Interim Report Q2/2013

KEY GROUP FIGURES

		6 months 2013	6 months 2012	6 months 2011	6 months 2010
Total sales revenue	EUR m	372.0	376.0	374.3	346.2
Sales revenue Germany	EUR m	90.9	95.7	86.3	69.7
Sales revenue other EU countries	EUR m	103.3	105.7	131.6	130.7
Sales revenue other European countries	EUR m	61.1	65.7	48.8	34.8
Sales revenue North America	EUR m	33.3	25.0	27.3	21.1
Sales revenue Central/South America	EUR m	18.6	17.0	17.9	18.0
Sales revenue Asia/Pacific	EUR m	62.4	65.7	60.9	71.1
Sales revenue Africa	EUR m	2.4	1.2	1.5	0.8
operative EBITDA[1) 2)]	EUR m	27.1	30.9	28.6	27.7
operative EBITDA[1) 2)]	as % of sales revenue	7.3	8.2	7.6	8.0
EBIT[1)]	EUR m	10.9	16.0	11.2	12.5
EBIT[1)]	as % of sales revenue	2.9	4.2	3.0	3.6
EBT	EUR m	7.4	8.3	5.0	6.2
EBT	as % of sales revenue	2.0	2.2	1.3	1.8
Net profit after non-controlling interests	EUR m	4.1	3.0	1.5	2.8
Earnings per share[3)]	EUR	0.26	0.19	0.10	0.18
ROCE[4)] after taxes	as %	5.6	8.3	6.4	6.0
HVA[5)]	as %	-3.8	-1.2	-2.7	-3.2
Free cash flow[6)]	EUR m	-6.8	0.0	-18.3	13.6
Equity as of the reporting date	EUR m	165.1	164.3	164.3	166.0
Equity ratio	as %	29.4	28.3	28.7	28.8
Net liabilities to banks	EUR m	103.2	83.0	91.6	83.9
Net debt to EBITDA ratio[7)]		1.9	1.3	1.6	1.5
Investments / capitalized intangible assets[8)]	EUR m	8.1	8.7	8.0	6.0
Investments in property, plant and equipment[8)]	EUR m	2.8	9.4	5.3	3.3
Amortization of intangible assets[8)]	EUR m	7.3	5.7	5.7	5.2
Depreciation of property, plant and equipment[8)]	EUR m	6.7	6.8	7.0	7.2
Employees	average of the period	5,030	5,073	5,077	4,958
thereof trainees	average of the period	328	336	364	377
Order intake accumulated[9)]	EUR m	330.9	327.2	339.1	300.1
Order backlog as of the reporting date[9)]	EUR m	249.1	223.6	231.3	199.9

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

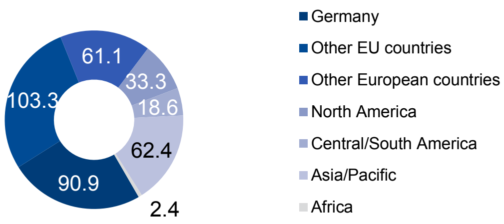
7) Net liabilities to banks / (operative EBITDA[1) 2)] for the first six months x 2)

8) Excluding leases

9) Order intake and order backlog only contain own machines without merchandise, spare parts and services

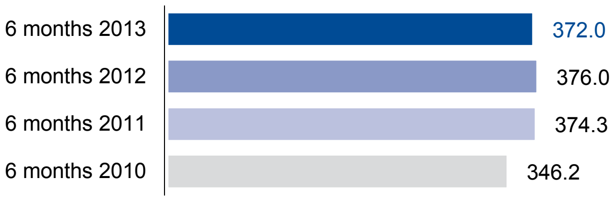
SALES REVENUE BY REGION 6 months 2013

EUR million



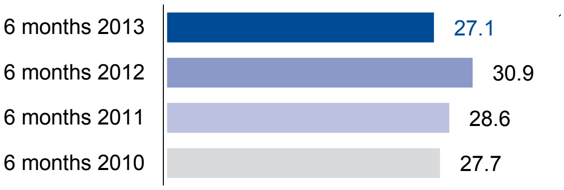
SALES REVENUE

EUR million



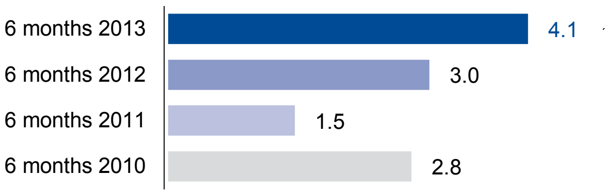
operative EBITDA[1)]

EUR million



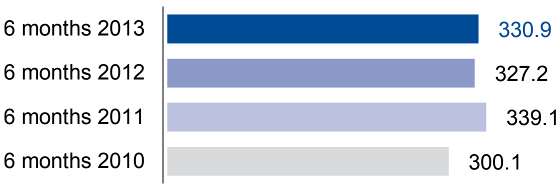
NET PROFIT
after non-controlling interests

EUR million



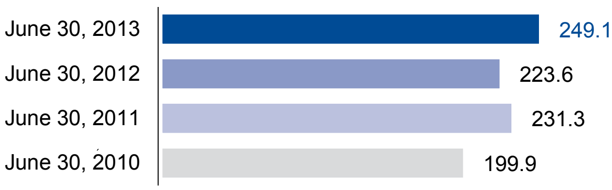
ORDER INTAKE [2)]

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

CONTENTS

FOREWORD BY THE MANAGEMENT BOARD

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

DEAR SHAREHOLDERS,

For us in the HOMAG Group, the second quarter of 2013 was very much characterized by the LIGNA, our industry's largest trade fair worldwide. Here, we were again the largest exhibitor and we won over our customers with our innovations. This is reflected in the good order intake that we were able to register during the trade fair. And this is despite the fact that our customers' propensity to invest in our industry is currently rather modest, as is additionally confirmed by the lower forecast for the mechanical engineering segment issued by the VDMA ["Verband Deutscher Maschinen- und Anlagenbau e.V.": German Engineering Federation] in July. Although we had to endure a decrease in order intake in the second quarter, our order intake was up on the prior year in the first half of 2013, against the market trend. Indeed, our mid-year order backlog is the highest since the end of 2008.

We were able to raise our sales revenue in the second quarter of 2013 compared to the prior year. This reflected to a certain extent the foreseen catch-up effects from the first quarter when the number of deliveries had slightly decreased. This means that our sales revenue developed better than the market segment which HOMAG serves; the VDMA forecast a fall in sales revenue of 7 percent in the second quarter of 2013 and of 9 percent in the first half of 2013.

We also improved our operating performance as can be seen from the year-on-year reduction in our ratios of personnel expenses and cost of materials to total operating performance. The fact that operative EBITDA is nevertheless somewhat below the figure for the prior-year quarter is solely attributable to the slightly over 15 percent increase in other operating expenses. This is primarily due to the trade fair costs for the LIGNA, which is only held every second year.

As regards net profit for the period, by contrast, we significantly exceeded the prior-year figures overall, both compared to the second quarter and compared to the first six months. This reflects the positive effects of the improved financial result, the lower expenses from employee profit participation and, in particular, the strong decline in the effective tax rate.

OUTLOOK

We reconfirm our forecast for the current year. That means that, provided there are no major disruptions in the global economy, we aim to exceed the prior-year order intake figure and generate sales revenue for the Group of around EUR 800 million in 2013. We aim to reach an operative EBITDA before employee profit participation expenses and before extraordinary expenses of around EUR 75 million and expect to return a net profit of the Group for the year of around EUR 15 million.

From left to right:
Jürgen Köppel
Hans-Dieter Schumacher

Although our sales revenue and operative EBITDA at the end of the first half of 2013 still lag behind the prior-year figures, we are confident that we will be able to reach the planned increases by the end of the year. There were the first signs in the second quarter that sales revenue is recovering and we are expecting this trend to continue in the second half of the year. The high order backlog affords a good foundation to this end. As a result, we expect the operative EBITDA and the net profit to increase in the second half of the year. We also anticipate positive earnings effects in the second half of the year from the far lower trade fair costs and the financial result.

Schopfloch, August 2013

The management board

DR. MARKUS FLIK

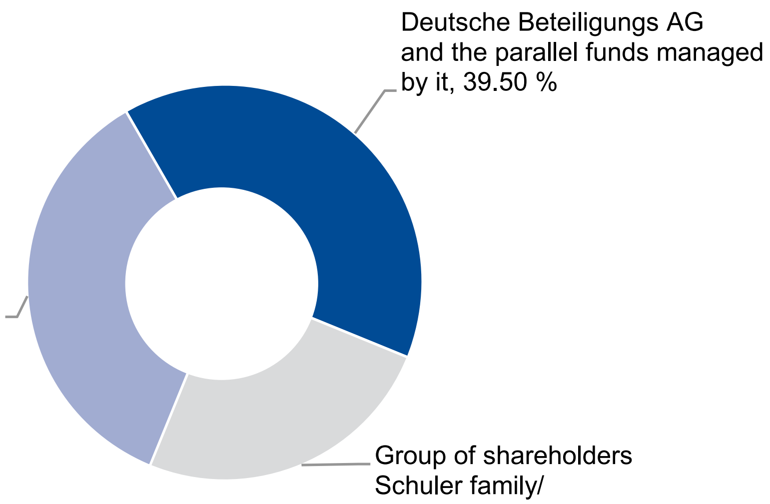
HARALD BECKER-EHMCK

JÜRGEN KÖPPEL

HANS-DIETER SCHUMACHER

THE HOMAG GROUP AG SHARE

SHAREHOLDER STRUCTURE AS OF JULY 31, 2013*



*Method of calculation according to Deutsche Boerse AG

The stock markets continued to develop very positively in the first half of the second quarter of 2013. For example, the DAX reached a new record high in May. This good development was mainly attributable to the expansionary policy still pursued worldwide by central banks. The ECB reduced its already low base interest rate in May by another 25 base points to 0.5 percent. In addition, economic figures stabilized in the eurozone. As of mid-May, stock markets slowed as a result of indications from the US Federal Reserve that it would reduce its bond purchases, disappointing economic figures from China and the United States as well as increasing interbank interest rates in China. Overall, the German stock markets gained some ground between April and June. For instance, the DAX climbed 2.1 percent, the MDAX grew by 2.9 percent and the SDAX gained 1.7 percent.

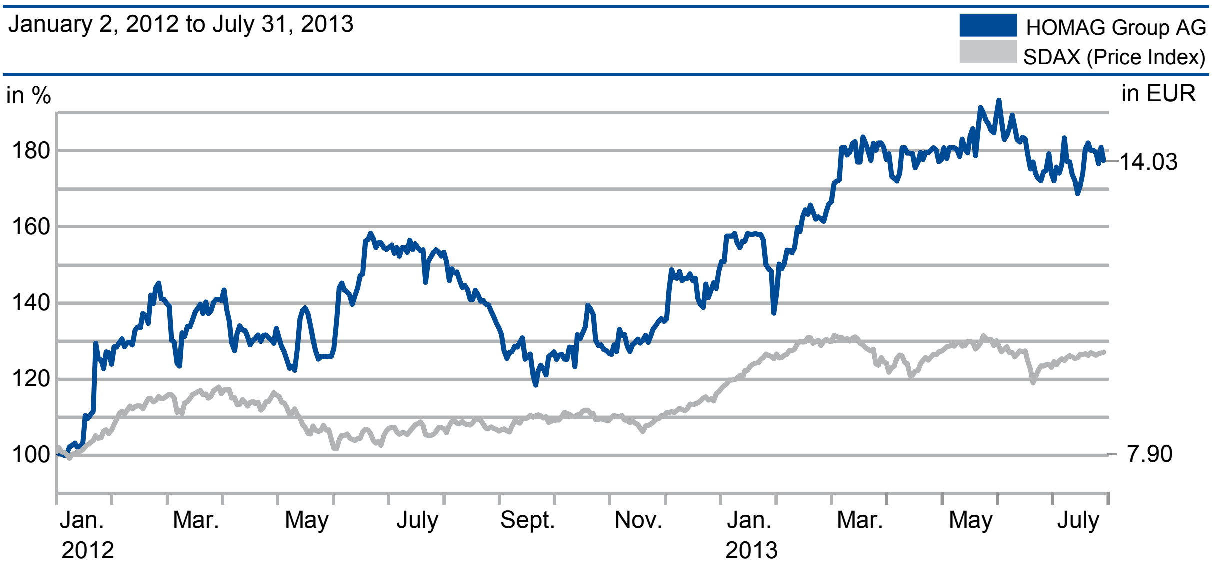
The HOMAG share also developed positively in the first two months of the second quarter, reaching a EUR 15.30 high for the year to date at the beginning of June. The HOMAG share then lost ground slightly and came to EUR 13.79 as of June 28, 2013.

The upswing on the stock markets resumed in July. The DAX, MDAX, TecDAX and SDAX all saw growth and rose between three and six percent within one month. The HOMAG share also improved and stood at EUR 14.03 as of July 31, 2013.

Around 300 shareholders attended our annual general meeting on May 28, 2013 in Freudenstadt. The shareholders agreed to the proposal by the management and supervisory boards to distribute a dividend for fiscal 2012 of EUR 0.25. The annual general meeting also approved the amended remuneration of the supervisory board as well as a domination and profit and loss transfer agreement between HOMAG Group AG and the subsidiary BRANDT Kantentechnik GmbH. The management board and the supervisory board were exonerated. However, the shareholders did not approve the creation of new authorized capital.

In the second quarter of 2013, the management board presented the HOMAG Group AG at two roadshows in Frankfurt and London and held discussions with and answered questions from analysts in a conference call on the first quarter of 2013. We held phone calls and personal talks with our investors on recent developments within the Group. We additionally kept the interested public informed with two press releases on the development of the first quarter of 2013 and the annual general meeting, as well as two press interviews with our CEO.

PERFORMANCE OF THE HOMAG GROUP AG SHARE IN COMPARISON WITH THE SDAX



Source: XETRA, stock performance indexed (January 2, 2012 = 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 2, 2012-June 28, 2013)	June 5, 2013	EUR 15.30
Price low* (January 2, 2012-June 28, 2013)	January 5, 2012	EUR 7.82
Price* as at June 28, 2013		EUR 13.79
Earnings per share	January 1-June 30, 2013	EUR 0.26
Market capitalization (June 28, 2013)		EUR 216.3 million

* XETRA closing quote

INTERIM MANAGEMENT REPORT AS OF JUNE 30, 2013

ECONOMIC ENVIRONMENT

According to the IfW [“Institut für Weltwirtschaft”: Institute for the World Economy], the global economy grew moderately in the first months of 2013. The IfW mood indicator for global activity shows a slight acceleration in the global economy in the second quarter, however at a low level. Nevertheless, the pace continues to be slow, which is, among other things, due to the unabated crisis in the eurozone. Emerging economies grew at a slower pace than before, which above all was due to development in Asia.

Following a period of weakness, the economy in Germany has stabilized according to the IfW. However, a strong upswing is not expected due to the vast uncertainty with regard to how quickly eurozone countries suffering as a result of the crisis can make progress with their reforms. In particular, the willingness of companies to invest will slow as a result. However, the ifo business climate index rose slightly for the third time in a row in July 2013. The present situation is seen as being quite positive although estimates for the next six months have weakened slightly. Businesses continue to be cautiously optimistic about the future.

The VDMA [“Verband Deutscher Maschinen- und Anlagenbau e.V.”: German Engineering Federation] reports that the German mechanical engineering sector saw a decline of one percent in order intake in the second quarter of 2013. Orders from Germany and eurozone countries declined in particular. The wood processing machines segment of relevance to HOMAG reports stagnation in order intake in the second quarter of 2013 – without taking into account price adjustments. According to information from the competent industry association within the VDMA, other countries saw growth, while orders from within Germany fell by more than 30 percent on the prior year. In the first half of 2013, orders decreased by a total of 1 percent. Sales revenue fell by 7 percent between April and June and by 9 percent in the first half of 2013.

BUSINESS DEVELOPMENT

All in all, the current more modest propensity to invest on the part of customers in our industry has also had a noticeable effect on our order intake. In spite of the positive impetus from the LIGNA, the leading trade fair in our industry, which was held in Hanover at the beginning of May, order intake of EUR 148.6 million was not able to match the prior-year figure (prior year: EUR 156.6 million).

The good order intake in the project business with correspondingly longer processing times in production is also reflected in our order backlog, which further surpassed the already high order backlog at the end of the first quarter (EUR 230.9 million). At EUR 249.1 million as of June 30, 2013 (prior year: EUR 223.6 million), we recorded our highest order backlog figure since the end of 2008.

In the second quarter of 2013, we were able to increase our sales revenue by 3.7 percent to EUR 195.3 million (prior year: EUR 188.3 million). This increase in sales revenue reflects to a certain extent the foreseen catch-up effects from the first quarter of 2013 when the number of deliveries had decreased. As a result of the reduction in finished goods and work in process as well as the decrease in own work capitalized, our total operating performance compared to prior year grew at a lower rate than sales revenue and came to EUR 194.8 million (prior year: EUR 191.5 million).

Within our worldwide sales regions, we were not able to match the excellent prior-year figures in order intake in central Europe. As the largest single market, Germany remains at a good level nonetheless. Overall, we recorded excellent development in this region with our plant and machinery in the structural element sector, in flooring in particular.

After the good first quarter of 2013, the western Europe region did not develop quite as strongly between April and June 2013. As a result, our figures for this region were at prior-year levels in the first half of 2013. Order intake is equally distributed across the individual markets. The positive development in eastern Europe continued in the second quarter, with which we were able to significantly exceed the prior-year figure. Our project business remains strong in this region.

The positive trends from the first quarter in Americas have proved sustainable in the reporting period. Above all, a strong upwards trend was recorded in the furniture and flooring sectors. In addition to the US, Canada and Brazil also grew considerably. Smaller countries in Central and South America also made a contribution to the positive development of order intake.

In Asia, and in China in particular, we exceeded the prior-year figures in the reporting quarter and were thus able to counterbalance the slight decrease from the first quarter. On the whole, we are within the range of our expectations.

Despite the difficult economic conditions and contrary to the trend in the industry, we were able to slightly increase our order intake in the first half of 2013 compared to the prior-year period to EUR 330.9 million (prior year: EUR 327.2 million). Sales revenue decreased slightly to EUR 372.0 million (prior year: EUR 376.0 million). At EUR 389.7 million, total operating performance was slightly down on the prior-year figure (prior year: EUR 391.5 million).

RESULTS OF OPERATIONS

We improved our operating result in the second quarter of 2013. The decrease in our ratio of personnel expenses and cost of materials to total operating performance shows that we are on the right track and improving our operating performance as previously announced.

These positive effects were overshadowed by the increase in other operating expenses from EUR 28.7 million to EUR 33.1 million. This is primarily due to the trade fair costs for the LIGNA, which is only held every second year. Down slightly to EUR 4.4 million (prior year: EUR 4.9 million), other operating income was affected by special effects in both the reporting quarter and the prior year: the sale of the sanding machine business from BÜTFERING to LISSMAC Maschinenbau GmbH took place in the second quarter of 2012; in the reporting quarter, we sold the land and buildings of FRIZ Kaschiertechnik GmbH as well as a portion of the assets held for sale at TORWEGGE Holzbearbeitungsmaschinen GmbH. The drop in other operating income primarily stemmed from the EUR 0.6 million decrease in exchange rate gains in comparison to the prior-year quarter.

On account of the significantly increased other operating expenses, our operative EBITDA before employee profit participation expenses and before extraordinary expenses decreased to EUR 13.7 million (prior year: EUR 14.2 million).

In spite of the collectively bargained wage increase in Germany in May 2012 and higher wage levels abroad, our personnel expenses decreased to EUR 71.9 million (prior year: EUR 72.3 million). This is due to the lower headcount as part of the restructuring measures that have been concluded in the interim. Accordingly, the ratio of personnel expenses to total operating performance decreased to 36.9 percent (prior year: 37.7 percent). We were also able to improve our ratio of cost of materials to total operating performance to 41.9 percent (prior year: 43.0 percent).

At EUR 1.0 million in the second quarter of 2013, extraordinary expenses remained at prior-year level (EUR 1.1 million). By contrast, employee profit participation expenses fell considerably to EUR 0.9 million (prior year: EUR 2.9 million), owing to the prior-year figure being heavily influenced by the pronounced decrease in the discount rate. Moreover, the results at some entities that have employee profit participation programs were below the prior-year level.

Amortization and depreciation increased to EUR 7.5 million (prior year: EUR 7.0 million) due to higher amortization of intangible assets. This essentially relates to the start of amortization of large investments in the large-scale IT project ProFuture as well as the own development work capitalized recognized in prior years, particularly for **power**Control and power**Touch**.

Our EBIT before employee profit participation expenses and after extraordinary expenses came to EUR 5.1 million in the second quarter of 2013 (prior year: EUR 6.1 million). The generally low interest rate level and the cash pooling system resulted in a significant improvement in the interest result to EUR -1.3 million (prior year: EUR -2.1 million). Our associates developed very well between April and June 2013. The profit from associates therefore rose to EUR 0.9 million (prior year: EUR 0.4 million). This gives rise to a financial result of EUR -0.4 million (prior year: EUR -1.7 million). Based on the significantly improved financial result in connection with much lower employee profit participation expenses, EBT after employee profit participation expenses and after extraordinary expenses improved considerably to EUR 3.8 million (prior year: EUR 1.6 million).

We were able to reduce our tax expense ratio from the extremely high rate in the second quarter of 2012 to 38 percent (prior year: 126 percent). This results in a significant net profit for the period after non-controlling interests of EUR 2.2 million (prior year: EUR -0.2 million). Earnings per share rose to EUR 0.14 (prior year: EUR -0.01).

In the first half of 2013, our operative EBITDA before employee profit participation expenses and before extraordinary expenses decreased to EUR 27.1 million (prior year: EUR 30.9 million). EBIT before employee profit participation expenses and after extraordinary expenses, decreased to EUR 10.9 million (prior year: EUR 16.0 million), due, among other things, to higher amortization of intangible assets. Based on the considerably improved financial result, our EBT after employee profit participation expenses and after extraordinary expenses decreased only slightly to EUR 7.4 million (prior year: EUR 8.3 million). The significantly improved tax ratio of 42 percent (prior year: 65 percent) in the first half of 2013 led to a higher net profit for the period after non-controlling interests of EUR 4.1 million (prior year: EUR 3.0 million). This resulted in earnings per share of EUR 0.26 (prior year: EUR 0.19).

NET ASSETS AND FINANCIAL POSITION

As expected and typical for the season, total assets rose to EUR 560.8 million as of June 30, 2013 compared to year-end 2012 (December 31, 2012: EUR 541.0 million). This is primarily due to the increase in inventories from EUR 128.0 million to EUR 146.9 million. This stems from the continued increase in order backlog and in the increased stage of completion of machines on which work has already commenced but where the criteria for the partial recognition of revenue pursuant to IFRS were not satisfied. With regard to non-current assets, property, plant and equipment decreased slightly due to the fact that depreciation exceeded investments following the high level of investment in the prior year. The opposite effect was seen in intangible assets, which increased based on our investments in the large-scale IT project ProFuture.

Cash and cash equivalents decreased to EUR 35.4 million (December 31, 2012: EUR 45.6 million) on account of the increase in inventories, the dividend paid out and restructuring expenses that had an effect on liquidity. Non-current assets held for sale decreased by EUR 1.3 million compared to December 31, 2012. The land and buildings held for sale at FRIZ were sold in April 2013. Likewise, some of the assets held for sale at TORWEGGE were sold in the reporting period.

On the equity and liabilities side, equity remained virtually unchanged, despite the net profit, standing at EUR 165.1 million (December 31, 2012: EUR 165.8 million) due to the dividend distribution. Due to the rise in total assets, the equity ratio decreased slightly (June 30, 2013: 29.4 percent; December 31, 2012: 30.6 percent). Current financial liabilities and trade payables rose as usual on account of the increase in inventories and the higher volume of deliveries.

Our net liabilities to banks rose in line with expectations to EUR 103.2 million as of June 30, 2013 (December 31, 2012: EUR 89.5 million). This is due to the increase in inventories, dividend distribution and restructuring expenses that had an effect on liquidity.

The return on capital employed (ROCE) before taxes on the basis of EBIT before expenses from employee profit participation and before extraordinary expenses fell to 8.0 percent in the second quarter of 2013 (prior year: 11.9 percent). After taxes (tax ratio used in calculation: 30 percent), ROCE on the basis of EBIT before the result from employee profit participation and before extraordinary expenses came to 5.6 percent (prior year: 8.3 percent). The decrease primarily stems from the lower EBIT before employee profit participation and before extraordinary expenses and the higher net working capital.

Our operating cash flow decreased substantially to EUR 1.1 million in the reporting period (prior year: EUR 17.3 million). Further measures to complete winding up procedures at the three companies being restructured also had an effect on liquidity as planned in the second quarter. This decrease is also due to the higher net working capital compared to the prior-year quarter, stemming from a higher increase in inventories as well as a higher percentage-of-completion effect than in the prior-year period. Cash flow from investing activities improved from EUR -17.2 million to EUR -7.9 million in the reporting quarter. The prior-year quarter contained investments in the new building for the sales branch in Switzerland as well as in the automation of the warehouse of HOMAG Holzbearbeitungssysteme GmbH. This results in free cash flow of EUR -6.8 million (prior year: EUR 0.05 million). The cash flow from financing activities decreased to EUR -2.2 million in the second quarter of 2013 (prior year: EUR -2.9 million) on account of the dividends paid out of EUR 3.9 million and a slight increase in financial liabilities. Cash and cash equivalents amounted to EUR 35.4 million as of June 30, 2013 (prior year: EUR 54.4 million).

EMPLOYEES

As of June 30, 2013, our headcount had decreased slightly to 5,019 employees (prior year: 5,038 employees) in comparison to year-end 2012 (5,048 employees). This is due in part to effects from the restructuring measures. The Group had 96 contract workers (prior year: 92) as of June 30, 2013.

CAPITAL EXPENDITURE

Our capital expenditure on intangible assets and property, plant and equipment fell to EUR 2.3 million (without leases) in the second quarter of 2013 compared with the high prior-year figure (EUR 10.8 million). Several construction measures which have now been concluded were included in the prior-year figure. Capital expenditure contains own development work capitalized of EUR 2.0 million (prior year: EUR 2.6 million). Our investment volume came to EUR 10.9 million in the first half of 2013 (prior year: EUR 18.2 million).

RESEARCH AND DEVELOPMENT

No other trade fair for our industry has such a high density of innovations as the LIGNA, which is held every second year. At the HOMAG Group's trade fair stand, the focus was on the new power**Touch** touch screen user interface concept, which is unparalleled at present in the industry. The large-format multi-touch display allows simple, consistent and ergonomic control of the machines and production lines. This means that all HOMAG Group machines can be operated with the same familiar look and feel.

Combined with the **power**Control operation system, which is likewise uniform across the Group, the HOMAG Group made the greatest impact at the LIGNA in the area of networked production, the current topic in mechanical engineering at present. This allows our customers to benefit from lower operating costs, greater efficiency and a future-proof system for many years. We had 30 machines equipped with these functionalities at the trade fair, all of which were available to order by our customers.

We are the first manufacturer in our industry to present a “Virtual Reality” concept. This establishes a link between the real world and virtual reality and affords an optimal testing environment for hardware and software, allowing the creation of realistic testing environments, for instance, for testing thresholds and training employees on a virtual system. As a result, innovations in the areas of production lines, machines and processing units including software can be brought to production readiness quicker, more flexibly and in greater detail.

Especially geared to major customers in the Industry segment, we offer the option of an angular edge gluing functionality using a swivel unit integrated in the edge banding unit of processing centers. This allows the application of glue on edges at any angle to all sides of the same work piece, facilitating end-to-end processing of latest furniture designs.

In the Cabinet Shops segment, we unveiled at the LIGNA a new processing center featuring five-axis technology combined with a new patented exchangeable edge banding unit. The time that was previously needed to heat up the unit has been eliminated as this process is performed in advance in an integrated pick-up area. The biggest advantage of this approach is that the edge can be immediately glued to the work piece as soon as the edge banding unit is attached. We have addressed the growing trend toward producing a variety of edge widths and radii with two newly developed multistep units for edge trimming and finish processing. Indeed, the multi-step trimming unit and the multistep scraper blade offer the option of processing different materials with a small number of units – from PVC or melamine edges through to solid wood, veneer or high-gloss materials.

The purpose-developed ServiceApp now affords an additional straightforward and quick option for getting in touch when necessary with the competent service team. Based on the machine ID in question, the customer uses a smart phone to scan in a machine-specific QR code and automatically dial the appropriate service number. The customer can then select whether the remote service, the spare part service or the on-site service is contacted.

RISK AND OPPORTUNITIES REPORT

The risk management system in place and the individual business risks and opportunities are described in the annual report 2012, pages 79 to 85. The comments made there are still essentially valid. There are no discernible risks at present that could jeopardize the continuation of HOMAG Group as a going concern.

SUBSEQUENT EVENTS

There were no events after the end of the reporting period of special significance to the further economic development of the HOMAG Group.

FORECAST REPORT

Subject to the condition that there are no further disruptions on the financial markets in connection with the sovereign debt crisis in the eurozone, the experts of the IfW assume that the rate of global economic growth will gradually rise as the year progresses. Global economic growth of 3.2 percent is expected for 2013. Advanced economies are forecast to grow moderately by 1.1 percent, while the United States is expected to reach growth of 1.8 percent. In the case of emerging economies, the IfW again anticipates a somewhat larger increase in total economic output and a growth rate for 2013 of 5.4 percent. China is expected to see growth of 7.5 percent, India of 5.5 percent, Russia of 2.5 percent and Brazil of 3.1 percent. The eurozone will remain in recession, contracting by 0.6 percent.

The IfW expects the German economy to pick up momentum again over the course of the year driven by gradually increasing impetus from abroad. Gross domestic product is expected to grow by 0.5 percent in 2013.

At the beginning of July, the VDMA reduced its previous forecast for the German mechanical engineering sector for 2013 from growth of 2 percent to a contraction of 1 percent. This was attributed to order intake, which has been weaker than expected, particularly in Germany. For the subsector of woodworking machines, the most recent forecast as of the end of April still anticipates production growth of 2 percent for 2013.

The downward revision of the VDMA’s forecast for 2013 reflects the current reticent investment mood on the part of customers in the mechanical engineering sector. In view of this environment, our slight increase in order intake in the first half of 2013 and the very high order backlog have to be valued highly. We have achieved this thanks to our dedicated team and our innovative products and services, with which we have been able to win over customers at the LIGNA trade fair, for instance.

This is why we are maintaining our growth forecasts for 2013 unchanged, provided that there are no major disruptions in the global economy. We therefore still aim to exceed prior-year order intake in 2013 and estimate group sales revenue of about EUR 800 million. We aim to reach an operative EBITDA before employee profit participation expenses and before extraordinary expenses of around EUR 75 million and expect to return a net profit of the Group for the year of around EUR 15 million.

One important reason for confirming our forecast was the excellent order backlog at the end of the first half of 2013, which reached the highest value since the end of 2008 and which we achieved thanks to our good project business, among other factors. Our intention is for the resulting sales revenue and the corresponding contribution to earnings that we expect in the second half of the year to compensate for the somewhat weaker figures seen in the first half of the year with respect to sales revenue and operative EBITDA. There were in the second quarter the first signs of recovery. We also anticipate positive earnings effects in the second half of the year from the substantially lower trade fair costs and the financial result.

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

EUR k	2013 04/01-06/30	2012 04/01-06/30	2013 01/01-06/30	2012 01/01-06/30
SALES REVENUE	**195,297**	**188,263**	**371,993**	**375,962**
Increase or decrease in inventories of finished goods and work in progress	-2,852	260	12,658	9,748
Own work capitalized	2,397	2,965	5,009	5,822
	-455	3,225	17,667	15,570
TOTAL OPERATING PERFORMANCE	**194,842**	**191,488**	**389,660**	**391,532**
Other operating income	4,449	4,858	8,344	8,370
	199,291	**196,346**	**398,004**	**399,902**
Cost of materials	81,670	82,269	165,237	168,590
Personnel expenses before employee participation	71,891	72,282	145,097	143,366
Amortization of intangible assets	3,694	2,950	7,295	5,746
Depreciation of property, plant and equipment	3,828	4,015	7,733	8,075
Other operating expenses	33,071	28,687	61,739	58,158
	194,154	**190,203**	**387,101**	**383,935**
OPERATING RESULT BEFORE EMPLOYEE PARTICIPATION	**5,137**	**6,143**	**10,903**	**15,967**
Expenses from employee participation	-936	-2,861	-2,144	-3,883
NET OPERATING PROFIT	**4,201**	**3,282**	**8,759**	**12,084**
Profit/loss from associates	933	390	1,468	504
Interest income	685	464	999	1,005
Interest expenses	2,007	2,581	3,849	5,251
EARNINGS BEFORE TAXES	**3,812**	**1,555**	**7,377**	**8,342**
Income taxes	-1,442	-1,953	-3,112	-5,386
NET PROFIT FOR THE PERIOD	**2,370**	**-398**	**4,265**	**2,956**
Profit attributable to non-controlling interests	166	-172	215	-37
Profit attributable to owners of Homag Group AG	**2,204**	**-226**	**4,050**	**2,993**
Earnings per share attributable to owners of Homag Group AG in EUR (basic and diluted)	0.14	-0.01	0.26	0.19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR k	2013 04/01-06/30	2012 04/01-06/30	2013 01/01-06/30	2012 01/01-06/30
NET PROFIT FOR THE PERIOD	**2,370**	**-398**	**4,265**	**2,956**
Currency effects	-1,439	1,145	-1,424	1,049
thereof share in associates included using the equity method	*-199*	*408*	*124*	*266*
Gains and losses from cash flow hedges	278	0	149	0
Taxes attributable to gains and losses from cash flow hedges	-78	0	-42	0
OTHER INCOME AND EXPENSES THAT CAN BE RECLASSIFIED TO THE INCOME STATEMENT UNDER CERTAIN CONDITIONS IN FUTURE PERIODS	**-1,239**	**1,145**	**-1,317**	**1,049**
Acturial gains and losses	-62	-38	-153	-38
Income tax on other comprehensive income	18	6	18	6
OTHER INCOME AND EXPENSES THAT CANNOT BE RECLASSIFIED TO THE INCOME STATEMENT IN FUTURE PERIODS	**-44**	**-32**	**-135**	**-32**
OTHER COMPREHENSIVE INCOME	**-1,283**	**1,113**	**-1,452**	**1,017**
TOTAL COMPREHENSIVE INCOME	**1,087**	**715**	**2,813**	**3,973**
Total comprehensive income attributable to non-controlling interests	150	-32	272	28
Total comprehensive income attributable to owners of Homag Group AG	**937**	**747**	**2,541**	**3,945**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR k		Jun. 30, 2013	Dec. 31, 2012
NON-CURRENT ASSETS			
I.	Intangible assets	73,722	69,793
II.	Property, plant and equipment	127,789	132,594
III.	Investments in associates	10,324	8,732
IV.	Other financial assets	496	501
V.	Receivables and other assets		
	Trade receivables	1,354	1,538
	Sundry financial assets	943	1,136
	Other assets and prepaid expenses	85	73
	Income tax receivables	1,809	1,750
VI.	Deferred taxes	12,199	12,056
		228,721	**228,173**
CURRENT ASSETS			
I.	Inventories	146,887	127,967
II.	Receivables and other assets		
	Trade receivables	85,835	84,959
	Receivables from long-term construction contracts	24,363	23,231
	Receivables due from associates	15,367	13,792
	Other assets and prepaid expenses	20,665	13,022
	Income tax receivables	2,321	1,811
III.	Cash and cash equivalents	35,355	45,557
		330,793	**310,339**
IV.	Non-current assets held for sale	1,245	2,505
		332,038	**312,844**
TOTAL ASSETS		**560,759**	**541,017**

EQUITY AND LIABILITIES

EUR k		Jun. 30, 2013	Dec. 31, 2012
EQUITY			
I.	Issued capital	15,688	15,688
II.	Capital reserves	32,976	32,976
III.	Revenue reserves	104,211	96,361
IV.	Net profit for the period	4,050	12,680
	Equity attributable to owners	156,925	157,705
V.	Non-controlling interests	8,126	8,056
		165,051	**165,761**
NON-CURRENT LIABILITIES AND PROVISIONS			
I.	Non-current financial liabilities	68,386	71,698
II.	Other non-current liabilities	9,450	9,606
III.	Pensions and other post employment benefits	2,945	3,368
IV.	Obligations from employee participation	12,982	13,133
V.	Other non-current provisions	4,823	5,088
VI.	Deferred taxes	14,079	12,900
		112,665	**115,793**
CURRENT LIABILITIES AND PROVISIONS			
I.	Current financial liabilities	79,183	70,894
II.	Trade payables	69,687	60,936
III.	Payments on account	35,228	34,956
IV.	Liabilities from long-term construction contracts	1,760	3,316
V.	Liabilities to associates	3,592	2,714
VI.	Other financial liabilities	22	7
VII.	Other current liabilities and deferred income	73,842	65,496
VIII.	Tax liabilities	5,805	6,463
IX.	Pensions and other post employment benefits	72	72
X.	Other current provisions	13,852	14,609
		283,043	**259,463**
TOTAL LIABILITIES		**395,708**	**375,256**
TOTAL EQUITY AND LIABILITIES		**560,759**	**541,017**

CONSOLIDATED CASH FLOW STATEMENT

EUR k	2013 01/01-06/30	2012 01/01-06/30
1. CASH FLOW FROM OPERATING ACTIVITIES		
Profit or loss before taxes	**7,377**	**8,342**
Income tax paid (-)	-3,481	-5,083
Interest result	2,851	4,246
Interest paid (-)	-3,424	-4,600
Interest received (+)	976	981
Write-downs (+)/write-ups (-) of non-current assets (netted)	15,028	13,821
Increase (+)/decrease (-) in provisions	-1,757	-190
Share of profit (-) or loss (+) of associates	-1,468	-504
Gain (-)/loss (+) on disposals of non-current assets	-1,595	-111
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-33,275	-18,518
Increase (+)/decrease (-) in trade payables and other liabilities	19,871	18,895
CASH FLOW FROM OPERATING ACTIVITIES	**1,103**	**17,279**
2. CASH FLOW FROM INVESTING ACTIVITIES		
Cash received (+) from disposals of property, plant and equipment	3,025	918
Cash paid (-) for investments in property, plant and equipment	-2,795	-9,446
Cash received (+) from disposals of intangible assets	4	1
Cash paid (-) for investments in intangible assets	-8,145	-8,705
Cash received (+) from disposals of financial assets	6	0
CASH FLOW FROM INVESTING ACTIVITIES	**-7,905**	**-17,232**

EUR k	2013 01/01-06/30	2012 01/01-06/30
3. CASH FLOW FROM FINANCING ACTIVITIES		
Dividends	-3,922	0
Cash paid (-) to non-controlling interests	0	-255
Cash received (+) from allocations to equity	305	0
Cash received (+) from the issue of (financial) liabilities	15,548	6,277
Cash repayment (-) of bonds and (financial) liabilities	-14,091	-8,921
CASH FLOW FROM FINANCING ACTIVITIES	**-2,160**	**-2,899**
4. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Change in cash and cash equivalents (subtotal 1-3)	-8,962	-2,852
Effect of currency translation adjustments and change in scope of consolidation on cash and cash equivalents	-1,240	786
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**45,557**	**56,469**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD[1)]	**35,355**	**54,403**

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

EUR k	Issued capital	Capital reserves	Revenue Revenue reserves
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 profit for the period			
Other income and expenses			
Total comprehensive income			
Jun. 30, 2012	**15,688**	**32,976**	**89,342**
Jan. 1, 2013	**15,688**	**32,976**	**90,446**
Other changes			**95**
Dividends paid			-3,922
Changes from non-controlling interests			506
Transactions with owners			**-3,416**
Reclassification to revenue reserves			**12,680**
Net profit for the period			
Other income and expenses			
Total comprehensive income			
Jun. 30, 2013	**15,688**	**32,976**	**99,805**

reserves					
Other comprehensive income	Translation reserve	Group result	Equity before non-controlling interests	Non-controlling interests	Total
-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**
		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**
-377	**6,292**	**12,680**	**157,705**	**8,056**	**165,761**
			95	**304**	**399**
			-3,922		**-3,922**
			506	-506	**0**
			-3,416	**-506**	**-3,922**
		-12,680	**0**		**0**
		4,050	4,050	215	**4,265**
-28	-1,481		-1,509	57	**-1,452**
-28	**-1,481**	**4,050**	**2,541**	**272**	**2,813**
-405	**4,811**	**4,050**	**156,925**	**8,126**	**165,051**

SELECTED EXPLANATORY NOTES

GENERAL

These condensed consolidated financial statements for the first half of 2013 were released for publication by resolution of the management board on August 9, 2013.

APPLICATION OF ACCOUNTING REQUIREMENTS

The interim condensed consolidated financial statements of Homag Group AG (Homag Group) as of June 30, 2013, like the consolidated financial statements as of December 31, 2012, were prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), the interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by the EU and applicable as of the reporting date. The provisions of IAS 34 on interim financial reporting were applied.

The same accounting policies generally apply for this interim report as for the 2012 consolidated financial statements. These policies are explained in detail in the 2012 annual report. In addition, the amendments to IFRSs and the new policies mandatory as of January 1, 2013 have been adopted in the interim financial statements. The amendments to the following IFRSs became applicable for the first time in the reporting period:

Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to IFRS 7 and IAS 32	Offsetting of Financial Assets and Financial Liabilities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to IAS 19	Employee Benefits (as revised in 2011)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Of the standards mentioned above, only the amendments to IAS 1 and IFRS 13 had an effect on the interim financial statements:

Amendment of IAS 1 – *Presentation of Items of Other Comprehensive Income*

The amendment to IAS 1 was issued in June 2011 and became effective for fiscal years beginning on or after July 1, 2012. The amendment to IAS 1 concerns the presentation of the items of other comprehensive income. Items that will be reclassified to profit or loss at a future point in time are presented separately from items that will remain in equity. The amendment merely affected presentation in the consolidated statement of comprehensive income and has no impact on the Homag Group's net assets, financial position and results of operations.

IFRS 13 – *Fair Value Measurement*

The Group only has a minor amount of assets that are measured at fair value. As a result, this standard did not have any material effect on the Group's net assets, financial position and results of operations. IFRS 13, however, leads to changes in IAS 34, according to which additional disclosures in the notes to the financial statements are necessary for the interim financial statements.

All mandatory new and amended IFRSs were described in detail in the annual report 2012.

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 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, 2012.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

SALES REVENUE

In the first half of 2013, the Homag Group generated sales revenue of EUR 371,993 k, down 1.1 percent on the same period of the prior year (2012).

EUR k	2013 04/01-06/30	2012 04/01-06/30	2013 01/01-06/30	%	2012 01/01-06/30	%	% change on the prior year
Germany	**44,051**	**49,012**	**90,876**	**24.4%**	**95,666**	**25.4%**	**-5.0%**
Other EU countries	61,402	51,289	103,356	27.8%	105,658	28.1%	-2.2%
Rest of Europe	28,764	30,052	61,058	16.4%	65,743	17.5%	-7.1%
North America	16,626	12,991	33,319	9.0%	25,022	6.7%	33.2%
Central/South America	9,741	5,642	18,570	5.0%	17,039	4.5%	9.0%
Asia/Pacific	33,772	38,521	62,374	16.8%	65,678	17.5%	-5.0%
Africa	941	756	2,440	0.7%	1,156	0.3%	111.1%
Other countries	**151,246**	**139,251**	**281,117**	**75.6%**	**280,296**	**74.6%**	**0.3%**
TOTAL	**195,297**	**188,263**	**371,993**	**100.0%**	**375,962**	**100.0%**	**-1.1%**

The regions North America (33.2 percent) and Africa (111.1 percent) saw the greatest percentage increase in sales revenue in the first half of 2013 in comparison to the same period of the prior year. Growth was also recorded in the Central/South America region (9.0 percent). Down 7.1 percent, the rest of Europe region registered a slight decrease. Sales revenue in the regions Asia/Pacific and other EU countries fell by 5.0 percent and 2.2 percent, respectively, in comparison to the corresponding period of 2012. In Germany, sales revenue decreased slightly by 5.0 percent. The share of sales revenue earned in Germany decreased from 25.4 percent in the first half of 2012 to 24.4 percent in the reporting period.

COST OF MATERIALS

EUR k	2013 04/01-06/30	2012 04/01-06/30	2013 01/01-06/30	2012 01/01-06/30
Cost of raw materials, consumables and supplies and purchased merchandise	76,936	74,494	156,191	155,114
Cost of purchased services	4,734	7,775	9,046	13,476
	81,670	**82,269**	**165,237**	**168,590**

In the first half of 2013, the ratio of cost of materials to total operating performance decreased slightly from 43.1 percent in the corresponding prior-year period to 42.4 percent. This is partly due to the decline in the share of merchandise.

PERSONNEL EXPENSES

EUR k	2013 04/01-06/30	2012 04/01-06/30	2013 01/01-06/30	2012 01/01-06/30
Wages and salaries	61,083	61,399	123,307	121,531
Social security, pension and other benefit costs	10,808	10,883	21,790	21,835
thereof pension benefits	*4,358*	*4,640*	*8,502*	*8,938*
	71,891	**72,282**	**145,097**	**143,366**

EUR k	2013 04/01-06/30	2012 04/01-06/30	2013 01/01-06/30	2012 01/01-06/30
Expenses from employee participation	-936	-2,861	-2,144	-3,883

After 5,038 employees as of June 30, 2012, 5,048 as of December 31, 2012 and 5,031 employees as of March 31, 2013, the Homag Group employed 5,019 persons as of June 30, 2013.

Personnel expenses in the first half of 2013 were up 1.2 percent on the comparable period of the prior year. The increase is primarily attributable to a collectively bargained wage increase of 4.3 percent in Germany in May 2012 as well as a higher level of wage abroad. Combined with the lower total operating performance, the ratio of personnel expenses to total operating performance thus came to 37.2 percent (prior year: 36.6 percent).

In the first half of 2013, expenses from employee profit participation decreased to EUR 2,144 k (prior year: EUR 3,883 k). This is due to the sharp decline in the discount rate in the prior year, which meant for us a lower discounting effect for these non-current obligations. In addition, some of the entities that have employee profit participation programs, particularly participation in the result pursuant to HGB [“Handelsgesetzbuch”: German Commercial Code], developed worse than in the prior year.

NET PROFIT FOR THE PERIOD

Operative EBITDA before employee profit participation expenses and before restructuring/non-recurring expenses amounted to EUR 27,061 k in the first half of 2013 (prior year: EUR 30,930 k). EBIT before employee profit participation expenses and after restructuring/non-recurring expenses amounted to EUR 10,903 k in the first half of 2013 (prior year: EUR 15,967 k).

The financial result of EUR -1,382 k for the first half of 2013 improved by 63.1 percent compared to the prior-year period (EUR -3,742 k) thanks to improvements in both the interest result and the investment result.

EBT in the first half of 2013 came to EUR 7,377 k (prior year: EUR 8,342 k). After non-controlling interests, the net profit for the period came to EUR 4,050 k (prior year: EUR 2,993 k) which leads to earnings per share of EUR 0.26 (prior year: EUR 0.19).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Intangible assets increased by EUR 3,929 k compared to December 31, 2012, mainly due to capital expenditures in the ProFuture IT project and investment in software licenses.

Inventories rose by EUR 18,920 k to EUR 146,887 k in comparison to December 31, 2012, an increase of 14.8 percent. This is due to the continued increase in order backlog and in the increased stage of completion of machines on which work has already commenced but where the criteria for the partial recognition of revenue pursuant to IFRS were not satisfied.

Receivables from long-term construction contracts were down EUR 1,132 k or 4.9 percent. Other current assets and prepaid expenses rose by EUR 7,643 k or 58.7 percent compared to December 31, 2012. This mainly stems from the deferral of vacation pay.

Cash and cash equivalents decreased by EUR 10,202 k compared to year-end 2012. This is due to the increase in inventories, the dividend paid out and the restructuring expenses that had an effect on liquidity.

The line item “Non-current assets held for sale” decreased by EUR 1,260 k compared to December 31, 2012. The land and buildings held for sale at Friz Kaschiertechnik GmbH were sold in April 2013. Torwegge Holzbearbeitungsmaschinen GmbH was likewise able to sell some of the assets held for sale in the reporting period; the aim is to complete the disposal of the remaining land and buildings in the near future.

EQUITY

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

The equity ratio stood at 29.4 percent as of June 30, 2013, and was thus slightly below the level as of December 31, 2012 (December 31, 2012: 30.6 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 0.26 in the first half of 2013 (prior year: EUR 0.19).

	2013 01/01-06/30	2012 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	4,050	2,993
BASIC EARNINGS PER SHARE ACCORDING TO IAS 33 IN EUR	**0.26**	**0.19**
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.

On May 28, 2013, the annual general meeting for the fiscal year 2012 passed a resolution to distribute a dividend of EUR 0.25 per share. The dividend was paid out on May 29, 2013.

LIABILITIES

On the equity and liabilities side of the statement of financial position, current and non-current financial liabilities increased by EUR 4,977 k. Trade payables rose by EUR 8,751 k, an increase of 14.4 percent. Other current liabilities increased by EUR 8,346 k (12.7 percent) in the reporting period, particularly due to normal seasonal movements during the first half of the year, such as the increase in vacation provisions.

Net liabilities to banks increased from EUR 89,470 k as of December 31, 2012 to EUR 103,174 k as of June 30, 2013. This is due to the decrease in cash and cash equivalents.

FINANCIAL INSTRUMENTS

Book values, carrying amounts and fair values by measurement category

EUR k	Book value Jun. 30, 2013
ASSETS	
Cash and cash equivalents	35,355
Trade receivables	102,556
Receivables from long-term construction contracts	24,363
Other financial assets	496
Other non-derivative financial assets	7,882
Derivative financial assets	
Derivatives without hedging relationship	22
Derivatives with hedging relationship	149
EQUITY AND LIABILITIES	
Trade payables	73,279
Liabilities from long-term construction contracts	1,760
Financial liabilities	
Liabilities to banks	138,529
Lease liabilities	9,039
Derivative financial liabilities	
Derivatives without hedging relationship	22
THEREOF COMBINED ACCORDING TO THE MEASUREMENT CATEGORIES IN ACCORDANCE WITH IAS 39	
Loans and receivables	145,793
Held-for-sale financial assets	496
Financial assets held for trading	22
Financial liabilities measured at amortized cost	211,808
Financial liabilities held for trading	22

Carrying amount in balance sheet IAS 39					
Amortized cost	Acquisition cost	Fair value through profit or loss	Carrying amount according to IAS 11	Carrying amount according to IAS 17	Fair value Jun. 30, 2013
35,355					35,355
102,556					102,556
			24,363		24,363
	496				--
7,882					7,882
					0
		22			22
		149			149
73,279					73,279
			1,760		1,760
138,529					139,142
				9,039	8,987
		22			22
145,793					145,793
	496				--
		22			22
211,808					212,421
		22			22

Cash and cash equivalents, trade receivables and other non-derivative assets fall due in the short term for the most part. Consequently, their carrying amounts as of the end of the reporting period approximate their fair value.

Available-for-sale financial assets relate exclusively to equity instruments for which a quoted price on an active market is not available. Consequently, their fair value cannot be measured reliably. This concerns strategic investments for which there is no intent to sell at present.

The fair value of derivative financial instruments, which are essentially interest rate hedges and forward exchange contracts, is determined using standardized financial modeling methods (mark-to-market method).

For trade payables, it is assumed that the fair values correspond to the carrying amounts of these financial instruments due to the short terms to maturity.

As regards financial liabilities, non-current liabilities due to banks are determined using a fixed interest rate, while the value of the finance lease liabilities and in the prior year the liabilities from profit participation rights is determined based on the present value of the expected future cash flows. Discounting is based on the prevailing market interest rates with reference to the terms concerned; terms are classified into those falling due between one and five years and terms of more than five years. If there is objective evidence that the credit risk has changed since the liability was entered into, this is taken into account when determining the discount rate. As regards the current liabilities to banks, it is assumed that the carrying amount of these financial instruments approximates their fair values owing to the short terms to maturity.

OTHER FINANCIAL ASSETS

The interest derivatives concluded in 2010 at Homag Group AG expired in Q1 2013. In Q1 2013, new interest rate hedges (interest rate swaps) were concluded for existing loans of EUR 60 million for this reason. The changes in cash flows from the hedged transactions resulting from changes in the Euribor rate are offset by changes in cash flows (compensation payments) from the interest rate swaps. The aim of the hedging measures is to transform the variable-rate financial liabilities into fixed-interest financial liabilities and thus to hedge the risks in the cash flow from the financial liabilities. Credit risks are not hedged. The effectiveness of the hedge is prospectively and retrospectively tested using the critical terms match method. All hedges of this kind were effective as of the reporting date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices on active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Financial assets at fair value through profit or loss:

	June 30, 2013			
EUR k	Total	Level 1	Level 2	Level 3
Derivatives without hedging relationship	22	0	22	0
Derivatives with hedging relationship	149	0	149	0
	171	**0**	**171**	**0**

Financial liabilities at fair value through profit or loss:

	June 30, 2013			
EUR k	Total	Level 1	Level 2	Level 3
Derivatives without hedging relationship	22	0	22	0
Derivatives with hedging relationship	0	0	0	0
	22	**0**	**22**	**0**

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 164 of the annual report 2012.

In the Other segment, sales revenue increased by EUR +8,649 k (or +25.6 percent). In absolute terms, the largest growth was generated by HOMAG MACHINERY Środa Sp. z o.o. (up EUR 2,894 k or 33.4 percent). Also very positive was the development of Weinmann Holzbausystemtechnik GmbH with a gain of EUR 1,903 k (or 23.1 percent), Homag Machinery (Shanghai) Co., Ltd. up EUR 1,622 k (or 12 percent) and HOMAG MACHINERY São Paulo Ltda. with growth of EUR 1,338 k (or 196.8 percent). By contrast, decreases were reported by the segments Sales & Service (down EUR 5,185 k), Industry (down EUR 2,026 k) and Cabinet Shops (down EUR 1,844 k).

	Industry		Cabinet Shops		Sales & Service	
	2013	2012	**2013**	2012	**2013**	2012
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	151,412	157,672	44,086	45,982	115,641	120,895
Sales with group companies from other segments	51,578	51,150	42,109	43,607	971	936
Sales with investments recognized at equity	25,351	21,545	11,616	10,066	61	27
TOTAL SALES REVENUE	**228,341**	**230,367**	**97,811**	**99,655**	**116,673**	**121,858**
operative EBITDA[1)]	**22,665**	**24,275**	**5,115**	**6,571**	**2,106**	**3,531**
Restructuring/non-recurring expenses[2)]	-40	-362	0	-282	-1,016	-29
Depreciation of property, plant and equipment and amortization of intangible assets	-9,955	-9,095	-2,718	-2,624	-1,079	-1,073
Expenses from employee participation	-1,828	-3,155	-176	-980	-80	-173
Share in result of associates	492	201	0	0	976	303
Interest result	-631	-1,076	-222	-434	-233	-97
SEGMENT RESULT[3)]	**10,703**	**10,787**	**1,999**	**2,251**	**674**	**2,461**
EMPLOYEES[4)]	**2,603**	**2,672**	**987**	**994**	**736**	**740**

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

The development of operative EBITDA before employee profit participation expenses and before restructuring/non-recurring expenses varied between segments. Operative EBITDA decreased by EUR 1,610 k in the Industry segment, by EUR 1,456 k in the Cabinet Shops segment and by EUR 1,425 k in the Sales & Service segment. By contrast, an increase of EUR 2,074 k was registered in the Other segment. In the Industry segment, Bargstedt Handlingsysteme GmbH was the entity which recorded the largest absolute and percentage decrease (down EUR 2,695 k or 162.9 percent). In the Cabinet Shops segment, Weeke Bohrsysteme GmbH was the entity which recorded the largest absolute and percentage decrease (down EUR 2,192 k or 45.1 percent). The change in the Sales & Service segment was allocable almost proportionately to several entities. In the Other segment, Weinmann Holzbausystemtechnik GmbH was the entity which recorded the largest improvement in earnings in absolute terms, up EUR 1,143 k (115.2 percent). The largest percentage increase in earnings in this segment was reported by HOMAG MACHINERY (São Paulo) Ltda., up 216.6 percent (EUR 350 k).

Other		Total segments		Consolidation		Group	
2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
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
10,978	8,533	322,117	333,082	0	0	322,117	333,082
18,576	13,978	113,234	109,671	-113,234	-109,671	0	0
12,848	11,242	49,876	42,880	0	0	49,876	42,880
42,402	**33,753**	**485,227**	**485,633**	**-113,234**	**-109,671**	**371,993**	**375,962**
-1,069	**-3,143**	**28,817**	**31,234**	**-1,756**	**-304**	**27,061**	**30,930**
-74	-469	-1,130	-1,142	0	0	-1,130	-1,142
-1,276	-1,029	-15,028	-13,821	0	0	-15,028	-13,821
-60	425	-2,144	-3,883	0	0	-2,144	-3,883
0	0	1,468	504	0	0	1,468	504
-1,765	-2,639	-2,850	-4,246	0	0	-2,850	-4,246
-4,244	**-6,853**	**9,132**	**8,646**	**-1,756**	**-304**	**7,377**	**8,342**
704	**667**	**5,030**	**5,073**	**0**	**0**	**5,030**	**5,073**

OTHER NOTES

CONTINGENT LIABILITIES

As had already been reported as of year-end 2012, a German production company has recognized a provision of EUR 455 k and a foreign sales entity a provision of EUR 609 k for litigation risks.

In the second quarter of 2013, a German production company recognized a provision of EUR 500 k for litigation risks.

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 with a value of EUR 49,907 k were supplied to associates in the first half of the year (prior year: EUR 42,855 k). Goods and services worth EUR 1,965 k were received from associates (prior year: EUR 1,933 k).

SUBSEQUENT EVENTS AFTER JUNE 30, 2013

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

Schopfloch, August 9, 2013

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 2013

Homag Group AG
The management board

DR. MARKUS FLIK

HARALD BECKER-EHMCK

JÜRGEN KÖPPEL

HANS-DIETER SCHUMACHER

FINANCIAL CALENDAR, CONTACT AND DISCLAIMER

FINANCIAL CALENDAR

November 12, 2013	Nine-month report 2013
November 13, 2013	German Equity Forum

CONTACT

HOMAG Group AG
Homagstrasse 3–5
72296 SCHOPFLOCH
GERMANY
Phone +49 (0) 7443 13 0
Fax +49 (0) 7443 13 2300
E-mail info@homag-group.com
www.homag-group.com

Investor Relations
Kai Knitter
Phone +49 (0) 7443 13 2461
Fax +49 (0) 7443 13 8 2461
E-mail kai.knitter@homag-group.com

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.

www.homag-group.com