Interim Report Q1/2009

SUCCESS WITH A SYSTEM

KEY GROUP FIGURES*

		1st 3 months 2009	1st 3 months 2008	Variance as %
Total sales revenue	EUR m	119.0	226.9	-47.6
Sales revenue Germany	EUR m	30.2	41.1	-26.5
Sales revenue outside Germany	EUR m	88.8	185.8	-52.2
thereof Europe	EUR m	66.4	136.6	-51.4
North America	EUR m	3.2	22.0	-85.5
Asia/Pacific	EUR m	14.4	20.5	-29.8
Foreign share	as %	74.6	81.9	-8.9
EBITDA[1)]	EUR m	-4.4	27.8	-115.8
EBITDA adjusted[2)]	EUR m	-3.7	27.8	-113.3
EBITDA	as % of sales revenue	-3.7	12.2	-130.3
EBITDA	as % of total operating performance	-3.4	11.6	-129.3
EBIT[1)]	EUR m	-10.4	22.5	-146.2
EBIT adjusted[2)]	EUR m	-9.7	22.5	-143.1
EBIT	as % of sales revenue	-8.7	9.9	-187.9
EBIT	as % of total operating performance	-8.1	9.4	-186.2
Net profit (before minority interests)	EUR m	-11.2	12.1	-192.6
Earnings per share[3)]	EUR	-0.70	0.72	-197.2
ROCE[4)] after taxes	as %	-7.5	20.6	-136.4
ROCE [5)] before taxes	as %	-10.9	29.9	-136.5
Equity as of reporting date	EUR m	172.4	176.7	-2.4
Own funds as of reporting date[6)]	EUR m	213.7	219.2	-2.5
Own funds ratio	as %	38.8	37.3	4.0
Capital expenditures on property, plant and equipment	EUR m	3.5	4.2	-16.7
Depreciation on property, plant and equipment	EUR m	4.4	4.1	7.3
Employees[7)]	Average of the period	5,431	5,187	4.7
thereof trainees	Average of the period	370	340	8.8
Personnel expenses	EUR m	58.4	68.3	-14.5
Order intake accumulated[8)]	EUR m	74.5	231.9	-67.9
Order backlog as of reporting date[8)]	EUR m	143.5	311.6	-54.0

* IFRS

1) Before taking into account employee profit participation

2) Before taking into account employee profit participation and restructuring/non-recurring expenses

3) Net profit after minority interests, based on 15,688,000 shares (prior year: 15,688,000)

4) (EBIT adjusted for the first quarter x 4 x 69%) / Capital Employed (non-current assets + Net Working Capital) (tax rate 31%)

5) (EBIT adjusted for the first quarter x 4) / Capital Employed (non-current assets + Net Working Capital)

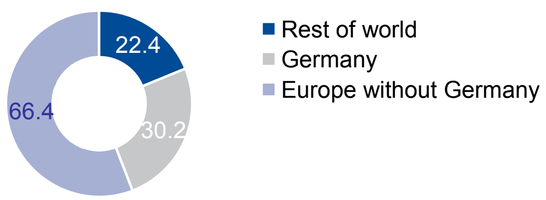
6) Equity plus profit participation rights and silent participation

7) From the first quarter of 2009 including 235 employees of BENZ GmbH Werkzeugsysteme

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

SALES REVENUE BY REGION first quarter 2009

EUR million

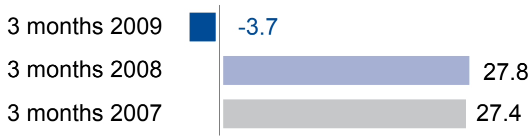


SALES REVENUE

EUR million

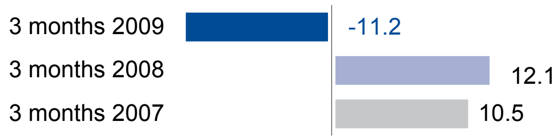
EBITDA adjusted [2)]

EUR million



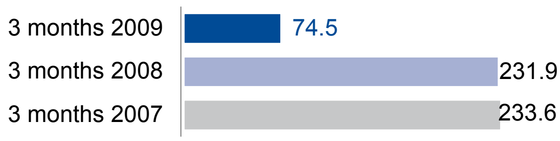
NET PROFIT (after minority interests)

EUR million



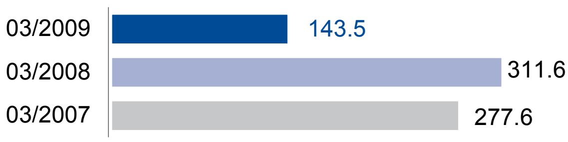
ORDER INTAKE [8)]

EUR million



ORDER BACKLOG [8)]

EUR million



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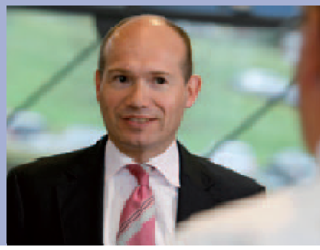
FOREWORD BY THE MANAGEMENT BOARD

From left to right:
Dr. Joachim Brenk
Achim Gauss
Andreas Hermann





DEAR SHAREHOLDERS,

It has surely not escaped your attention that the economic news has been rather negative over the first months of 2009. The bank and financial crisis is still ongoing, economists have, in the meantime, adjusted their forecasts for 2009 to historic lows both for the global economy and for the German economy and a large number of companies and industrial associations are reporting dramatic falls in orders. All this clearly reveals that the global economy is going through the severest crisis since the end of the Second World War. And the HOMAG Group is, unfortunately, no exception in this respect. We likewise suffered from a massive drop in orders in the fourth quarter of 2008 and in the first three months of the current fiscal year. In particular, the project business – one of the major strengths of our group – has virtually come to a standstill due to the great uncertainty prevailing among our global customers. The consequences are a significant drop in sales revenue in the first quarter of 2009 and a net loss.

We are hardly in a position to influence the poor economic climate and the related reluctance to invest within our industry. One factor we do have an influence on, however, is the capacity and cost situation within the HOMAG Group. We reacted quickly and have already significantly cut our costs, specifically in the area of human resources. Independently of the current market weakness, in recent years we have perceptibly increased our flexibility with regard to costs and have now been quick to exploit this potential. This includes for example the reduction in accrued overtime, utilization of vacation and non-working shift accounts and the use of forced leave.

A reduction in headcount was and remains inevitable, nevertheless. For instance, we have already reduced the number of contract workers from 340 to 10 and the majority of temporary employment contracts will not be extended but we will not be able to avoid terminations for operational reasons. In the last two quarters, we have thus lowered our headcount by just under 600 employees, including contract workers, and have reduced our personnel costs, including contract workers, and other operating expenses by almost EUR 24 million in the first quarter of 2009, i.e. by more than 20 percent in comparison to the first quarter of 2008.

OUTLOOK

As it has become apparent in the meantime that the economic crisis is even deeper than anticipated at the beginning of the year, we do not expect any significant upswing in business before the end of 2009. On the other hand, we are also working on the assumption that the economy has in the meantime bottomed out. With regard to order intake, we expect the second quarter to be at the same level as the first three months of 2009, we subsequently expect the volume of business to gradually increase in the third and fourth quarters. We hope that demand will be stimulated by the LIGNA, the leading trade show in our industry, being held in Hanover from May 18 to 22, where we plan to present numerous technical innovations. We do not think it would be possible at the moment to make a reliable forecast for order intake or sales revenue over the course of 2009 as a whole as we will have to await further developments in the industry and our business in this uncertain environment.

Some of the personnel-related measures that have already been approved, such as not extending temporary employment contracts, will only take full effect as the year progresses. By the end of 2009, this will lead to a reduction in headcount of around 700 employees and, additionally, more than 300 contract workers in comparison to the third quarter of 2008. Generally weak business development means that this will not be sufficient and further headcount reduction affecting around 400 employees will be unavoidable. Our aim is to implement these adjustments in as socially a

From left to right:
Herbert Högemann
Rolf Knoll

compatible manner as possible. We are therefore currently reviewing all options, including for instance an extended enforced leave package.

In connection with these personnel-related measures, we anticipate restructuring costs or non-recurring expenses somewhere in the vicinity of EUR 10 million, which will be incurred sometime between the second and fourth quarters.

In the coming quarters, we are working on the assumption that earnings will improve compared to the first quarter of 2009 and expect slightly positive EBITDA before restructuring costs as early as the second quarter, even though the costs of participating in the Ligna trade fair will be incurred over the period from April to June and the personnel-related measures will not have come into full effect by that time. Thanks to the decreasing costs in conjunction with somewhat improved business development, we anticipate a return to positive earnings for the period before restructuring costs and non-recurring expenses by the fourth quarter of 2009 at the very latest. For 2009 as a whole we will continue to strive for a slightly positive EBIT before restructuring costs and non-recurring expenses.

The Management Board

Schopfloch, May 2009

DR. JOACHIM BRENK

ANDREAS HERMANN

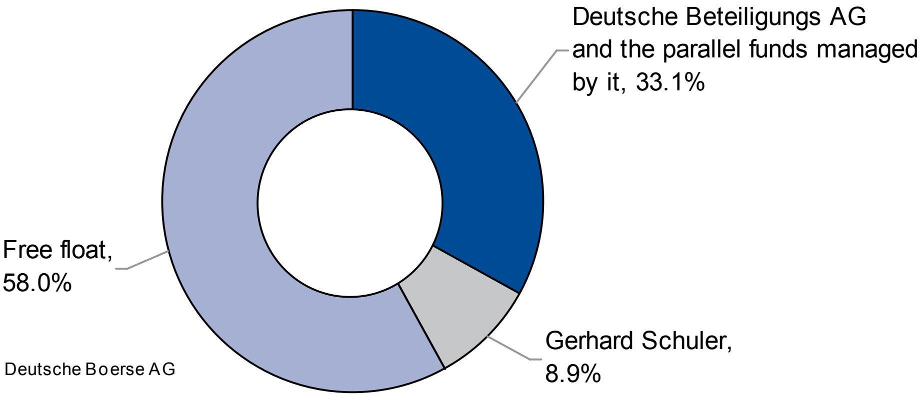
ACHIM GAUSS

HERBERT HÖGEMANN

ROLF KNOLL

THE HOMAG GROUP AG SHARE

SHAREHOLDER STRUCTURE AS AT APRIL 30, 2009*



*Method of calculation according to Deutsche Boerse AG

By the end of 2008, it had already become apparent that the bank and financial crisis is impacting the real economy and is having a significant negative impact on the global economy. This undercurrent continued and intensified considerably in the first quarter of 2009. Orders collapsed in numerous industries such as the automobile segment and mechanical engineering industry. Correspondingly, economic forecasts for 2009 published by research institutes and governments, already dire at the beginning of the year, deteriorated even further. In turn, these developments caused further uncertainty on the already weak capital markets. For instance, the German share market saw losses once again in the first quarter of 2009. The DAX, MDAX and SDAX indices fell by more than 20 percent by the beginning of March before recovering slightly with the DAX and SDAX ending the quarter down around 15 percent.

Until mid-February, the price of the shares of HOMAG Group AG roughly tracked its benchmark index SDAX. Following the ad hoc communication on February 17, 2009 publishing our preliminary results for fiscal 2008 and an initial forecast for 2009, the share dropped to a low of EUR 5.80 by the beginning of the quarter and stood at EUR 6.50 at the end of the quarter.

The stock markets recovered again slightly in April without there having been any improvement in the underlying economic data. For example, the DAX increased by some 17 percent and the SDAX by 13 percent. Our share likewise profited from this minor market recovery in April seeing growth of 15 percent and stood as EUR 7.45 on April 30, 2009.

At its meeting on March 30, 2009, the supervisory board approved a resolution by the management board to propose a dividend of EUR 0.30 per share at the annual general meeting on May 27, 2009 (dividend for 2007: EUR 0.90). This dividend proposal strikes a balance between an appropriate dividend for our shareholders on the one hand and the current very difficult market environment on the other.

In the first quarter of 2009, we continued our policy of active communication with the capital market. The management board has discussed the current situation and the strategy of the HOMAG Group in numerous discussions with analysts and investors. This was supplemented by a conference for analysts in Frankfurt in connection with our 2008 financial statements and the publication of a further edition of our investor newsletter in February. We answered the questions posed by members of the press in several interviews and at our press conference on the financial statements in Stuttgart, thereby providing information for interested members of the general public. This was augmented by our ad hoc communications on February 17 and March 30 in which we reported our preliminary figures for 2008 and our dividend proposal, respectively.

PERFORMANCE OF THE HOMAG GROUP SHARE IN COMPARISON WITH SDAX

January 2, 2008 to April 30, 2009
in EUR

Source: XETRA

SHARE PERFORMANCE INDICATORS

ISIN Code		DE0005297204
Stock exchange segment		Prime Standard
Index		SDAX
IPO	July 13, 2007	
Number of shares (according to commercial register entry)	until July 11, 2007 since July 12, 2007 no-par value ordinary bearer shares	14,561,345 15,688,000
Price high* Jan. 2, 2008-March 31, 2009	May 6, 2008	EUR 24.50
Price low* Jan. 2, 2008-March 31, 2009	March 12, 2009	EUR 5.80
Price* as at March 31, 2009		EUR 6.50
Market capitalization (March 31, 2009)		EUR 102.0 million

* XETRA closing quote

INTERIM MANAGEMENT REPORT AS AT MARCH 31, 2009

ECONOMIC ENVIRONMENT

The global downturn has worsened again since fall 2008 to such an extent that, in spring 2009, the global economy has entered a deep recession as this outright collapse very quickly gripped almost all countries. The spring report by the leading economic research institutes consequently works on the assumption that the economic slump will cause the global gross domestic product to contract in the first quarter of 2009 for the first time since the 1930s. Important indicators such as order intake and industrial production have continued their steep decline all over the world. From November 2008 to February 2009, seasonally adjusted industrial production fell by 7.4 percent in the euro area. The maelstrom of the economic crisis has, in the meantime, also taken hold of most of the emerging countries that had seen strong growth over the last few years. All forecasts for the global economic development in the current year have significantly deteriorated since the beginning of the year.

The spring report by the leading economic research institutes states that, in spring 2009, the German economy is in the deepest recession in the history of the Federal Republic of Germany. The fall in total economic output accelerated in the first quarter of the year. Due to the collapse in global demand for capital goods, Germany's export-based industry was particularly hard hit by the crisis. This meant that orders dropped in numerous industries. Following the further fall in the ifo business climate index in February and March 2009, it recovered somewhat at a low level in April. While the current business situation continues to be seen as unfavorable, business prospects have, in contrast, improved somewhat.

According to VDMA ["Verband Deutscher Maschinen- und Anlagenbau e.V.": German Engineering Federation], orders nosedived at the beginning of the year. For instance, order intake by the mechanical and plant engineering industry in February was 49 percent below the prior-year figure, which constitutes the most dramatic decline since the statistics were collected for the first time more than 50 years ago. The first quarter revealed a total decrease in orders of 42 percent. This steep decline also reached production quicker than usual, with production figures 23 percent below prior-year level in the first two months of 2009. The situation in the segment of wood processing machines is even more dramatic. In this segment, order intake between January and March dropped by 63 percent – in this respect the foreign business saw much poorer development than domestic trade.

BUSINESS DEVELOPMENT

As already stated, the HOMAG Group saw a weak first quarter of 2009. The climate and the propensity to invest within the industry have not improved in comparison to the end of 2008 due to the ongoing poor economic data and forecasts. In the business with individual machines we report a significant decline; the project business involving larger-scale equipment has virtually come to a standstill. We are currently seeing a low in the industry's confidence in the future. In addition, as the crisis is still in its infancy it is probably still too early to think of a time afterwards, which means that only very few companies are willing to make the corresponding investments, which in turn leads a large number of projects being postponed.

Our order intake in the quarter under review was roughly at the level of the fourth quarter of 2008, which leads us to assume that the economy has bottomed out in the meantime. Nevertheless, we are still a long way away from the exceptionally positive first quarter of 2008. The situation and climate prevailing in the industry at that time is, however, in no way comparable to the present circumstances.

The weak business development has brought about the negative result for the first quarter of 2009, that we had already announced. However, we adapted to the weak market position at an early stage, reacted quickly and significantly reduced our cost items. This also relates to the personnel area in particular, although some of the measures will need time before they develop their full cost-saving potential.

Consequently, the dividend proposal of EUR 0.30 per share made by the management board and supervisory board to the annual general meeting not only permits the shareholders to participate in the net income for 2008 in an appropriate way but takes into consideration the very difficult market environment.

As a consequence of the weak order intake in the fourth quarter of 2008 and in the first quarter of the current fiscal year, the revenue of the HOMAG Group dropped to EUR 119 million between January and March 2009 in comparison to the extremely positive first quarter of the prior year (prior year: EUR 227 million). Total operating performance came to EUR 128 million (prior year: EUR 240 million).

For the aforementioned reasons, order intake dropped significantly to EUR 75 million (prior year: EUR 232 million) thus remaining, however, roughly at the level of the fourth quarter of 2008 (EUR 77 million). Correspondingly, order backlog as at March 31, 2009 fell to EUR 144 million compared to EUR 312 million at the end of the first quarter of 2008 and EUR 164 million at year-end 2008.

In line with the difficult global economic situation and our weak order situation, the development on all global markets in the first quarter of 2009 was less than satisfactory and volume was in decline. Relatively positive development was still seen in Germany and the markets in Austria and Switzerland. We otherwise saw rather average development in western Europe, apart from Spain and the UK, which are suffering particularly badly from the real estate crisis and are in a very weak position. The markets also collapsed in eastern Europe and Southeast Asia, including Japan – only China is continuing to see relatively good development. The North American market is going through a difficult time, as expected, especially in the USA, while there are also positive developments in South America and oriental region.

EARNINGS SITUATION

As part of the “Project 2008” cost-cutting program which was successfully concluded in 2008, we have greatly increased our room for maneuver with regard to variable costs in particular in the personnel area. We exploited this flexibility in the current crisis and have, for instance, reduced the number of contract workers, not extended temporary employment contracts, reduced accrued overtime, utilized vacation and non-working shift accounts and the instrument of forced leave. These measures have already enabled us to achieve major reductions in a large number of cost items. Further headcount adjustment measures have already been initiated but it will take until the end of the year until all personnel-related measures have reached their full effect in reducing costs. Thus, in absolute terms, personnel expenses significantly decreased in the first quarter 2009 by almost EUR 10 million to EUR 58.4 million (prior year: EUR 68.3 million) but the ratio of personnel expenses to total operating performance rose to 45.6 percent (prior year: 28.5 percent).

In contrast, the ratio of cost of materials to total operating performance deceased to 43.6 percent (prior year: 47.6 percent) as this includes the costs of the contract workers and the reduction in their number is correspondingly reflected in this figure. Similarly, other operating expenses decreased from EUR 34.1 million to EUR 23.5 million, as we have reduced the costs for advertising and trade fairs, legal expenses and consulting fees, as well as variable costs, such as travel expenses, transportation and commissions. In total, we have thus already lowered our costs in the areas of personnel including contract workers and other operating expenses in the first quarter of 2009 by almost EUR 24 million, i.e. by more than 20 percent in comparison to the first quarter of 2008 – even though not all measures have begun showing their full effect, specifically in the personnel area.

However, even this major reduction in costs did not enable us to offset the extreme drop in revenue in excess of EUR 100 million in the first quarter of 2009 and we are consequently reporting negative earnings figures. Application of the percentage-of-completion (PoC) method gives rise to additional negative effects amounting to EUR 7 million in the first three months of 2009 in contrast to the first quarter of 2008. This results from the much lower number of large-scale systems under production which have to be measured using the PoC method. This figure has dropped from EUR 55 million to EUR 21 million in the first quarter of 2008. In addition to this, there is an extraordinary expense for the restructuring measures/non-recurring effects in the area of personnel and in other operating expenses of EUR 0.7 million for the first quarter of 2009. Due to the negative result, the employee profit participation did not incur any expense but generated income of EUR 1.6 million.

Owing to these factors, EBITDA after employee participation income and before the extraordinary expense between January and March 2009 amounted to EUR –2.0 million (prior year: EUR 25.5 million), while it come to EUR –4.4 million (prior year: EUR 27.8 million) after extraordinary expense and before income from employee participation. After income from employee participation and before the extraordinary expense, EBIT comes to EUR –8.1 million and before income from employee participation and after the extraordinary expense EUR –10.4 million (prior year: EUR 22.5 million). The financial result improved slightly to EUR –2.8 million (prior year: EUR –3.1 million), resulting in EBT of EUR –10.9 million after employee participation and before the extraordinary expense and EBT of EUR –11.6 million after employee participation and the extraordinary expense (prior year: EUR 17.1 million). The net profit for the period before minority interests came to EUR –11.2 million (prior year: EUR 12.1 million) and after minority interests to EUR –11.1 million (prior year: EUR 11.3 million) and gives rise to earnings per share of EUR –0.70 (prior year: EUR 0.72).

NET ASSETS AND FINANCIAL POSITION

In the first quarter of 2009, BENZ GmbH Werkzeugsysteme was consolidated for the first time, which made a positive contribution to earnings. At EUR 551 million, net assets as at March 31, 2009 are on the same level as at year-end 2008. Non-current assets were boosted by first-time consolidation of BENZ due to the addition of capitalized goodwill in excess of EUR 10 million and BENZ' property, plant and equipment. Due to the weaker order situation and the related lower level of production as well as the decline in the number of deliveries, on the one hand, and thanks to strict receivables management, on the other, the level of trade receivables in current assets dropped by EUR 22 million and cash and cash equivalents by EUR 11 million in the first three months of 2009, while our inventories increased by EUR 9 million due to first-time consolidation of BENZ.

In comparison to year-end 2008, our equity ratio decreased slightly from 33 to 31 percent while our own funds ratio, taking account of participating capital and the obligations from employee profit participation, declined from 41 to 39 percent.

Net liabilities to banks increased significantly, as had been announced, towards the end of the first quarter of 2009, rising to EUR 117.8 million (December 31, 2008: EUR 78.5 million). This is due, on the one hand, to the low figure seen at the year-end 2008 as a result of a very good level of payments received. In addition, it is usual for there to be a seasonal increase in debt at the beginning of the year. We also paid for the acquisition of BENZ GmbH Werkzeugsysteme in the first quarter of 2009 and its debts were added to the total. Moreover, the negative result and the weak cash flow increased net liabilities to banks. Despite the upcoming dividend distribution, we anticipate a significant reduction in net liabilities to banks already towards the end of the second quarter, however, as our net working capital will decrease significantly.

Return on capital employed (ROCE) before taxes on the basis of EBIT before employee participation income and before the extraordinary expense was negative in the first quarter of 2009 and came to –10.9 percent (prior year: 29.9 percent). After taxes (tax rate used in calculation: 31 percent as in the prior year), ROCE on the basis of EBIT before income from the employee participation and before the extraordinary expense came to –7.5 percent (prior year: 20.6 percent).

Due to the weak results and the missing production volume, the cash flow from operating activities decreased in the first three months of 2009, as expected, and amounted to EUR –7.9 million (prior year: EUR 2.2 million). After deducting cash paid for investments, the free cash flow amounts to EUR −26.5 million (prior year: EUR −3.9 million). Cash flow from financing activities totaled EUR 15.6 million (prior year: EUR 0.3 million). Cash and cash equivalents amounted to EUR 27.4 million as at March 31, 2009 (prior year: EUR 43.7 million).

EMPLOYEES

Since reaching its highest level in the third quarter of 2008, we have continually reduced the headcount in the HOMAG Group due to the economic crisis and the related weak order situation. After having 5,404 employees as at September 30, 2008 and 5,330 employees as at year-end 2008, the HOMAG Group still had 5,152 employees as at March 31, 2009. However, the 235 employees of BENZ GmbH Werkzeugsysteme, in which a majority shareholding was taken over at the beginning of the year, were added to the total. The number of contract workers employed was reduced from 340 to 10. In total, we have thus reduced our headcount by just under 600 including contract workers over the last two quarters. In addition, we are not extending most of the temporary employment contracts and have initiated restructuring measures at some of our sites. Seen as a whole, these personnel-related measures, which have already been resolved, will ensure that our headcount will fall to 4,700 employees by year-end 2009 – not taking into account the BENZ employees who have recently joined the Group. This will enable us to reduce headcount by some 1,000 employees, together with the 300 contract workers no longer employed. In addition, we have reduced personnel capacity by means of forced leave, reduction of accrued overtime and provisions for vacation and non-working shift accounts and adjusted it to the order situation.

Further measures relating to adjustment in personnel capacity involving some 400 employees are nevertheless inevitable due to the significant drop in business volume. Our aim is to implement these measures in as socially compatible a manner as possible. We are therefore currently reviewing all our options, including for instance an extended enforced leave package.

CAPITAL EXPENDITURE

In the first quarter of 2009, our investment volume increased to EUR 8.0 million (prior year: EUR 6.5 million). The main items were the HOMAG-Center in Schopfloch, which is still under construction, and a significant increase in own work capitalized amounting to EUR 2.4 million (prior year: EUR 1.2 million). Apart from these two items, capital expenditure was significantly below the prior year. We are working on the assumption that total capital expenditure in 2009, deducting investment in the HOMAG Center, will remain far below the volume of 2008.

RESEARCH AND DEVELOPMENT

In the first quarter of 2009, research and development was characterized by the final preparations for the Ligna, the leading trade show in our industry, where we plan to present numerous technical innovations from May 18 to 22. We will be showing high-efficiency state-of-the-art technical solutions that not only save energy but also increase productivity. For instance, intelligent use of raw materials such as boards, glue and edging already saves resources and innovative new developments ensure significantly lower levels of electricity consumption, for example in the area of extraction and compressed air.

Alongside these specific developments across the Group, we have also further expanded our service and software segment, thus boosting the service sector. This includes a new workshop-orientated programming system for CNC machines, the expanded e-Service program through to the HOMAG Academy and a new monitoring and reporting tool.

Of course, the Ligna will be an opportunity for us to present innovations already ready for series production for our machines and equipment. For instance, we are introducing a new material which provides excellent machining results at maximum acceleration rates, acceleration ramps, end velocities and maximum machining performance. In the meantime, this material has already been employed for a new moving gantry series and for an industrial-scale sanding unit.

Another highlight is the new AMBITION series of edge banding machines which provides cabinet shops and industry alike with a uniform series of machines. The main features of this series include extending the range to include smallest machines, product streamlining, increases in performance, increased flexibility of the machines and modules with evident benefit to the customer and raising efficiency.

With the new laserTec, we have on offer the world's first production system that is able to glue on all edging material to the narrow edge of workpieces using laser technology. This technique causes virtually no joint at all, enhancing the edging quality even further. As the new technique does not involve any glue, which means the time needed for heating can be saved, time-consuming cleaning is no longer necessary and the logistics costs are greatly reduced. As a result productivity increases, energy costs are reduced and a consistently high quality is ensured. Numerous patents have already been applied for and are being extended even further to protect this technology for the exclusive use of the HOMAG Group.

RISK REPORT

The risk management system in place and the individual business risks are described in the annual report 2008, pages 68-70. The comments made there are essentially still valid. There are no discernable risks at present that could jeopardize the continuation of the HOMAG Group as a going concern.

SUBSEQUENT EVENTS

There were no events of particular significance after the end of the reporting date.

OUTLOOK

According to the spring report by the leading German economic research institutes, there is still no sign of the global recession coming to an end. According to this report, the fall will not bottom out until winter 2009/2010. Consequently, the institutes forecast a 3.3 percent decline in the world economy, while world trade is expected to contract by more than 15 percent. Production in industrial countries will drop dramatically by 4.2 percent; the forecast is –3.5 percent for the USA and –6.7 percent for Japan.

Europe will be similarly hard hit by the recession. For instance, gross domestic product (GDP) in the euro area is expected to fall by 4.5 percent and fall by 4.3 percent in the 27 EU countries as a whole. This means that even the European accession countries, that generated substantial growth over the last few years, will likewise report a drop of 1.7 percent. According to the current forecast, the emerging economies will only contract slightly in 2009. While expansion will slow in China and India, it will not come to a standstill. A significant decline in GDP is anticipated in the other Asian emerging economies as well as Latin America and Russia.

The research institutes expect the downwards trend of the German economy to slow but it is not expected to stabilize before mid-2010. The early indicators point to production activities remaining in decline over the coming months and the underlying economic trend remaining downwards. Accordingly, German GDP will shrink by 6 percent in 2009 and layoffs will increase.

With a view to the severe drop in order intake in the first months of 2009, VDMA ["Verband Deutscher Maschinen- und Anlagenbau e.V.": German Engineering Federation] made a significant downward adjustment to its forecast for 2009 at the beginning of April. Production is now anticipated to fall between 10 and 20 percent. In this context, the current slump in order intake will slowly come to an end in the second half of the year.

All in all, we expect a weak 2009 for the HOMAG Group and do not expect any significant upswing before the end of the year. The second quarter will repeat the results seen in the first quarter while we expect a slightly higher order volume for the second half of 2009. Demand should be stimulated by the Ligna, the leading trade show in our industry, being held in Hanover from May 18 to 22. We plan to present numerous technical innovations at this trade fair, such as the laserTec, a world first, which we consider very promising. This new production system for gluing edges to workpieces by means of laser technology offers numerous advantages over conventional methods and has the potential to replace these in the medium term. We are working on the assumption that we can convince customers with this innovation even in this crisis and are in a very good position thanks to our large number of patents.

With regard to the various regions around the world, we expect current developments to basically continue. Eastern Europe might well see upward movement from the current low level in the course of the year as some projects may be realized from the fall onwards. This could also be the case in western Europe and South America.

Following the personnel-related measures already implemented which will in some cases, such as not extending temporary employment contracts, only take full effect in the course of the year, the headcount at the HOMAG Group will fall by around 700 employees by the end of 2009 in comparison to the third quarter of 2008. Together with the over 300 contract workers no longer employed, headcount has thus been reduced by some 1,000 employees.

The economic forecasts and the industry data reveal, however, that the economic crisis is even deeper than anticipated at the beginning of the year and that, seen as a whole, 2009 will remain a year of crisis. Consequently, the measures taken so far will not be sufficient and further personnel-related capacity adjustments affecting around 400 employees will be unavoidable. We intend to implement the necessary adjustments in as socially compatible a manner as possible. We are therefore currently reviewing all our options, an extended enforced leave package is conceivable, for instance.

It is still too early to make a reliable forecast for order intake and revenue in 2009 – we will just have to await further developments in the industry and our business. In terms of earnings we will continue to strive for a slightly positive EBIT before restructuring costs and non-recurring expenses for the year 2009 as a whole. We expect the results of the next quarters to improve compared to the first quarter of 2009.

We are working on the assumption that we will achieve slightly positive EBITDA before restructuring/non-recurring expenses as early as in the second quarter, as the savings on the cost side will become more apparent than in the first quarter and the negative effects from the application of the PoC method will decrease. In contrast, earnings in the second quarter will be negatively impacted by the fact that, on the one hand, the personnel adjustments will not take full effect on the cost side until the third and fourth quarters and, on the other, the costs of participating in the Ligna trade fair and the first part of the restructuring costs for the personnel-related measures being incurred. All in all, we reckon with restructuring expenses somewhere in the vicinity of EUR 10 million being incurred between the second and fourth quarters. In the second half of 2009, we anticipate slowly increasing business volume which, in conjunction with the falling costs in the fourth quarter at the latest, should lead to positive results for the period before restructuring/non-recurring expenses.

We continue to work on the premise that, as world market leader, we will emerge stronger from the crisis, will win further market shares and will benefit more than the rest of the market with our innovative machines and equipment when investment takes off again. This view is confirmed by the large volume of inquiries in the project business which currently do not lead to many contracts being concluded due to the uncertainty prevailing among our customers. In addition, we have further expanded our service segment and offer new services providing great customer benefits.

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

EUR k	2009 01/01-03/31	2008 01/01-03/31
SALES REVENUE	**119,027**	**226,873**
Increase or decrease in inventories of finished goods and work in progress	6,668	11,609
Own work capitalized	2,418	1,200
	9,086	12,809
TOTAL OPERATING PERFORMANCE	**128,113**	**239,682**
Other operating income	5,235	4,485
	133,348	**244,167**
Cost of materials	55,845	114,037
Personnel expenses before employee profit participation	58,425	68,287
Amortization of intangible assets	1,654	1,151
Depreciation of property, plant and equipment	4,388	4,132
Other operating expenses	23,455	34,061
	143,767	**221,668**
OPERATING RESULT BEFORE EMPLOYEE PROFIT PARTICIPATION	**-10,419**	**22,499**
Result from employee profit particpation	1,645	-2,275
NET OPERATING PROFIT/LOSS	**-8,774**	**20,224**
Profit/loss from associates	-498	-299
Interest income	428	482
Interest expenses	2,754	3,296
EARNINGS BEFORE TAXES	**-11,598**	**17,111**
Income taxes	-432	4,979
NET PROFIT/LOSS FOR THE PERIOD	**-11,166**	**12,132**
Profit/loss attributable to minority interests	-109	848
Profit/loss attributable to equity holders of Homag Group AG	**-11,057**	**11,284**
Earnings per share attributable to the equity holders of Homag Group AG in EUR (basic and diluted)	-0.70	0.72

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR k	**2009** **01/01-03/31**	2008 01/01-03/31
GROUP NET PROFIT/LOSS FOR THE PERIOD	**-11,166**	**12,132**
Currency effects	402	-1,734
Actuarial gains and losses	10	0
Income taxes on income and expenses recognized directly in equity	-3	0
OTHER COMPREHENSIVE INCOME	**409**	**-1,734**
TOTAL COMPREHENSIVE INCOME	**-10,757**	**10,398**
Profit/loss attributable to minority interests	108	690
Profit/loss attributable to equity holders of Homag Group AG	**-10,865**	**9,708**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR k		**Mar. 31, 2009**	Dec. 31, 2008
NON-CURRENT ASSETS			
I.	Intangible assets	48,101	33,802
II.	Property, plant and equipment	146,373	141,994
III.	Investments in associates	5,842	6,046
IV.	Other investments	824	834
V.	Other financial assets	2,983	3,214
VI.	Other assets and prepaid expenses	133	855
VII.	Income tax receivables	3,258	3,250
VIII.	Deferred taxes	15,224	12,404
		222,738	**202,399**
CURRENT ASSETS			
I.	Inventories	143,456	134,794
II.	Receivables and other assets		
	Trade receivables	99,603	121,186
	Receivables from long-term construction contracts	25,836	25,170
	Receivables due from associates	5,331	6,986
	Other assets and prepaid expenses	18,462	16,768
	Income tax receivables	8,080	5,450
III.	Cash and cash equivalents	27,437	38,588
		328,205	**348,942**
TOTAL ASSETS		**550,943**	**551,341**

EQUITY AND LIABILITIES

EUR k		Mar. 31, 2009	Dec. 31, 2008
EQUITY			
I.	Issued capital	15,688	15,688
II.	Capital reserves	32,976	32,976
III.	Revenue reserves	119,468	87,664
IV.	Net profit/loss for the period	-11,057	31,944
	Equity attributable to equity holders	157,075	168,272
V.	Minority interests	15,325	15,674
		172,400	**183,946**
NON-CURRENT LIABILITIES AND PROVISIONS			
I.	Non-current financial liabilities	115,821	116,560
II.	Other non-current liabilities	14,356	2,569
III.	Pensions and other post employment benefits	2,236	2,243
IV.	Obligations from employee profit participation	11,052	10,597
V.	Other non-current provisions	5,222	5,016
VI.	Deferred taxes	16,371	15,455
		165,058	**152,440**
CURRENT LIABILITIES AND PROVISIONS			
I.	Current financial liabilities	68,247	39,580
II.	Trade payables	44,849	55,603
III.	Payments on account	20,810	26,616
IV.	Liabilities from long-term construction contracts	1,250	1,931
V.	Liabilities to associates	812	1,466
VI.	Other financial liabilities	354	556
VII.	Other current liabilities and deferred income	57,460	68,743
VIII.	Tax liabilities	6,691	5,565
IX.	Pensions and other post employment benefits	38	38
X.	Other current provisions	12,974	14,857
		213,485	**214,955**
TOTAL LIABILITIES		**378,543**	**367,395**
TOTAL EQUITY AND LIABILITIES		**550,943**	**551,341**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR k	Mar. 31, 2009	Mar. 31, 2008
1. CASH FLOW FROM OPERATING ACTIVITIES		
Profit or loss before taxes	-11,598	17,111
Income tax paid (-)	-3,721	-5,305
Interest result	2,326	2,814
Interest paid (-)	-2,630	-3,169
Interest received (+)	402	469
Write-downs (+)/write-ups (-) of non-current assets (netted)	6,038	5,283
Increase (+)/decrease (-) in provisions	-1,953	1,922
Other non-cash expenses (+)/income (-)	16	32
Share of profit or loss of associates	498	299
Gain (-)/loss (+) on disposals of non-current assets	78	48
Increase (-)/decrease (+) in inventories, trade receivables and other assets	26,816	-24,607
Increase (+)/decrease (-) in trade receivables and other liabilities	-24,159	7,353
CASH FLOW FROM OPERATING ACTIVITIES	**-7,887**	**2,250**
2. CASH FLOW FROM INVESTING ACTIVITIES		
Cash received (+) from disposals of property, plant and equipment	392	289
Cash paid (-) for investments in property, plant and equipment	-2,603	-4,142
Cash paid (-) for investments in intangible assets	-3,872	-2,254
Cash paid (-) for the acquisition of consolidated companies	-12,496	0
CASH FLOW FROM INVESTING ACTIVITIES	**-18,579**	**-6,107**

EUR k	Mar. 31, 2009	Mar. 31, 2008
3. CASH FLOW FROM FINANCING ACTIVITIES		
Cash paid (-) to minority interests	-1,542	0
Cash received (+) from the issue of (financial) liabilities	20,797	1,130
Cash repayment (-) of bonds and (financial) liabilities	-3,650	-807
CASH FLOW FROM FINANCING ACTIVITIES	**15,605**	**323**
4. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Change in cash and cash equivalents (subtotal 1 - 3)	-10,861	-3,534
Net foreign exchange rate related changes in cash and cash equivalents	-290	-367
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**38,588**	**47,613**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*	**27,437**	**43,712**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2009

EUR k	Issued capital	Capital reserves	Revenue Revenue reserves
Jan. 01, 2008	**15,688**	**32,976**	**69,820**
Other changes			324
Transactions with shareholders	0	0	0
Reclassification to revenue reserves			32,030
Total comprehensive income			
Mar. 31, 2008	**15,688**	**32,976**	**102,174**
Jan. 01, 2009	**15,688**	**32,976**	**87,746**
Other changes			-479
Dividends paid			
Changes from minority interests			106
Transactions with shareholders			**106**
Reclassification to revenue reserves			31,944
Total comprehensive income			
Mar. 31, 2009	**15,688**	**32,976**	**119,317**

reserves					
Other comprehensive income	Translation reserve	Group profit	Equity before minority interests	Minority interests	Total
147	**-433**	**32,030**	**150,228**	**15,907**	**166,135**
51			375	-174	201
0	0	0	0	0	0
		-32,030			
	-1,576	11,284	9,708	690	10,398
198	**-2,009**	**11,284**	**160,311**	**16,423**	**176,734**
244	**-326**	**31,944**	**168,272**	**15,674**	**183,946**
			-479	1,541	1,062
				-1,542	-1,542
			106	-456	-350
			106	**-1,998**	**-1,892**
		-31,944			
7	226	-11,057	-10,824	108	-10,716
251	**-100**	**-11,057**	**157,075**	**15,325**	**172,400**

SEGMENT REPORTING

The Homag Group is subdivided into the segments Industry, Cabinet Shops, Sales & Service and Other.

EUR k	Industry 2009 01/01 -03/31	Industry 2008 01/01 -03/31	Cabinet Shops 2009 01/01 -03/31	Cabinet Shops 2008 01/01 -03/31	Sales & Services 2009 01/01 -03/31	Sales & Services 2008 01/01 -03/31
Third-party sales	52,160	94,091	19,277	25,489	39,140	83,131
Sales with group companies from other segments	16,614	35,857	12,148	29,146	737	919
Sales with investments recognized at equity	2,172	7,170	1,270	5,253	51	1
TOTAL SALES REVENUE	**70,946**	**137,118**	**32,695**	**59,888**	**39,928**	**84,051**
SEGMENT RESULT[1)]	**160**	**16,382**	**-2,619**	**8,202**	**-446**	**2,169**
Restructuring/non-recurring expenses*	**-95**	**0**	**-174**	**0**	**-403**	**0**
SEGMENT RESULT[2)]	**65**	**16,382**	**-2,793**	**8,202**	**-849**	**2,169**
Depreciation of property, plant and equipment and amortization of intangible assets	-3,802	-3,136	-1,340	-1,206	-434	-491
Result from employee profit participation	1,111	-1,435	458	-815	0	0
Share in result of associates	-188	-6,951	0	-3,220	-310	-14
Interest result	-1,454	-1,235	-317	-533	-82	-76
EARNINGS BEFORE TAXES	**-4,268**	**3,625**	**-3,992**	**2,428**	**-1,675**	**1,588**
EMPLOYEES[3)]	**2,921**	**2,695**	**1,140**	**1,123**	**761**	**694**

EUR k	Industry 2009 Mar. 31	Industry 2008 Dec. 31	Cabinet Shops 2009 Mar. 31	Cabinet Shops 2008 Dec. 31	Sales & Services 2009 Mar. 31	Sales & Services 2008 Dec. 31
SEGMENT ASSETS	**391,071**	**387,377**	**139,829**	**144,953**	**164,580**	**179,837**

[1)] EBITDA before taking into account employee profit participation and restructuring/non-recurring expenses
[2)] EBITDA before taking into account employee profit participation
[3)] Average of the period
* rounded

Other		Total segments		Consolidation		Group	
2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
01/01 -03/31	01/01 -03/31	**01/01 -03/31**	01/01 -03/31	**01/01 -03/31**	01/01 -03/31	**01/01 -03/31**	01/01 -03/31
4,493	9,104	115,070	211,815	0	0	115,070	211,815
3,504	8,533	33,003	74,455	-33,003	-74,455	0	0
464	2,634	3,957	15,058	0	0	3,957	15,058
8,461	**20,271**	**152,030**	**301,328**	**-33,003**	**-74,455**	**119,027**	**226,873**
-271	**2,436**	**-3,176**	**29,189**	**-518**	**-1,407**	**-3,694**	**27,782**
-12	**0**	**-684**	**0**	**0**	**0**	**-684**	**0**
-283	**2,436**	**-3,860**	**29,189**	**-518**	**-1,407**	**-4,378**	**27,782**
-466	-450	-6,042	-5,283	0	0	-6,042	-5,283
76	-25	1,645	-2,275	0	0	1,645	-2,275
0	9,886	-498	-299	0	0	-498	-299
-473	-970	-2,325	-2,814	0	0	-2,325	-2,814
-1,146	**10,877**	**-11,080**	**18,518**	**-518**	**-1,407**	**-11,598**	**17,111**
609	**675**	**5,431**	**5,187**	**0**	**0**	**5,431**	**5,187**

Other		Total segments		Consolidation		Group	
2009 Mar. 31	2008 Dec. 31	**2009 Mar. 31**	2008 Dec. 31	**2009 Mar. 31**	2008 Dec. 31	**2009 Mar. 31**	2008 Dec. 31
235,093	**240,584**	**930,573**	**952,751**	**-379,630**	**-401,410**	**550,943**	**551,341**

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

The Industry segment comprises those entities whose core business activities center on the provision of system solutions for industrial companies – i.e. a holistic, optimally aligned system comprising machines, handling, data links, information technology and logistics that covers the main processes of the wood processing workflow. BENZ GmbH Werkzeugsysteme is a new addition to the Industry segment.

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

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

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

SELECTED EXPLANATORY NOTES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

These condensed consolidated financial statements for the first three months of 2009 were released for publication by resolution of the management board on May 14, 2009.

COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The interim condensed consolidated financial statements of Homag Group AG (the HOMAG Group) as at March 31, 2009, like the consolidated financial statements as at December 31, 2008, were prepared in accordance with the International Financial Reporting Standards (IFRSs) and the International Accounting Standards (IASs) of the International Accounting Standards Board (IASB), the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU and applicable as at 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 2008 consolidated financial statements. These policies are explained in detail in the 2008 financial statements. In addition, the amendments to IFRSs and the new policies mandatory as of March 31, 2009 have been adopted in the interim financial statements. These mandatory amendments to IFRS and new policies were described in detail in the 2008 financial statements.

With the revised version of IAS 1 “Presentation of Financial Statements”, the consolidated interim financial statements have received, for the first time, a separate statement of comprehensive income in addition to the income statement. The statement of comprehensive income discloses both the profit/loss for the period and all changes in equity in the period without an effect on income that do not result from transactions with the owners in their capacity as owners.

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

The present interim financial statements and the interim management report were not reviewed by an auditor.

The income statement has been prepared using the nature of expense method.

BASIS OF CONSOLIDATION

The interim consolidated financial statements are based on the annual 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 at December 31, 2008.

CHANGES IN THE CONSOLIDATED GROUP

Effective January 1, 2009, 51 percent of the shares in BENZ GmbH Werkzeugsysteme, with its registered offices in Haslach, were acquired. This company has been a system supplier to the Group for many years and manufactures tools and assemblies for the metal, wood and plastics processing industry. BENZ GmbH Werkzeugsysteme owns all of the shares in the company BENZ Incorporated, with its registered office in Charlotte (USA).

A preliminary purchase price allocation was performed as at March 31, 2009 as some information is not yet available. Final identification and determination of the fair values of the assets and liabilities assumed will be performed pursuant to IFRS 3 “Business combinations” within twelve months of acquisition.

The acquisition was accounted for using the purchase method. On this basis, the cost of the acquisition is allocated to the identifiable assets and liabilities as well as any contingent liabilities carried by the investment at their fair values on the date of acquisition. The company has been fully consolidated as at the date of acquisition and has contributed EUR 838.7 k to the earnings of the Group.

The cost of acquisition amounted to EUR 12,145 k, paid in cash. Of this amount, EUR 145 k constitutes costs directly attributable to the acquisition. An additional variable purchase price will have to be paid in 2010 depending on the results of operations of BENZ GmbH Werkzeugsysteme. As at March 31, 2009, this additional purchase price option was valued at EUR 0.

The fair values of the identifiable assets and liabilities of the acquired company, BENZ GmbH Werkzeugsysteme, as at the date of acquisition can be summarized as follows:

EUR k	**Previous carrying value**	**Preliminary fair value on the date of purchase**
Intangible assets	515	1,560
Property, plant and equipment	5,642	5,509
Other assets	13,880	13,841
Total assets	**20,037**	**20,910**
Financial liabilities	1,275	1,275
Trade payables	2,126	2,126
Other liabilities	14,079	14,452
Total liabilities	**17,480**	**17,853**
Net assets (without goodwill from acquisition)	2,557	3,057
Share of the Homag Group		1,519
Minority interests		1,538
Acquisition cost for 51%		**12,146**
Goodwill from acquisition (preliminary)		**10,627**

The goodwill recognized above is the result of expected synergies and other benefits from the merger of the activities of BENZ GmbH Werkzeugsysteme into the group of Homag Group. In particular, this is intended to bring about more rapid realization of ideas and developments through simplified procedures.

The cash outflow on account of the business combination breaks down as follows:

EUR k	
Total purchase consideration	**12,146**
thereof discharged by means of cash and cash equivalents	12,146
Cash and cash equivalents acquired	95
Cash paid	-12,146
Cash paid net of cash and cash equivalents acquired	**-12,051**

Weeke North America, Inc., a company newly formed in November 2008, was similarly included in the consolidated group of companies for the first time. A shareholding of 81percent is held via the fully consolidated group companies Homag Holzbearbeitungssysteme AG and Weeke Bohrsysteme GmbH. The first-time inclusion of this company in the interim consolidated financial statements did not give rise to any material effect on the Group's net assets, financial position and results of operations.

EXPLANATIONS TO THE CONSOLIDATED INCOME STATEMENT

SALES REVENUE

In the first three months of 2009, the Homag Group generated sales revenue of EUR 119.0 million, down 47.5 percent on the prior-year figure.

EUR k	2009 01/01-03/31	%	2008 01/01-03/31	%
Germany	**30,203**	**25.4**	**41,082**	**18.1**
Other EU countries	52,821	44.4	99,679	43.9
Rest of Europe	13,641	11.4	36,923	16.3
North America	3,178	2.7	22,014	9.7
South America	3,518	3.0	6,455	2.9
Asia/Pacific	14,431	12.1	20,455	9.0
Africa	1,235	1.0	265	0.1
Other countries	**88,824**	**74.6**	**185,791**	**81.9**
TOTAL	**119,027**	**100.0**	**226,873**	**100.0**

The regions of North America and Rest of Europe saw the greatest fall in sales in comparison to the same period of the prior year.

COST OF MATERIALS

EUR k	2009 01/01-03/31	2008 01/01-03/31
Cost of raw materials, consumables and supplies and purchased goods	53,830	105,213
Cost of purchased services	2,015	8,824
	55,845	**114,037**

In the first quarter of 2009, the ratio of cost of materials to total operating performance fell to 43.6 percent (prior year: 47.6 percent). This effect is attributable to the significant reduction in the costs of contract workers which are included in purchased services. Furthermore, there has been a fall in the proportion of merchandise in comparison to the prior year. Without these two factors, the cost of materials ratio would have been virtually unchanged compared to the prior year.

PERSONNEL EXPENSES

EUR k	2009 01/01-03/31	2008 01/01-03/31
Wages and salaries	47,964	57,648
Social security, pension and other benefit costs	10,461	10,639
thereof pension benefits	*4,480*	*4,206*
	58,425	**68,287**

EUR k	2009 01/01-03/31	2008 01/01-03/31
Result from employee profit participation	1,645	-2,275

After having 5,404 employees as at September 30, 2008 and 5,330 employees as at year-end 2008, the HOMAG Group still had 5,152 employees left as of March 31, 2009, after deducting the 235 employees of BENZ GmbH Werkzeugsysteme in which a majority shareholding was taken over at the beginning of the year. This results in a headcount of 5,387 employees as at March 31, 2009.

Based on the relevant collective bargaining agreement concluded in the metal and electrical industry becoming effective as of February 1, 2009, the wages and salaries of the majority of employees in Germany increased by 2.1 percent. This was offset by consistent implementation of reduction in capacity in the form of reducing accrued overtime and forced leave permitting personnel expenses to be lowered by EUR 9.9 million between January and March 2009 in comparison to the first quarter of 2008. Taking into account the sharp drop in total operating performance, this led to an increase in the ratio of personnel expenses to total operating performance to 45.6 percent (prior year: 28.5 percent).

NET PROFIT/LOSS FOR THE PERIOD

Adjusted EBITDA before employee participation income and restructuring/non-recurring expenses comes to EUR –3.7 million in the first quarter of 2009 (prior year: EUR 27.8 million). After the earnings from employee participation and restructuring/non-recurring expenses, EBIT came to EUR –8.8 million (prior year: EUR 20.2 million). With an expense of EUR 2.8 million, the financial result has improved somewhat in comparison to the prior-year period. After employee participation income, EBT decreased to EUR –11.6 million (prior-year: EUR 17.1 million). The net profit for the period before minority interests came to EUR –11.2 million (prior year: EUR 12.1 million), and results in earnings per share after minority interests of EUR –0.70 (prior year: EUR 0.72).

EXPLANATIONS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Inventories increased by EUR 8.7 million in comparison to December 31, 2008. Inventories at the companies consolidated for the first time as at March 31, 2009 comes to EUR 9.5 million.

Trade receivables, on the other hand, decreased by EUR 21.6 million compared to the level as at December 31, 2008. Income tax receivables report an increase of EUR 2.6 million.

Cash and cash equivalents decreased by EUR 11.2 million compared to December 31, 2008.

EQUITY

The change in equity, including income and expense recognized directly in equity, is presented in the statement of changes in equity.

Owing to the difficult developments in the first quarter of 2009, the equity ratio improved compared to December 31, 2008 from 33.4 to 31.3 percent.

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

	2009 01/01-03/31	2008 01/01-03/31
Profit/loss for the period attributable to equity holders of Homag Group AG for the calculation of the undiluted earnings in EUR k	-11,057	11,284
UNDILUTED EARNINGS PER SHARE ACCORDING TO IAS 33 IN EUR	**-0.70**	**0.72**
Weighted average number of shares (basis for the calculation of the earnings per share)	15,688	15,688

There were no dilutive effects in the reporting period.

At its meeting on March 30, 2009 to ratify the Company's annual financial statements, the supervisory board of Homag Group AG approved a resolution of the management board to propose a dividend of EUR 0.30 per share (prior year EUR 0.90 per share) at the annual general meeting on May 27, 2009.

LIABILITIES

Non-current assets reported an increase of EUR 12.5 million in comparison to December 31, 2008. There have not been any material changes to current liabilities in comparison to fiscal year 2008.

Net liabilities to banks have increased to EUR 117.8 million (December 31, 2008: EUR 78.5 million). The effects of the acquisition of BENZ GmbH Werkzeugsysteme on net liabilities to banks total EUR 13.4 million.

OTHER EXPLANATIONS

LIGITATION RISKS

As regards the litigation risks presented in the prior year at a foreign sales company, a settlement was reached out of court in the first quarter.

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 entities concerned have formed provisions at suitable amounts to account for any financial burdens from other litigation or arbitration proceedings, or there is sufficient security to cover these items and this has been taken into account in the Group.

RELATED PARTIES

The performance-related remuneration components for the fiscal year 2008 of EUR 170 k payable to the supervisory board members of Homag Group AG will be paid out after the annual general meeting in May 2009.

EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of Sec. 123 AktG ["Aktiengesetz": German Stock Corporation Act], the annual general meeting was convened on April 17, 2009.

There were no other significant events after the reporting period.

Schopfloch, May 14, 2009

Homag Group AG,
The Management Board

FINANCIAL CALENDAR, CONTACTS AND DISCLAIMER

FINANCIAL CALENDAR

May 27, 2009	Annual general meeting in Freudenstadt
August 14, 2009	Interim report Q2/2009
November 13, 2009	Interim report Q3/2009
November 2009	German Equity Forum

CONTACTS

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
Simone Müller
Phone +49 (0) 7443 13 2034
Fax +49 (0) 7443 13 8 2034
E-mail simone.mueller@homag-group.com

DISCLAIMER

SERVICE

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

FUTURE-ORIENTED STATEMENTS

This interim report contains certain statements relating to the future. Future-oriented statements are all those statements that do not pertain to historical facts and events or expressions pertaining to the future such as “believes”, “estimates”, “assumes”, “forecasts”, “intend”, “may”, “will”, “should” or similar expressions. Such future-oriented statements are subject to risks and uncertainty since they relate to future events and are based on current assumptions of the Company, which may not occur in the future or may not occur in the anticipated form. The Company points out that such future-oriented statements do not guarantee the future; actual results including the financial position and the profitability of the 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 the 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.