.1%	131,592	35.1%	-19.7%
Rest of Europe	30,052	25,221	65,743	17.5%	48,831	13.0%	34.6%
North America	12,991	13,759	25,022	6.7%	27,299	7.3%	-8.3%
Central/South America	5,642	8,623	17,039	4.5%	17,926	4.8%	-4.9%
Asia/Pacific	38,521	26,610	65,678	17.5%	60,889	16.3%	7.9%
Africa	756	712	1,156	0.3%	1,470	0.4%	-21.4%
Other countries	**139,251**	**149,318**	**280,296**	**74.6%**	**288,007**	**76.9%**	**-2.7%**
TOTAL	**188,263**	**198,703**	**375,962**	**100.0%**	**374,344**	**100.0%**	**0.4%**

The regions rest of Europe (34.6 percent) and Germany (10.8 percent) saw the greatest percentage increase in sales revenue in the first half of 2012 in comparison to the same period of the prior year. The share of sales revenue earned in Germany increased from 23.1 percent in the first six months of 2011 to 25.4 percent in the reporting period. The Asia/Pacific region also succeeded in recording an increase (+7.9 percent). At -4.9 percent, the region Central/South America registered a slight decrease. Sales revenue in the regions other EU countries and North America fell by 19.7 percent and 8.3 percent, respectively, in comparison to the comparable period of 2011. The Africa region saw a decrease of EUR 314 k or 21.4 percent.

COST OF MATERIALS

EUR k	2012 04/01-06/30	2011 04/01-06/30	2012 01/01-06/30	2011 01/01-06/30
Cost of raw materials, consumables and supplies and purchased goods	74,494	78,935	155,114	154,590
Cost of purchased services	7,775	12,003	13,476	16,498
	82,269	**90,938**	**168,590**	**171,088**

In the first half of 2012, the ratio of cost of materials to total operating performance decreased from 44.0 percent in the corresponding prior-year period to 43.1 percent. Factoring out the large-scale project Mekran, this ratio decreased from 42.7 percent in the prior year to 42.5 percent in the reporting period.

PERSONNEL EXPENSES

EUR k	2012 04/01-06/30	2011 04/01-06/30	2012 01/01-06/30	2011 01/01-06/30
Wages and salaries	61,399	60,697	121,531	119,012
Social security, pension and other benefit costs	10,883	10,622	21,835	20,944
thereof pension benefits	*4,640*	*4,561*	*8,938*	*8,774*
	72,282	**71,319**	**143,366**	**139,956**

EUR k	2012 04/01-06/30	2011 04/01-06/30	2012 01/01-06/30	2011 01/01-06/30
Expenses from employee participation	-2,861	-515	-3,883	-1,636

After 5,075 employees as of June 30, 2011, 5,141 as of December 31, 2011, 5,104 employees as of March 31, 2012, the Homag Group employed 5,038 persons as of June 30, 2012.

Personnel expenses in the first half of 2012 were up 2.4 percent on the comparable period of the prior year.

At EUR 3,883 k, employee participation expenses in the first half of 2012 were above the level of the first half of 2011 when EUR 1,636 k was incurred. This is largely due to the sharp decline in the interest rate, which has led to a lower discounting effect for these non-current obligations. According to the International Financial Reporting Standards, this interest rate is to be determined by reference to market yields prevailing as of the reporting date on high-quality fixed interest bearing corporate bonds. This resulted in a decrease from 5.3 percent to 4.1 percent.

NET PROFIT FOR THE PERIOD

Operative EBITDA before employee participation expenses and before extraordinary expenses amounted to EUR 30,930 k in the first half of 2012 (prior year: EUR 28,575 k). EBIT before employee participation expenses and after extraordinary expenses amounted to EUR 15,967 k in the first half of 2012 (prior year: EUR 11,198 k).

The financial result of EUR -3,742 k for the first half of 2012 improved by 17.6 percent compared to the prior-year period (EUR -4,544 k) due to the interest result. This improvement resulted from the repayment of the second tranche of the participation rights (EUR 15 million) in the second half of 2011, which reduced interest expenses compared to the prior-year quarter as well as the cash pool, which makes central management of cash reserves at numerous subsidiaries possible.

EBT of EUR 8,342 k for the first six months of 2012 improved by 66.2 percent compared to the prior-year period (prior year: EUR 5,018 k). The net profit for the period came to EUR 2,956 k (prior year: EUR 1,765 k). After non-controlling interests, the net profit for the period came to EUR 2,993 k (prior year: EUR 1,532 k) which leads to earnings per share of EUR 0.19 (prior year: EUR 0.10).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Inventories rose by EUR 15,031 k to EUR 144,992 k, an increase of 11.6 percent in comparison to December 31, 2011.

Receivables from long-term construction contracts were down EUR 5,375 k or 15.7 percent. Other current assets and prepaid expenses rose by EUR 7,676 k or 55.0 percent compared to December 31, 2011. This mainly stems from the deferral of vacation pay.

Cash and cash equivalents decreased by EUR 2,066 k compared to year-end 2011.

In connection with the restructuring of three group companies, the requirements for classifying non-current assets as held for sale have been satisfied since the first quarter of 2012, resulting in the recognition of disposal groups.

The sale of the metal grinding machines business unit of BÜTFERING Schleiftechnik GmbH gave rise to a disposal group in the Cabinet Shops segment comprising property, plant and equipment, and inventories. This is reported on the assets side of the statement of financial position under the line item “Non-current assets held for sale”. The first tranche of the disposal group was transferred as of April 1, 2012. The second tranche is to be transferred on October 1, 2012.

In addition, land and buildings in the Industry and Sales & Service segments have been subject to the requirements of IFRS 5 since the first quarter of 2012.

All sales are scheduled to be completed within a year. As the fair value of all assets and disposal groups exceeded their carrying amount, it was not necessary to recognize an impairment loss.

EQUITY

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

The equity ratio stood at 28.3 percent as of June 30, 2012, and was thus close to the level as of December 31, 2011 (29.0 percent).

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. Earnings per share stood at EUR 0.19 in the first half of 2012 (prior year: EUR 0.10).

	2012 **01/01-06/30**	2011 01/01-06/30
Profit for the period attributable to owners of Homag Group AG for the calculation of the basic earnings in EUR k	2,993	1,532
BASIC EARNINGS PER SHARE ACCORDING TO IAS 33 IN EUR	**0.19**	**0.10**
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 24, 2012 decided not to distribute a dividend for fiscal 2011.

LIABILITIES

The liabilities side of the statement of financial position registered a shift from non-current to current financial liabilities as a result of a syndicated loan agreement that expires in February 2013 and is therefore reported under current liabilities. Under non-current liabilities and provisions, obligations from employee participation increased by EUR 1,488 k (up 12.5 percent). Other current liabilities and deferred income increased by EUR 9,973 k in the reporting period, particularly due to normal seasonal movements during the first half of the year, such as the increase in vacation provisions. Prepayments received also increased by EUR 13,127 k (up 47.4 percent) due to the higher volume of orders. By contrast, trade payables were reduced by EUR 5,058 k (down 6.4 percent).

Net liabilities to banks increased from EUR 80,920 k as of December 31, 2011 to EUR 83,045 k as of June 30, 2012.

SEGMENT REPORTING

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

Details on the breakdown into the individual segments can be found on page 162 of the annual report 2011.

In absolute terms, sales revenue grew strongest in the Other segment, up EUR 5,425 k (or 19.2 percent). The largest growth was generated by Homag Machinery Środa Sp. z o.o. (up EUR 2,984 k or 52.4 percent).

The development of operative EBITDA varied between segments. Operative EBITDA rose by EUR 1,278 k in the Industry segment, by EUR 1,324 k in the Cabinet Shops segment and by EUR 950 k in the Sales & Service segment. By contrast, a decrease of EUR 1,087 k was registered in the Other segment. In the Industry segment Bargstedt Handlingsysteme GmbH was the entity which recorded the largest absolute rise (up 169.6 percent or EUR 1,041 k). In addition, the companies Benz GmbH Werkzeugsysteme, up 54.9 percent (or EUR 728 k), and Holzma Plattenaufteiltechnik

	Industry		Cabinet Shops		Sales & Service	
	2012	2011	**2012**	2011	**2012**	2011
EUR k	**01/01-06/30**	01/01-06/30	**01/01-06/30**	01/01-06/30	**01/01-06/30**	01/01-06/30
Third-party sales	157,672	159,185	45,982	46,585	120,895	120,626
Sales with group companies from other segments	51,150	47,330	43,607	44,128	936	1,012
Sales with investments recognized at equity	21,545	25,099	10,066	6,920	27	240
TOTAL SALES REVENUE	**230,367**	**231,614**	**99,655**	**97,633**	**121,858**	**121,878**
operative EBITDA[1]	**24,275**	**22,997**	**6,571**	**5,247**	**3,531**	**2,581**
Restructuring/non-recurring expenses[2]	-362	-256	-282	-2,384	-29	-381
Depreciation of property, plant and equipment and amortization of intangible assets	-9,095	-9,711	-2,624	-2,570	-1,073	-1,070
Expenses from employee participation	-3,155	-1,340	-980	-482	-173	0
Share in result of associates	201	-60	0	0	303	626
Interest result	-1,076	-1,836	-434	-659	-97	-220
SEGMENT RESULT[3]	**10,787**	**9,794**	**2,251**	**-848**	**2,461**	**1,536**
EMPLOYEES[4]	**2,672**	**2,698**	**994**	**1,017**	**740**	**721**

[1] Operative EBITDA before expenses from employee participation and restructuring/non-recurring expenses
[2] Contained in personnel expenses and other operating income
[3] The segment result is equivalent to EBT
[4] Average of the period

GmbH, up 51.8 percent (or EUR 1,708 k), experienced positive business development. By contrast, decreases were recorded at Homag Holzbearbeitungssysteme GmbH, down EUR 1,992 k (or 11.1 percent), and at Friz Kaschiertechnik GmbH, down EUR 287 k (or 37.4 percent). In the Cabinet Shops segment, Weeke Bohrsysteme GmbH saw the largest absolute increase, up EUR 897 k (or 22.7 percent). In the Sales & Service segment the company Homag Japan Co. Ltd. registered the largest increase, up EUR 1,576 k (or 670.1 percent). Homag Austria Ges.mbH recorded a gain of 174.5 percent (EUR 312 k). In contrast, Australia Pty. Ltd. exhibited a decrease of EUR 872 k (or 380.3 percent). Homag South America Ltda. also registered a decrease (down EUR 714 k or 346.8 percent). In the Other segment, the largest earnings increase was generated by the company Homag Machinery Środa Sp. z o.o., up EUR 937 k (or 615.0 percent). The largest decreases were seen at Weinmann Holzbausystemtechnik GmbH, down EUR 585 k (or 143.5 percent), and at Homag Machinery São Paulo Ltda., down EUR 916 k (or 121.4 percent).

Other		Total segments		Consolidation		Group	
2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
01/01-06/30	01/01-06/30	**01/01-06/30**	01/01-06/30	**01/01-06/30**	01/01-06/30	**01/01-06/30**	01/01-06/30
8,533	6,537	333,082	332,933	0	0	333,082	332,933
13,978	12,639	109,671	105,109	-109,671	-105,109	0	0
11,242	9,152	42,880	41,411	0	0	42,880	41,411
33,753	**28,328**	**485,633**	**479,453**	**-109,671**	**-105,109**	**375,962**	**374,344**
-3,143	**-2,056**	**31,234**	**28,769**	**-304**	**-194**	**30,930**	**28,575**
-469	-132	-1,142	-3,153	0	0	-1,142	-3,153
-1,029	-873	-13,821	-14,224	0	0	-13,821	-14,224
425	186	-3,883	-1,636	0	0	-3,883	-1,636
0	0	504	566	0	0	504	566
-2,639	-2,395	-4,246	-5,110	0	0	-4,246	-5,110
-6,853	**-5,270**	**8,646**	**5,212**	**-304**	**-194**	**8,342**	**5,018**
667	**641**	**5,073**	**5,077**	**0**	**0**	**5,073**	**5,077**

OTHER NOTES

CONTINGENT LIABILITIES

As had already been reported as of year-end 2011, a German production company has set up a provision of EUR 430 k for litigation risks concerning legal proceedings with a customer. Management aims to settle out of court. In addition, another two other production companies in Germany have set up a provision for a total of EUR 105 k for labor court cases.

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

Goods and services amounting to EUR 42,855 k was sold to associates in the first six months of the year (prior year: EUR 41,473 k). Goods and services worth EUR 1,933 k were received from associates (prior year: EUR 1,611 k).

SUBSEQUENT EVENTS AFTER JUNE 30, 2012

Harald Becker-Ehmck has been a member of the management board of HOMAG Group AG since July 1, 2012 and will in the future be responsible for production, materials management, quality management and affiliates.

Effective as of July 30, 2012, HOMAG Group AG purchased all the remaining shares in Brandt Kantentechnik GmbH, thus increasing its equity interest from 70 to 100 percent.

Schopfloch, August 9, 2012

Homag Group AG,
The management board

DECLARATION OF THE LEGAL REPRESENTATIVES

We assure to the best of our knowledge that in accordance with the accounting principles applicable for the interim financial reporting the condensed interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the interim group management report gives a true and fair view of the business development including the result and situation of the Group and also describes the significant opportunities and risks relating to the anticipated development of the Group for the remaining fiscal year.

Schopfloch, August 2012

Homag Group AG
The management board

DR. MARKUS FLIK	HARALD BECKER-EHMCK	HERBERT HÖGEMANN
JÜRGEN KÖPPEL	HANS-DIETER SCHUMACHER	

FINANCIAL CALENDAR, CONTACT AND DISCLAIMER

FINANCIAL CALENDAR

November 13, 2012	Nine-month report 2012
November 14, 2012	German Equity Forum

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DISCLAIMER

SERVICE

The annual and interim reports 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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