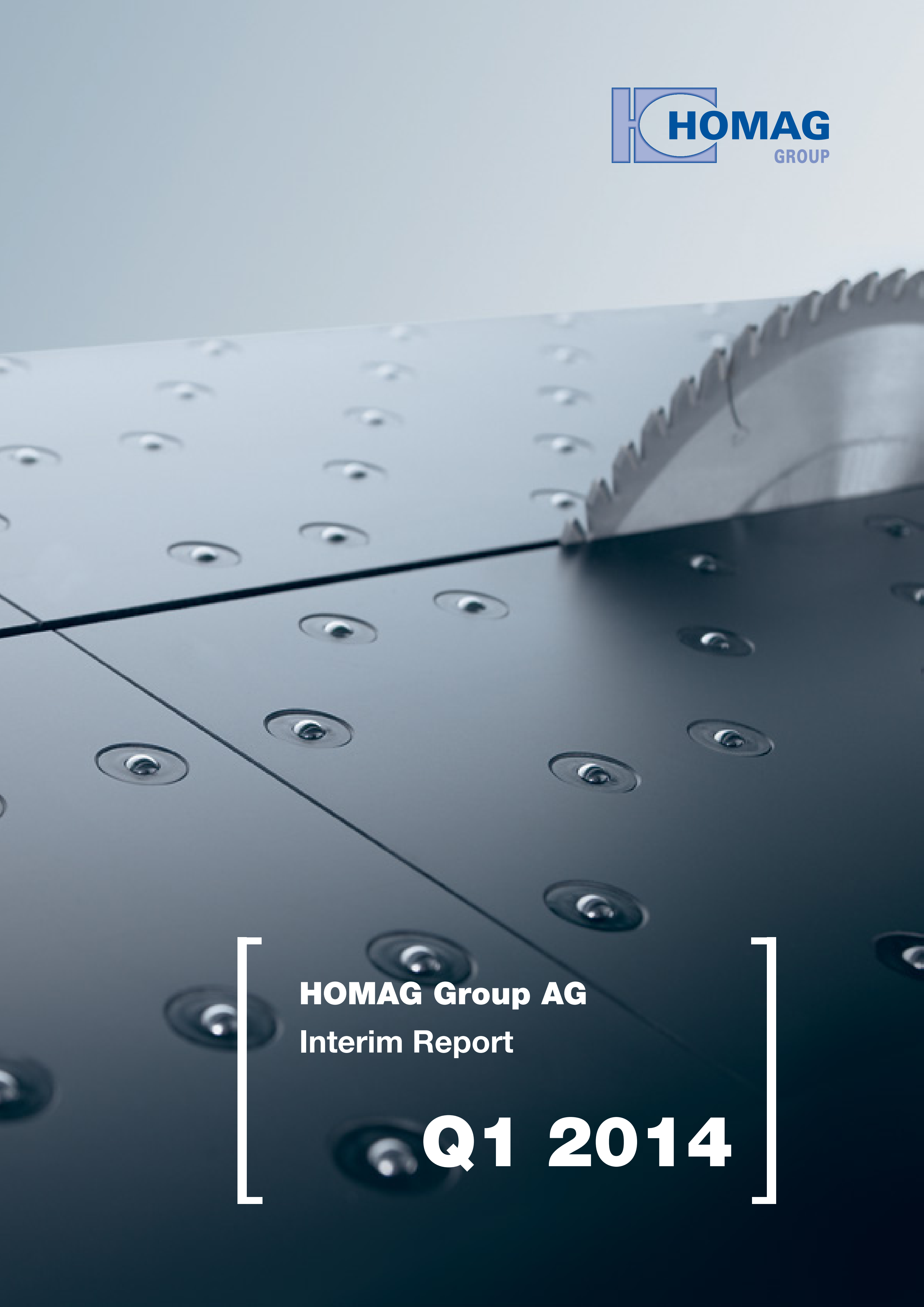


HOMAG Group AG

Interim Report

Q1 2014

HOMAG Group
Key Figures

FIGURES IN EUR MILLION	Q1 2014	Q1 2013	Q1 2012	Q1 2011
Total sales revenue	204.8	176.7	187.7	175.6
Central Europe	51.2	62.8	63.1	50.5
Western Europe	32.6	25.4	34.2	37.2
Eastern Europe	51.1	32.5	41.2	27.8
North America	25.7	15.8	13.3	16.9
South America	6.7	8.5	8.3	10.4
Asia/Pacific	35.4	29.3	24.8	29.4
Africa	2.1	2.4	2.8	3.4
Operative EBITDA[1 2]	15.1	13.4	16.7	14.6
Operative EBITDA[1 2] as % of sales revenue	7.4	7.6	8.9	8.3
EBIT[1]	7.4	5.8	9.8	6.9
EBIT[1] as % of sales revenue	3.6	3.3	5.2	3.9
EBT	4.0	3.6	6.8	3.4
EBT as % of sales revenue	2.0	2.0	3.6	1.9
Net profit after non-controlling interests	2.5	1.8	3.2	1.5
Earnings per share in EUR [3]	0.16	0.12	0.21	0.10
ROCE[4] after taxes as %	7.6	5.6	9.8	6.9
HVA[5] as %	-2.5	-3.9	0.2	-2.6
Free cash flow [6]	2.2	-3.6	3.9	-2.4
Equity as of the reporting date	179.3	167.4	163.9	169.8
Equity ratio as %	29.1	30.2	28.6	28.7
Net liabilities to banks	69.7	92.5	77.4	59.5
Net debt to EBITDA ratio [7]	0.9	1.4	1.1	0.9
Investments / capitalized intangible assets [8]	2.5	7.2	3.8	3.9
Investments in property, plant and equipment [8]	1.9	1.5	3.6	2.0
Amortization of intangible assets [8]	3.8	3.6	2.8	2.8
Depreciation of property, plant and equipment [8]	3.4	3.4	3.4	3.5
Employees (average in period)	5,390	5,031	5,121	5,058
of which trainees	319	334	346	375
Order intake [9]	229.3	216.3	200.0	238.4
Order backlog as of the reporting date [9]	261.6	240.9	217.8	248.1

1 Before taking into account employee participation

2 Before restructuring/non-recurring expenses

3 Net profit/loss after non-controlling interests, based on 15,688,000 shares

4 (Adjusted EBIT[1 2] for the first three months x 70%) / capital employed (non-current assets + net working capital)

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 last 4 quarters accumulated)

8 Excluding leases

9 Order intake and order backlog contain own machines, merchandise, and the after-sales segment

HOMAG Group
Company Profile

The formula for the success of the HOMAG Group has been based for more than 50 years on the work of visionaries with innovative power. With passion and dedication, they have taken the Group to the summit. Today, the HOMAG Group is the global leader in the manufacture of plant and machinery for wood processing, with more than 5,400 employees and an estimated market share of 28 percent. Many groundbreaking developments have grown from our employees' ideas that have changed the world of wood processing and have made the HOMAG Group the global innovation and market leader in the industry.

On the HOMAG Group's high-tech plant and machinery, customers produce home and office furniture, kitchens, parquet and laminate flooring, windows, doors, stairs and also complete wooden house construction systems. The offering ranges from entry-level machines for cabinet shops to complete production lines for highly industrialized series production or even highly flexible production lines for the manufacture of individual furniture items. Add to this a comprehensive range of services that is perfectly tailored to all plant and machinery produced by the Group. The HOMAG Group sells its plant and machinery in more than 90 countries and is represented in all key and growing regions with sales and service companies as well as production facilities.

Content

Letter to the Shareholders

Dear shareholders,

In the first quarter of 2014 we made important strategic decisions relating to our further growth. We have acquired Stiles Machinery, Inc., the leading sales and service organization for woodworking machines and production lines on the US market, which offers great opportunities. Stiles has a relevant market share in the US of around 35 percent and with its 324 employees at present is on a clear growth trajectory. We had held a non-controlling interest in Stiles since 1992 and have now increased our holding of voting shares to 100 percent, effective as of February 3, 2014. This allows us to benefit even more profoundly from the re-industrialization in the US through direct market access and even to play an active role.

We also see an important growth field in automation and, in turn, in our handling, assembly, packaging and robotics segments. We aim to exploit this and therefore we decided to merge our two subsidiaries BARGSTEDT Handlingsysteme GmbH and LIGMATECH Automationssysteme GmbH to form HOMAG Automation GmbH by the end of 2014. This will enable us to combine forces especially in the areas of product development and globalization.

Our success with product innovation was confirmed at the important HOLZ-HANDWERK trade fair held at Nuremberg in the first quarter of 2014. We were the largest exhibitor at the fair and we can look back at a large number of customer contacts and very good demand for our plant and machinery.

The acquisition of Stiles gives rise to various non-recurring negative accounting effects in the first quarter and over the rest of 2014 as a whole. We nevertheless succeeded in significantly improving our key performance indicators in the first three months of 2014. Order intake was up around 6 percent on the prior-year quarter and order backlog increased by just under 9 percent. This means that we have once again increased our order backlog by more than EUR 50 million in comparison to year-end 2013, which was already at a good level.

We succeeded in increasing sales revenue by just under 16 percent, and even after deducting the portion generated by Stiles there remains an increase of just under 10 percent. Operative EBITDA rose by 13 percent, while we generated a 30 percent rise in the profit for the period.

Outlook

For 2014, we confirm our forecast and still aim to further increase our order intake and achieve a level of between EUR 760 million and EUR 780 million based on the new calculation method (prior year restated: EUR 734 million). The acquisition of the sales company, Stiles, does not have any effect on the amount of order intake based on our method of calculation. With regard to the Group's sales revenue, we intend to generate between EUR 860 million and EUR 880 million (prior year: EUR 789 million) in 2014. Sales revenue growth of a mid-single-digit percentage will result from the Stiles takeover.

In 2014, we expect our operative EBITDA before employee profit participation expenses and before extraordinary expenses to range between EUR 82 million and EUR 84 million (prior year: EUR 75.8 million) and the Group to return a net profit for the year ranging between EUR 20 million and EUR 22 million (prior year: EUR 18.4 million). There will, however, be no material impact on these two key performance indicators in 2014 from the full consolidation of Stiles as the additional contribution to profit and the consolidation and purchase price allocation effects together with the acquisition-related costs at Stiles are expected to roughly balance each other out or the effects will place a slight burden on earnings. We anticipate a positive contribution to earnings from the acquisition as of 2015.

Schopfloch, May 2014

The management board

Dr. Markus Flik

Harald Becker-Ehmck

Jürgen Köppel

Hans-Dieter Schumacher

Share Report

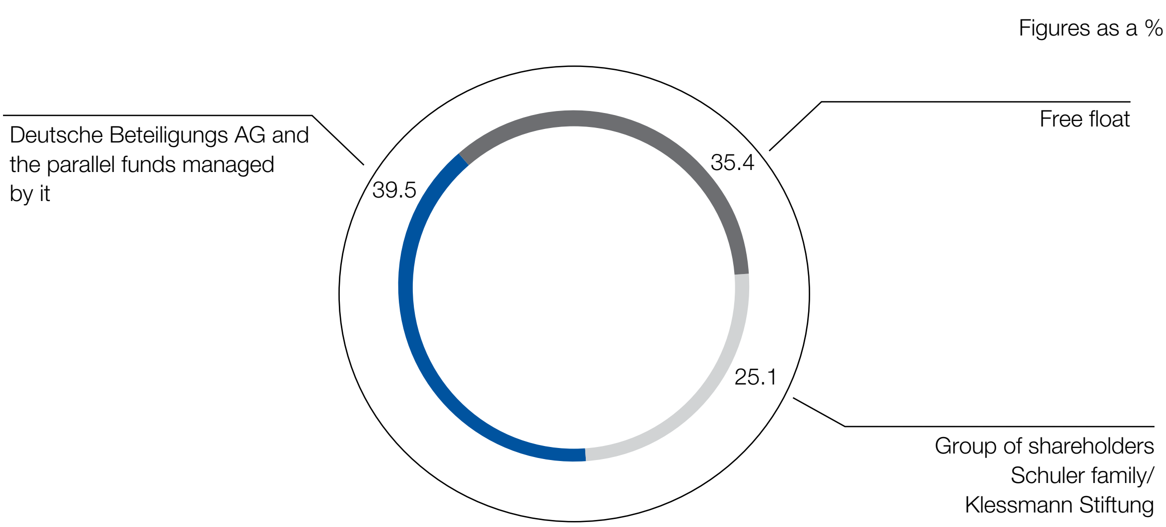
In the first quarter of 2014 the stock markets generally saw volatile sidewards movement. Rising early indicators in Europe, a good earnings season for US companies and the possibility of measures to stabilize the economy being introduced by the Chinese government exerted a positive effect. This was contrasted, among other things, by the crisis in Ukraine, the weakening of the Chinese economy and rapid currency depreciation in some growth markets. The DAX ended the quarter essentially at the same level, the MDAX saw minor losses while the TecDAX and SDAX continued to rise.

Following substantial rises in the share price in the past year, the HOMAG Group share likewise experienced a sidewards movement in the first three months of 2014. The share closed at EUR 19.01 on March 31, 2014, which is at the same level as at the beginning of the year.

In April, the stock markets continued their sidewards movement. The DAX saw a slight rise while MDAX, TecDAX and SDAX fell somewhat. The HOMAG share saw a very positive development, reaching EUR 21.69 on April 10, 2014 the highest price seen since May 2008. As of the end of the month, our share stood at EUR 21.03, which meant that the price had risen by over 10 percent in April.

In the first quarter, we maintained our ongoing policy of active communications with the capital market and the general public. As an example, we held an analyst conference call in the context of the takeover of Stiles Machinery, Inc. Furthermore, at the end of March, we presented our annual financial statements and the associated annual report at an analyst conference in Frankfurt. At our annual press conference in Stuttgart, we similarly reported to journalists on the fiscal year 2013 and our expectations as to the future. In addition, we kept the general public informed of all relevant events with five press releases, one ad hoc communication on the Stiles acquisition and a new edition of our investor newsletter.

Shareholder Structure as of May 9, 2014[1]



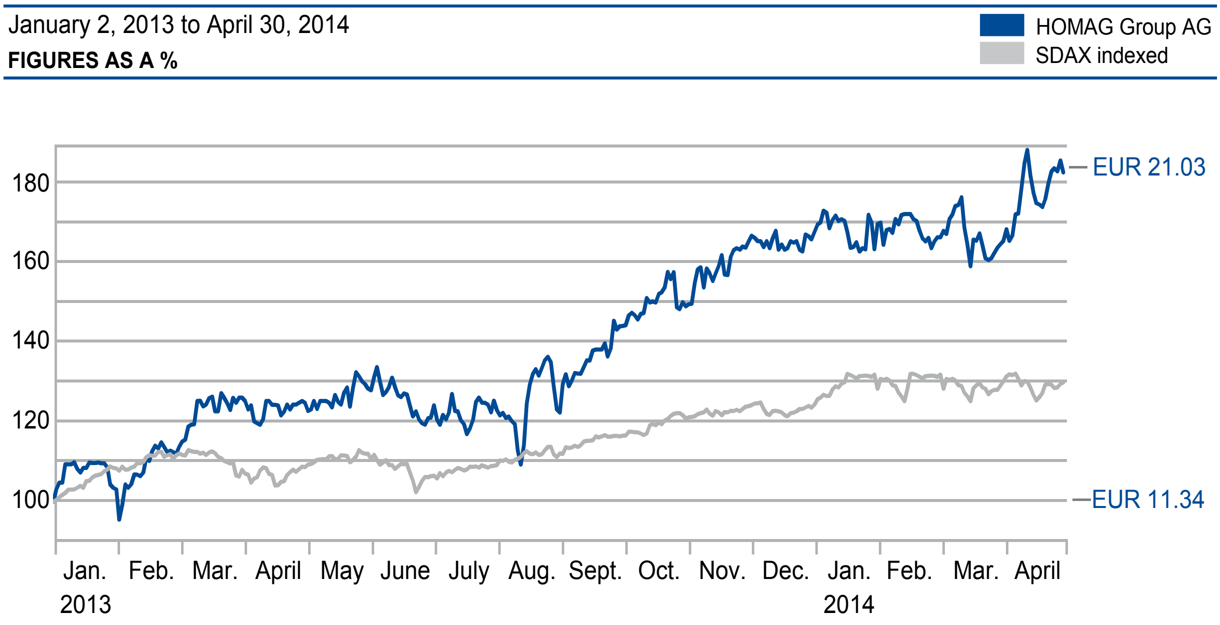
1 Method of calculation according to Deutschen Börse AG

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, 2013-March 31, 2014)	March 10, 2014	EUR 20.07
Price low* (January 2, 2013-March 31, 2014)	January 31, 2013	EUR 10.82
Price* as at March 31, 2014		EUR 19.01
Earnings per share (Q1 2014)		EUR 0.16
Market capitalization (March 31, 2014)		EUR 298.2 million

*Xetra closing quote

Performance of the HOMAG Group AG Share in comparison with the SDAX



Source: XETRA, stock performance indexed (January 2, 2013 = 100)

Interim Management Report as of March 31, 2014

Economic Environment

In their current Joint Economic Forecast from spring 2014, Germany's leading economic institutes conclude that the global economy has expanded quite strongly in the first months of 2014. Advanced economies in particular developed positively, which stems among other things from the ongoing expansionary monetary policy. For example, the US, the UK and Japan recorded strong growth and the eurozone economy is also slowly recovering. Economic developments in emerging economies were less uniform, however. While some of them benefited from the strong impetus emanating from the advanced economies, a number of emerging economies struggled with capital outflow and currency depreciation. In China, the economic output slowed temporarily following the strong increase in production in the past year.

According to the Joint Economic Forecast, the German economy is on the upswing in spring 2014. Driving forces come from domestic demand and the economic recovery in the eurozone, which has caused investment activities in particular to pick up speed. Demand from emerging economies, in contrast, is showing less dynamic growth. The ifo business climate index rose slightly in April 2014, which means that the business situation, which was already good, has continued to improve.

The VDMA ["Verband Deutscher Maschinen- und Anlagenbau e.V.": German Engineering Federation] reports that the German mechanical and plant engineering sector saw a decline of 2 percent in order intake in the first quarter of 2014. In this respect, domestic orders rose by 3 percent while orders from abroad declined by 4 percent. According to the industry association within VDMA responsible for the segment of relevance to HOMAG, secondary wood processing, order intake in the segment increased by 2 percent between January and March 2014, not taking price adjustments into account. In this regard, domestic order intake was significantly better than order intake from abroad. Sales revenue rose by 9 percent, with a strong increase from abroad in this respect while there was a significant drop from the domestic market.

Business Development

In the first quarter, we have set the sails for further growth on the American market. Effective as of February 3, 2014, we increased our interest in the voting shares of Stiles Machinery, Inc. from 29.4 to 100 percent, thus acquiring the leading sales and service organization for machines and production lines for the US woodworking industry. In 2013, Stiles generated annual sales revenue of around USD 158 million. This takeover gives us direct access to the US market, which will enable us to profit directly from the re-industrialization currently in progress there. The Stiles acquisition gives rise to notable effects in 2014 that impact both our income statement and our statement of financial position. We refer to the pertinent sections of this quarterly report for details of these effects.

We also see great potential for growth in the areas of handling, assembly, packaging and robotics. For this reason, we merged two of our subsidiaries BARGSTEDT Handlingsysteme GmbH, Hemmoor, and LIGMATECH Automationssysteme GmbH, Lichtenberg, to form HOMAG Automation GmbH. This permits a bundling of development capacities that will allow us to better exploit growth in these areas. The merger is to be implemented in steps by the end of 2014.

We successfully presented ourselves as HOMAG Group at the HOLZ-HANDWERK trade fair held at Nuremberg in the first quarter of 2014. As the largest exhibitor, we registered a large number of customer contacts and great interest in our products and solutions. Over the first three months of 2014, we succeeded in increasing our order intake by 6.0 percent in comparison to the prior-year quarter to EUR 229.3 million (prior year: EUR 216.3 million). It should be noted in this context that we have changed how order intake is calculated to increase comparability with sales revenue. The merchandise of the production companies and the after-sales segment will be included in order intake from now on. The prior-year figure was adjusted correspondingly. The sales company Stiles, which has been fully consolidated since February, does not affect order intake under our calculation method.

As of March 31, 2014, our order intake, which is also calculated using the new method, had increased to EUR 261.6 million, by just under 9 percent in comparison to the already very good prior year (prior year: EUR 240.9 million). Compared to the end of 2013, this constitutes a rise of EUR 54 million.

In the HOMAG Group, we succeeded in raising sales revenue by just under 16 percent to EUR 204.8 million between January and March 2014, among other things due to the high order backlog as of year-end 2013 (prior year: EUR 176.7 million). In this context, around EUR 11 million stems from the Stiles acquisition as of February 3, 2014. It should be noted in this respect that, apart from sales revenue at Stiles with non-Group products, the additional increase in sales revenue is merely attributable to the gross profit margin on sales revenue with HOMAG Group products. Adjusted for Stiles, the increase in sales revenue comes to just under 10 percent. Our total operating performance rose, as a percentage, not quite as strongly as sales revenue on account of the planned reduction in own work capitalized and a slight reduction in changes in inventories and stood at EUR 220.4 million (prior year: EUR 194.8 million).

Within the individual sales regions, order intake in the first quarter of 2014 was significantly above the weaker prior-year figure in central Europe, which includes Germany, Austria and Switzerland. Western Europe reported a weaker first quarter, which was mainly characterized by weaker developments in the BeNeLux countries and Italy. It was not possible to continue the exceedingly strong development in eastern Europe in the past fiscal year on account of the weaker project business in the first quarter, especially in Russia and Poland. Another factor responsible for this development was the depreciation of the ruble in recent months.

At the beginning of the year, the Americas saw very good economic performance significantly above the prior-year figure, with the US market in particular continuing to underline its ongoing strength in a sustainable way. Asia returned convincing results at the beginning of the year with good order intake in excess of the prior-year quarter. In addition to China, smaller Asian markets also made a corresponding contribution to the positive development.

Results of Operations

The Stiles acquisition will have a positive effect on our results of operations from 2015 onwards. After taking into account all effects, a burden totaling EUR 1.5 million was placed on the profit for the period in the first quarter of 2014. As a significant portion of the purchase price allocation is attributable to inventories, Stiles will still not have a positive effect on the Group‘s development in the full year 2014; indeed, it might even impose a slight burden.

Despite this burden on earnings in the first quarter of 2014, we succeeded in increasing our operative EBITDA before employee profit participation expenses and before extraordinary expenses by 13.3 percent to EUR 15.1 million (prior year: EUR 13.4 million), even though other operating expenses rose to EUR 34.6 million (prior year: EUR 28.7 million). In addition to the impact of the Stiles acquisition amounting to EUR 3.0 million, this was due among other things to a higher level of legal and consulting fees in connection with the current optimization project in the area of purchasing.

Our personnel expenses rose to EUR 80.6 million (prior year: EUR 73.2 million), primarily due to the 324 additional employees from the Stiles acquisition as of the end of the quarter. The 2013 collectively bargained wage increase in Germany is also having an impact. All in all, however, the ratio of personnel expenses to total operating performance fell to 36.6 percent (prior year: 37.6 percent), which is a result from the further increase in our performance.

Cost of materials rose to EUR 94.7 million (prior year: EUR 83.6 million) which means the ratio of cost of materials to total operating performance rose slightly to 43.0 percent (prior year: 42.9 percent). Cost of materials includes the continuing disposal of Stiles' inventories, which should be seen as sales revenue from the sale of merchandise on account of the acquisition until stocks have been fully replaced.

Our EBIT before employee participation expenses and after extraordinary expenses rose to EUR 7.4 million in the first quarter of 2014 (prior year: EUR 5.8 million). Our interest result improved to EUR -1.4 million on account of our credit terms improving once again (prior year: EUR -1.5 million). Our profit/loss from associates decreased to EUR -0.2 million (prior year: EUR 0.5 million) as Stiles was still consolidated as an associate in the prior year and additionally a negative "at equity" consolidation effect had to be taken into account as of the acquisition closing date. All in all, this gives rise to a financial result of EUR -1.6 million (prior year: EUR -1.0 million). EBT after employee participation expenses and after extraordinary expenses rose to EUR 4.0 million (prior year: EUR 3.6 million).

At 36 percent, we were able to reduce our tax expense ratio significantly (prior year: 47 percent). Restructuring, which had already been completed, had a positive effect in this context as it significantly reduced losses incurred at subsidiaries for which no deferred tax assets could be recognized. The profit for the period after non-controlling interests comes to EUR 2.5 million (prior year: EUR 1.8 million). Earnings per share rose to EUR 0.16 (prior year: EUR 0.12).

Net Assets and Financial Position

Full consolidation of Stiles as of February 3, 2014 is also clearly reflected in our consolidated statement of financial position. For example, our total assets as of March 31, 2014 rose by EUR 616.5 million in comparison to year-end 2013 (December 31, 2013: EUR 543.9 million). Of this amount, around EUR 50 million stems from the Stiles acquisition. The further rise results from the seasonal increase in inventories on account of the high level of order backlog.

On the assets side, inventories rose to EUR 181.5 million (December 31, 2013: EUR 133.5 million), whereby around EUR 35 million is attributable to the Stiles acquisition. Of the trade receivables which have risen to EUR 102.5 million (December 31, 2013: EUR 90.5 million), around EUR 10 million arise from the Stiles acquisition. Irrespective of the acquisition of Stiles, our cash and cash equivalents rose significantly to EUR 62.4 million (December 31, 2013: EUR 44.9 million) which we achieved in particular through strict working capital management in the first quarter of 2014.

On the equity and liabilities side, our equity increased slightly to EUR 179.3 million on account of the profit for the quarter less the negative exchange rate effects (December 31, 2013: EUR 177.7 million). On account of the significant increase in total assets, our equity ratio fell to 29.1 percent (December 31, 2013: 32.7 percent). Prepayments received rose significantly to EUR 63.1 million (December 31, 2013: EUR 39.7 million). Of this amount, EUR 11 million stems from the Stiles acquisition. The further increase is attributable to our strict sales management. Current and non-current financial liabilities increased in total by around EUR 16 million, essentially on account of the acquisition of Stiles.

As of the end of the first quarter of 2014, we were able to keep our net liabilities to banks at EUR 69.7 million despite having paid the purchase price for Stiles, maintaining the low level seen at year-end 2013 (EUR 69.2 million). We have significantly reduced our net liabilities to banks in comparison to the prior-year quarter (EUR 92.5 million).

The return on capital employed (ROCE) before taxes on the basis of EBIT before employee profit participation expenses and before extraordinary expenses improved to 10.9 percent between January and March 2014 (prior year: 8.0 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 7.6 percent (prior year: 5.6 percent). The reasons for this increase include, in addition to the improvement in earnings, the lower level of capital expenditure on property, plant and equipment and the lower level of financial assets due to the Stiles acquisition.

Our operating cash flow increased to EUR 20.8 million in the first three months (prior year: EUR 4.9 million). In addition to the development of earnings, this is attributable in particular to strict working capital management. Cash flow from investing activities increased over the same period from EUR -8.5 million to EUR -18.6 million, which is mainly attributable to the Stiles acquisition. Despite the acquisition performed, this results in positive free cash flow of EUR 2.2 million (prior year: EUR -3.6 million). The cash flow from financing activities came to EUR 16.1 million in the first quarter of 2014 (prior year: EUR -3.7 million). Within the scope of the existing revolving credit lines under the syndicated loan agreement we took out and repaid funds over the short term. Furthermore, the change arises from debt taken out to finance the Stiles acquisition. Cash and cash equivalents thus amounted to EUR 62.4 million as of March 31, 2014 (Q1 2013: EUR 37.4 million).

Employees

As of March 31, 2014, our headcount stood at 5,410 employees an increase both on the prior year (5,031 employees) and in comparison to year-end 2013 (5,064 employees). This was mainly the result of the additional 324 employees from Stiles. In addition, we built up headcount abroad, especially at our HOMAG Machinery entities. At the end of the first quarter of 2014, the HOMAG Group employed 124 contract workers (March 31, 2013: 60 contract workers).

Capital Expenditure

In the first quarter of 2014, our capital expenditure on intangible assets and property, plant and equipment (without leases) decreased to EUR 4.4 million (prior year: EUR 8.7 million). A focus of capital expenditure in the reporting quarter was still the large-scale IT project ProFuture. Capital expenditure contains own development work capitalized of EUR 1.5 million (prior year: EUR 2.3 million). Our capital expenditure will increase again over the course of the year as we intend to launch new investment projects.

Research and Development

Our activities in the field of research and development in the first quarter of 2014 were characterized primarily by new developments that we presented at the HOLZ-HANDWERK trade fair in Nuremberg. Under the motto of “Growing with the HOMAG Group”, we presented a number of complete workshop concepts for various business sizes. One focal point in this area was consistency of data flow in order to further optimize processes and introduce smarter structures. We anticipate an increasing degree of automation in cabinet shops.

One example is the consistent operating concept of easy**Touch**, one version of our new, group-wide uniform operating interface power**Touch** especially for cabinet shops. The intuitive menu structure and six shortcut keys provide for quick and easy operation of the machine.

With wood**WOP**7, we have also developed a software version for CNC programming. The centerpiece here is the innovative 3D programming that allows workpieces to be designed easily in three dimensions. Milling and drilling work or saw cuts are processed quickly and easily by entering the processing parameters; these are then displayed in almost real life graphics.

In the field of edging technology, we used the occasion of the HOLZ-HANDWERK to present innovations both in the fields of throughfeed and CNC technology. A smart machine configuration enables 360 degree edge banding without the need to retool. Another advantage is direct and quicker access to the edge exchange in order to facilitate topping up hot-melt glue and to service the unit.

Risiko- und Chancenbericht

The risk management system in place and the individual business risks and opportunities are described in the annual report 2013, pages 61 to 68. 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

In April 2014, the VDMA confirmed its forecast for the German mechanical and plant engineering sector and anticipates a rise in machine production of 3 percent for the current fiscal year. The domestic business is expected to see greater growth than other areas. For the wood processing machines segment as a whole, the competent industry association anticipates sales revenue growth in 2014 of 5 percent.

For the HOMAG Group we confirm our forecasts which remain subject to the proviso that the global economy will see positive developments, as forecast by experts in the field and, in particular, that there are no major disruptions to the global economy.

We aim to further increase our order intake in 2014 and achieve a level of between EUR 760 million and EUR 780 million following the new calculation method (prior year restated: EUR 734 million). Stiles, the sales company we acquired, does not affect order intake under our calculation method. With regard to the Group‘s sales revenue, we intend to generate between EUR 860 million and EUR 880 million (prior year: EUR 789 million) in 2014. Sales revenue growth of a mid-single-digit percentage will result from the Stiles takeover.

In 2014, we expect our operative EBITDA before employee profit participation expenses and before extraordinary expenses to range between EUR 82 million and EUR 84 million (prior year: EUR 75.8 million) and the Group to return a net profit for the year ranging between EUR 20 million and EUR 22 million (prior year: EUR 18.4 million). There will, however, be no material impact on these two key performance indicators in 2014 from the full consolidation of Stiles as the additional contribution to profit and the consolidation and purchase price allocation effects together with the acquisition-related costs at Stiles are expected to roughly balance each other out or the effects will place a slight burden on earnings. We anticipate a positive contribution to earnings from the acquisition as of 2015.

Interim Financial Statements as of March 31, 2014

Consolidated Income Statement

FIGURES IN EUR K	2014 01/01 – 03/31	2013 01/01 – 03/31
Sales revenue	**204,750**	**176,696**
Increase or decrease in inventories of finished goods and work in progress	14,043	15,510
Own work capitalized	1,592	2,612
	15,635	18,122
Total operating performance	**220,385**	**194,818**
Other operating income	4,519	3,895
	224,904	**198,713**
Cost of materials	94,677	83,567
Personnel expenses before employee participation	80,643	73,206
Amortization of intangible assets	3,831	3,602
Depreciation of property, plant and equipment	3,778	3,905
Other operating expenses	34,588	28,667
	217,517	192,947
Operating result before employee participation	**7,387**	**5,766**
Expenses from employee participation	1,752	1,208
Net operating profit	**5,635**	**4,558**
Profit/loss from associates	-189	536
Interest income	205	314
Interest expenses	1,649	1,843
Earnings before taxes	**4,002**	**3,565**
Income taxes	-1,420	-1,670
Net profit for the period	**2,582**	**1,895**
Profit attributable to non-controlling interests	106	50
Profit attributable to owners of Homag Group AG	**2,476**	**1,845**
Earnings per share attributable to owners of Homag Group AG in EUR (basic and diluted)	0.16	0.12

Consolidated Statement of Comprehensive Income

FIGURES IN EUR K	2014 01/01 – 03/31	2013 01/01 – 03/31
Net profit for the period	**2,582**	**1,895**
Currency effects	-817	15
thereof share in associates included using the equity method	-7	323
Gains and losses from cash flow hedges	-136	-129
Taxes attributable to gains and losses from cash flow hedges	38	36
Other income and expenses that can be reclassified to the income statement under certain conditions in future periods	**-915**	**-78**
Actuarial gains and losses	0	-91
Income tax on other comprehensive income	0	0
Other income and expenses that cannot be reclassified to the income statement in future periods	**0**	**-91**
Other comprehensive income	**-915**	**-169**
Total comprehensive income	**1,667**	**1,726**
Total comprehensive income attributable to non-controlling interests	19	122
Total comprehensive income attributable to owners of Homag Group AG	**1,648**	**1,604**

Consolidated Statement of Financial Position

FIGURES IN EUR K		March 31, 2014	Dec. 31, 2013
Assets			
Non-current assets			
I.	Intangible assets	73,301	72,074
II.	Property, plant and equipment	125,500	124,961
III.	Investments in associates	4,314	10,143
IV.	Other financial assets	494	494
V.	Receivables and other assets		
	Trade receivables	1,689	1,261
	Other financial assets	753	732
	Other assets and prepaid expenses	251	55
	Income tax receivables	1,356	1,353
VI.	Deferred taxes	9,134	9,006
		216,792	**220,079**
Current assets			
I.	Inventories	181,536	133,509
II.	Receivables and other assets		
	Trade receivables	102,483	90,512
	Receivables from long-term construction contracts	25,651	21,538
	Receivables due from associates	7,643	15,393
	Other assets and prepaid expenses	16,770	14,180
	Income tax receivables	1,993	2,543
III.	Cash and cash equivalents	62,381	44,939
		398,457	**322,613**
IV.	Non-current assets held for sale	1,245	1,245
		399,702	**323,858**
Total assets		**616,494**	**543,937**

FIGURES IN EUR K		March 31, 2014	Dec. 31, 2013
Equity and liabilities			
Equity			
I.	Issued capital	15,688	15,688
II.	Capital reserves	32,976	32,976
III.	Revenue reserves	119,780	102,170
IV.	Net profit for the period	2,476	18,426
	Equity attributable to the owners	170,920	169,260
V.	Non-controlling interests	8,410	8,391
		179,330	**177,651**
Non-current liabilities and provisions			
I.	Non-current financial liabilities	74,036	64,003
II.	Other non-current liabilities	9,161	9,222
III.	Pensions and other post-employment benefits	2,935	2,923
IV.	Obligations from employee profit participation	13,166	13,275
V.	Other non-current provisions	8,702	5,107
VI.	Deferred taxes	15,678	13,135
		123,678	**107,665**
Current liabilities and provisions			
I.	Current financial liabilities	65,560	59,228
II.	Trade payables	74,746	61,155
III.	Prepayments	63,051	39,689
IV.	Liabilities from long-term construction contracts	1,926	2,408
V.	Liabilities to associates	3,121	4,493
VI.	Other financial liabilities	338	156
VII.	Other current liabilities and deferred income	78,394	66,329
VIII.	Tax liabilities	8,588	9,219
IX.	Pensions and other post-employment benefits	74	74
X.	Other current provisions	17,688	15,870
		313,486	**258,621**
Total liabilities		**437,164**	**366,286**
Total equity and liabilities		**616,494**	**543,937**

Consolidated Cash Flow Statement

FIGURES IN EUR K	2014 01/01 – 03/31	2013 01/01 – 03/31
1. Cash flow from operating activities		
Profit or loss for the period before tax	**4,002**	**3,565**
Income tax paid (–)	-2,244	-1,779
Interest result	1,444	1,529
Interest paid (–)	-1,440	-1,680
Interest received (+)	195	314
Write-downs (+) / write-ups (–) of non-current assets (netted)	7,609	7,507
Increase (+) / decrease (–) in provisions	1,066	-783
Dividends from associates	189	-536
Gain (–) / loss (+) on disposals of non-current assets	-68	-97
Increase (–) / decrease (+) in inventories, trade receivables and other assets	-6,335	-18,839
Increase (+) / decrease (–) in trade payables and other liabilities	16,363	15,652
Cash flow from operating activities	**20,781**	**4,853**
2. Cash flow from investing activities		
Cash received (+) from disposals of property, plant and equipment	219	186
Cash paid (–) for investments in property, plant and equipment	-1,900	-1,501
Cash received (+) from disposals of intangible assets	0	4
Cash paid (–) for investments in intangible assets	-2,540	-7,159
Cash received (+) from disposals of financial assets	0	6
Cash paid (–) for the acquisition of consolidated companies	-14,348	0
Cash flow from investing activities	**-18,569**	**-8,464**

FIGURES IN EUR K	2014 01/01 – 03/31	2013 01/01 – 03/31
3. Cash flow from financing activities		
Cash received (+) from equity contributions	0	305
Cash received (+) from the issue of (financial) liabilities	32,513	5,254
Cash repayment (–) of bonds and (financial) liabilities	-16,416	-9,294
Cash flow from financing activities	**16,097**	**-3,735**
4. Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (subtotal of 1 to 3)	18,308	-7,345
Effect of currency translation adjustments and change in scope of consolidation on cash and cash equivalents	-866	-862
Cash and cash equivalents at the beginning of the period	**44,939**	**45,557**
Cash and cash equivalents at the end of the period[1]	**62,381**	**37,350**

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

FIGURES IN EUR K	Issued capital	Capital reserve	Revenue Retained earnings
Jan. 1, 2013	**15,688**	**32,976**	**90,446**
Other changes			**-410**
Dividends paid			
Changes from non-controlling interests			507
Transactions with owners			**507**
Reclassification to revenue reserves			**12,680**
Net profit for the period			
Other income and expenses			
Total comprehensive income			
Mar. 31, 2013	**15,688**	**32,976**	**103,223**
Jan. 1, 2014	**15,688**	**32,976**	**99,868**
Other changes			12
Reclassification to revenue reserves			18,426
Net profit for the period			
Other income and expenses			
Total comprehensive income			
Mar. 31, 2014	**15,688**	**32,976**	**118,306**

reserves					
Accumulated other comprehensive income	**Translation reserve**	**Group result**	**Equity before non-controlling interests**	**Non-controlling interests**	**Total**
-377	**6,292**	**12,680**	**157,705**	**8,056**	**165,761**
			-410	**306**	**-104**
			507	-507	**0**
			507	**-507**	**0**
		-12,680	**0**	**0**	**0**
		1,845	1,845	50	**1,895**
-184	**-57**		-241	72	**-169**
-184	**-57**	**1,845**	**1,604**	**122**	**1,726**
-561	**6,235**	**1,845**	**159,406**	**7,977**	**167,383**
-587	**2,889**	**18,426**	**169,260**	**8,391**	**177,651**
			12		**12**
		-18,426	0		**0**
		2,476	2,476	106	**2,582**
-98	-730		-828	-87	**-915**
-98	**-730**	**2,476**	**1,648**	**19**	**1,667**
-685	**2,159**	**2,476**	**170,920**	**8,410**	**179,330**

Selected Explanatory Notes

General

These interim condensed consolidated financial statements for the first three months of 2014 were released for publication by resolution of the management board on May 9, 2014.

Application of Accounting Requirements

The interim condensed consolidated financial statements of Homag Group AG (Homag Group) as of March 31, 2014, like the consolidated financial statements as of December 31, 2013, 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 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 2013 consolidated financial statements. These policies are explained in detail in the 2013 annual report. In addition, the amendments to IFRSs and the new policies mandatory as of January 1, 2014 have been adopted in the interim financial statements. The amendments to the following IFRSs became applicable for the first time in the reporting period:

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosures of Interests in Other Entities
IAS 27	Separate Financial Statements (revised 2011)
Amendment to IFRS 10, IFRS 12 and IAS 27	Investment Entities
IAS 28	Investments in Associates and Joint Ventures (revised 2011)
Amendment to IAS 32	Offsetting of Financial Assets and Financial Liabilities
IAS 36	Recoverable Amount Disclosures for Non-financial Assets
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting

Of the standards mentioned above, only the amendments to IAS 32 and IAS 36 had an effect on the consolidated interim financial statements:

Amendment to IAS 32 – Offsetting of Financial Assets and Financial Liabilities
The amendment has no effects on the accounting policies used by the Group, although it will require additional disclosures.

IAS 36 – Recoverable Amount Disclosures for Non-financial Assets
The amendment to IAS 36 was published in May 2013 and is effective for the first time in fiscal years beginning on or after January 1, 2014. The amendment is intended to eliminate undesired repercussions of the disclosure requirements resulting from the introduction of IFRS 13. The amendment also requires disclosures on the recoverable amount for assets or cash-generating units on which an impairment loss was recognized or reversed in the reporting period. The amendment is applicable retrospectively. Early adoption is not permitted. The amendment has no effects on the accounting policies used by the Group, although it will require additional disclosures.

All mandatory new and amended IFRSs were described in detail in the annual report 2013.

The interim 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 are presented.

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, 2013.

Business Combination

Effective February 3, 2014 we increased our shareholding in the voting shares of the US sales and service company Stiles Machinery, Inc. from 29.4 to 100 percent. The shares were sold by Peter Kleinschmidt who is now retiring from active business. Stiles is the leading sales and service organization for machines and production lines for the US woodworking industry. In 2013, Stiles generated annual sales revenue of around USD 158 million. This takeover gives us direct access to the US market, which will enable us to profit directly from the re-industrialization in progress there.

First-time consolidation of Stiles Machinery, Inc. was performed pursuant to IFRS 3 “Business Combinations”. The profit or loss of the acquired entity is included in the consolidated financial statements as of the date of first-time consolidation.

The purchase price of the shares in Stiles Machinery, Inc. came to USD 19,530 k (the equivalent of EUR 14,348 k) and was paid in cash.

The allocation of the purchase price to the acquired assets and liabilities had not yet been completed as of March 31, 2014. The calculation of the net assets acquired and the difference from the acquisition of Stiles Machinery, Inc. on February 3, 2014 breaks down as follows:

FIGURES IN EUR K	
Purchase price for the acquisition	14,348
Acquisition-date fair value of the interests already held by the Homag Group	5,467
Fair value of net assets	-20,321
Difference (provisional)	-506

The provisional difference of EUR 506 k was taken to profit or loss as of the date of acquisition.

The purchase price for Stiles Machinery, Inc. was allocated to the purchased assets and liabilities as follows:

FIGURES IN EUR K	Carrying amount before acquisition	Adjustment	Carrying amount after acquisition
Intangible assets	0	2,450	2,450
Property, plant and equipment	2,311	535	2,846
Inventories	27,263	7,140	34,403
Receivables and other assets	15,037	1,220	16,257
Cash and cash equivalents	2,185	0	2,185
Deferred taxes	-45	-3,201	-3,246
Non-current liabilities	-425	-3,551	-3,976
Current liabilities	-30,473	-125	-30,598
Net assets	15,853	4,468	20,321

The carrying amounts after acquisition correspond to fair value as of the date of first-time consolidation. The gross contractual value of the acquired receivables and other assets approximates their fair value. The significant adjustments related to inventories, among other things, on account of measurement previously being performed on the basis of the LiFo method, to intangible assets where customer relationships, technological know-how and the Stiles brand name were capitalized in the course of purchase price allocations and to lease liabilities on account of an onerous lease agreement as well as the recording of obligations from long-term employee profit sharing already in place at the acquired entity. Where the differences between the fair value to be recognized and the values of the assets and liabilities reported in the tax accounts give rise to different figures, deferred taxes are recognized. No contingent liabilities were recognized as part of the first-time consolidation. Agreements with the seller on compensation for onerous contracts meant that the corresponding receivables had to be recognized.

The intangible assets acquired were measured using an income approach. The fair value of the brand name was determined using the relief-from-royalty method. The fair value of the property, plant and equipment was determined using a cost approach. The fair value of inventories was determined on the basis of the sales list price less the necessary costs of completion and sale and an appropriate profit mark-up. The onerous lease agreement and the compensation claim against the seller on the basis of onerous contracts were valued using the discounted cash flow method. The other assets and liabilities were measured in accordance with the accounting policies explained in the general remarks.

The useful lives of the intangible assets acquired break down as follows:

	Fair value	Useful life
Customer relationships	EUR 1,628 k	6 years
Technological know-how	EUR 234 k	3 years
Brand name	EUR 588 k	6 years

The fair value of the equity interest in Stiles already held by the Homag Group as of the acquisition date totals EUR 5,467 k. The loss incurred on account of remeasurement of this equity interest comes to EUR 367 k and is disclosed in profit/loss from associates.

Stiles' contribution to earnings from the acquisition date until March 31, 2014 breaks down as follows:

FIGURES IN EUR K	
Sales revenue with external customers	10,544
Profit/loss for the year	-1,500

If Stiles had been consolidated already as of January 1, 2014, the Group's sales revenue for the first quarter of 2014 would have been around EUR 4,400 k higher and the Group's net profit would have been around EUR 750 k lower. The negative result of EUR 1,500 k stems from knock-on effects from the purchase price allocation and elimination of intercompany profits. By contrast, the operating result of Stiles is positive.

Notes to the Consolidated Income Statement

Sales Revenue

In the first three months of 2014, the Homag Group generated sales revenue of EUR 204,750 k, up 15.9 percent on the comparable period in 2013.

FIGURES IN EUR K	2014 01/01 - 03/31	Share	2013 01/01 - 03/31	Share	% change on the prior year
Central Europe	51,249	25.0%	62,810	35.5%	-18.4%
Western Europe	32,612	15.9%	25,350	14.3%	28.6%
Eastern Europe	51,144	25.0%	32,497	18.4%	57.4%
North America	25,674	12.5%	15,836	9.0%	62.1%
South America	6,659	3.3%	8,481	4.8%	-21.5%
Asia/Pacific	35,361	17.3%	29,336	16.6%	20.5%
Africa	2,051	1.0%	2,386	1.4%	-14.0%
Total	**204,750**	100.0%	**176,696**	100.0%	15.9%

The regions of North America (62.1 percent), eastern Europe (57.4 percent) and western Europe (28.6 percent) saw the greatest percentage increase in sales revenue in the first three months of 2014 in comparison to the same period of the prior year. With a fall of 21.5 percent, the region South America registered the greatest decrease. Sales revenue in Germany decreased by 25.4 percent. As a result, the share of sales revenue earned in Germany fell from 29.3 percent in the first three months of 2013 to 18.8 percent in the reporting period.

Cost of Materials

The ratio of cost of materials to total operating performance increased slightly to 43.0 percent in the first three months of 2014, as compared to 42.9 percent in the corresponding period of the prior year.

FIGURES IN EUR K	2014 01/01 - 03/31	2013 01/01 - 03/31
Cost of raw materials, consumables and supplies and purchased merchandise	91,499	79,255
Cost of purchased services	3,178	4,312
	94,677	**83,567**

Personnel Expenses

FIGURES IN EUR K	2014 01/01 - 03/31	2013 01/01 - 03/31
Wages and salaries	68,329	62,224
Social security, pension and other benefit costs	12,314	10,982
thereof for old-age pensions	4,339	4,144
	80,643	**73,206**

FIGURES IN EUR K	2014 01/01 - 03/31	2013 01/01 - 03/31
Expenses from employee participation	1,752	1,208

After 5,031 employees as of March 31, 2013 and 5,064 as of December 31, 2013, the Homag Group employed 5,410 persons as of March 31, 2014. In the first three months of 2014, personnel expenses rose by 10.2 percent in comparison to the comparable prior-year period, which is mainly attributable to the higher headcount on account of the Stiles acquisition in addition to the collectively bargained wage increases. The ratio of personnel expenses to total operating performance improved to 36.6 percent (prior year: 37.6 percent). Employee profit participation expenses rose to EUR 1,752 k in the first three months of 2014 (prior year: EUR 1,208 k) due in particular to the good development of earnings at Homag Holzbearbeitungssysteme GmbH.

Profit for the Period

Operative EBITDA before employee participation expenses and before restructuring/non-recurring expenses amounted to EUR 15,149 k in the first three months of 2014 (prior year: EUR 13,376 k). EBIT before employee participation expenses and after restructuring/non-recurring expenses amounted to EUR 7,387 k in the first quarter of 2014 (prior year: EUR 5,766 k).

The financial result of EUR -1,633 k for the first three months of 2014 deteriorated by 64.5 percent compared to the prior-year period (prior year: EUR -993 k). This is mainly attributable to Stiles' contribution to earnings which is not included here.

EBT in the first three months of 2014 came to EUR 4,002 k (prior year: EUR 3,565 k). After non-controlling interests, the net profit for the period came to EUR 2,476 k (prior year: EUR 1,845 k) which leads to earnings per share of EUR 0.16 (prior year: EUR 0.12).

Notes to the Consolidated Statement of Financial Position

Assets

Total assets come to EUR 616,494 k (December 31, 2013: EUR 543,937 k). The rise is essentially attributable to the assumption of the acquired assets and liabilities of Stiles Machinery Inc. (please refer to the comments on the business combination).

Interests in associates fell correspondingly in this respect.

Inventories rose by EUR 48,027 k to EUR 181,536 k in comparison to December 31, 2013, an increase of 36 percent. The rise in inventories is essentially due to the Stiles acquisition (the value of the inventories assumed comes to EUR 34,403 k). This is further due to an ongoing higher level of order backlog and the increased stage of completion of machines on which work has already commenced but where the criteria for the partial recognition of sales revenue pursuant to IFRS were not satisfied.

Receivables and other assets increased by EUR 11,024 k in comparison to December 31, 2013. This rise is also mainly due to the Stiles acquisition.

Cash and cash equivalents increased by EUR 17,442 k compared to year-end 2013. This is primarily due to higher prepayments received.

The line item "Non-current assets held for sale" remained unchanged compared to December 31, 2013.

Equity

The change in equity including income and expense recognized directly in equity is presented in the consolidated statement of changes in equity. The equity ratio stood at 29.1 percent as of March 31, 2014, which is down on the level seen at December 31, 2013 (December 31, 2013: 32.7 percent). This is mainly due to the rise in total assets due to the acquisition. 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 0.16 in the first three months of 2014 (prior year: EUR 0.12).

	2014 **01/01 - 03/31**	**2013** **01/01 - 03/31**
Profit for the period attributable to owners of Homag Group AG for the calculation of the basic earnings in EUR k	2,476	1,845
Earnings per share pursuant to IAS 33 in EUR	**0.16**	**0.12**
Number of shares (basis for the calculation of the earnings per share)	15,688,000	15,688,000

There were no dilutive effects in the reporting period. At its meeting of March 20, 2014, the supervisory board seconded the management board's recommendation to propose to the annual general meeting of June 3, 2014 to pay out a dividend of EUR 0.35 per share for the fiscal year 2013.

Liabilities

On the equity and liabilities side of the statement of financial position, current and non-current financial liabilities increased by EUR 16,365 k, essentially on account of the acquisition of Stiles. Prepayments received rose significantly by EUR 23,362 k; of this figure EUR 10,879 k are attributable to Stiles. Other current liabilities and deferred income increased by EUR 12,065 k (18.2 percent) in the reporting period, due to the Stiles acquisition and normal seasonal movements, such as the increase in vacation obligations, accrued flextime as well as the Christmas bonus accruals. Net liabilities to banks increased from EUR 69,189 k as of December 31, 2013 to EUR 69,664 k as of March 31, 2014.

Financial Instruments

Book values, carrying amounts and fair values by measurement category

		Carrying amount in statement of financial position according to IAS 39					
FIGURES IN EUR K	**Carrying amount Mar. 31, 2014**	**Amortized cost**	**Acquisition cost**	**Fair value**	**Carrying amount accord. to IAS 11**	**Carrying amount accord. to IAS 17**	**Fair value Mar. 31, 2014**
Assets							
Cash and cash equivalents	62,381	62,381					62,381
Trade receivables	104,172	104,172					104,172
Receivables from associates	7,643	7,643					7,643
Receivables from long-term construction contracts	25,651				25,651		25,651
Other financial assets	494		494				–
Other non-derivative financial assets	9,280	9,280					9,280
Derivative financial assets							
Derivatives without hedging relationship	17			17			17
Equity and liabilities							
Trade payables	77,867	77,867					77,867
Liabilities from long-term construction contracts	1,926				1,926		1,926
Financial liabilities							
Liabilities to banks	132,046	132,046					132,677
Lease liabilities	7,550					7,550	8,077
Derivative financial liabilities							
Derivatives without hedging relationship	97			97			97
Derivatives with hedging relationship	213			213			213
THEREOF COMBINED ACCORDING TO THE MEASUREMENT CATEGORIES IN ACCORDANCE WITH IAS 39							
Loans and receivables	183,476	183,476					183,476
Held-for-sale financial assets	494		494				–
Financial assets held for trading	17			17			17
Financial liabilities measured at amortized cost	209,913	209,913					210,544
Financial liabilities held for trading	97			97			97

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 actuarial 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, the fair value of non-current liabilities due to banks bearing a fixed interest rate and of finance lease liabilities 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 rate hedges (interest rate swaps) taken out in Q1/2013 for existing loans for an original amount of EUR 60 million were priced at EUR 55 million as of March 31, 2014. The changes in cash flows from the hedged transactions resulting from changes in the Euribor rate are offset by changes in cash flows (offsetting 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 in 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.

Assets measured at fair value:

	March 31, 2014			
FIGURES IN EUR K	**Total**	**Level 1**	**Level 2**	**Level 3**
Derivatives without hedging relationship	17	0	17	0

Assets that are not measured at fair value, but for which a fair value is reported:

	March 31, 2014			
FIGURES IN EUR K	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	62,381	62,381	0	0
Trade receivables	104,172	0	104,172	0
Receivables from associates	7,643	0	7,643	0
Receivables from long-term construction contracts	25,651	0	25,651	0
Other non-derivative financial assets	9,280	0	9,280	0
	209,127	**62,381**	**146,746**	**0**

Liabilities measured at fair value:

	March 31, 2014			
FIGURES IN EUR K	**Total**	**Level 1**	**Level 2**	**Level 3**
Derivatives without hedging relationship	97	0	97	0
Derivatives with hedging relationship	213	0	213	0
	310	**0**	**310**	**0**

Liabilities that are not measured at fair value, but for which a fair value is reported:

	March 31, 2014			
FIGURES IN EUR K	**Total**	**Level 1**	**Level 2**	**Level 3**
Trade payables	77,867	0	77,867	0
Liabilities from long-term construction contracts	1,926	0	1,926	0
Liabilities to banks	132,677	0	132,677	0
Lease liabilities	8,077	0	8,077	0
	220,547	**0**	**220,547**	**0**

Segment Reporting

	Industry		Cabinet Shops		Sales & Service	
	2014 01/01 - 03/31	2013 01/01 - 03/31	2014 01/01 - 03/31	2013 01/01 - 03/31	2014 01/01 - 03/31	2013 01/01 - 03/31
FIGURES IN EUR K						
Third-party sales	84,356	70,205	21,809	23,731	78,487	53,094
Sales with group companies from other segments	33,282	24,821	28,168	21,621	699	369
Sales with investments recognized at equity	8,238	14,093	0	4,462	179	14
Total sales revenue	**125,876**	**109,119**	**49,977**	**49,814**	**79,365**	**53,477**
EBITDA [1]	**14,323**	**12,203**	**1,264**	**3,311**	**2,035**	**199**
Restructuring/non-recurring expenses [2]	-26	-40	0	0	-120	-45
Depreciation of property, plant and equipment and amortization of intangible assets	-4,736	-4,938	-1,582	-1,361	-659	-540
Result from employee participation	-1,670	-1,088	-25	-90	-57	0
Share in result of associates	-367	182	0	0	178	354
Interest result	-499	-399	-153	-89	-142	-127
Segment result [3]	**7,025**	**5,920**	**-496**	**1,771**	**1,235**	**-159**
Employees [4]	**2,606**	**2,611**	**979**	**987**	**1,057**	**737**

1 Operative EBITDA before employee participation expenses and restructuring/non-recurring expenses.

2 Included in personnel expenses and other operating expenses.

3 The segment result corresponds to earnings before tax.

4 Average headcount for the period.

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 139 of the annual report 2013.

In the Sales & Service segment, sales revenue increased by EUR 25,888 k (up 48.4 percent). On the one hand, this rise is due to the first-time recognition of Stiles' sales revenue of EUR 17,655 k. On the other, the largest increase in absolute terms was generated by Homag GUS (up EUR 4,177 k or 96.3 percent) and Homag Australia (up EUR 2,440 k or 163 percent). In the Industry segment, sales revenue increased by EUR 16,757 k (or 15.4 percent). Homag GmbH generated the largest increase in absolute terms (up EUR 18,573 k or 24.7 percent). In contrast, there was a reduction in the Other segment (down EUR 356 k).

The development of operative EBITDA before employee participation expenses and before restructuring/non-recurring expenses varied between segments. In the Industry segment, operative EBITDA increased by EUR 2,120 k and in the Sales & Service segment by EUR +1,836 k. In the Cabinet Shops and Other segments, on the other hand, operative EBITDA fell by EUR 2,047 k and EUR 48 k, respectively.

	Other		Total segments		Consolidation		Group	
	2014 01/01 - 03/31	**2013 01/01 - 03/31**	**2014 01/01 - 03/31**	**2013 01/01 - 03/31**	**2014 01/01 - 03/31**	**2013 01/01 - 03/31**	**2014 01/01 - 03/31**	**2013 01/01 - 03/31**
	4,063	5,829	188,715	152,859	0	0	188,715	152,859
	8,055	8,995	70,204	55,806	-70,204	-55,806	0	0
	7,618	5,268	16,035	23,837	0	0	16,035	23,837
	19,736	**20,092**	**274,954**	**232,502**	**-70,204**	**-55,806**	**204,750**	**176,696**
	-1,002	**-954**	**16,620**	**14,759**	**-1,471**	**-1,383**	**15,149**	**13,376**
	-7	-18	-153	-103	0	0	-153	-103
	-632	-668	-7,609	-7,507	0	0	-7,609	-7,507
	0	-30	-1,752	-1,208	0	0	-1,752	-1,208
	0	0	-189	536	0	0	-189	536
	-650	-914	-1,444	-1,529	0	0	-1,444	-1,529
	-2,291	**-2,584**	**5,473**	**4,948**	**-1,471**	**-1,383**	**4,002**	**3,565**
	748	**696**	**5,390**	**5,031**	**0**	**0**	**5,390**	**5,031**

In the Industry segment, Homag GmbH was the entity which recorded the largest growth in absolute terms (up EUR 1,385 k or 15.4 percent). In the Sales & Service segment, Homag Australia (up EUR 489 k or 125.4 percent), Homag South America (up EUR 443 k or 85.6 percent) and Homag Polska (up EUR 434 k or 357.6 percent) recorded the greatest improvements in earnings in absolute terms. In the Cabinet Shops segment, Weeke Bohrsysteme GmbH (down EUR 1,302 k or down 82.3 percent) and Brandt Kantentechnik GmbH (down EUR 682 k or 49.4 percent) incurred the largest absolute and percentage declines. In the Other segment, Weinmann Holzbausystemtechnik GmbH recorded the greatest percentage decrease (down EUR 433 k or 431.5 percent).

Other Notes

Contingent Liabilities

As had already been reported as of year-end 2013, a German production company has recognized a provision of EUR 455 k for litigation risks.

In addition, a provision of EUR 578 k is recorded at a foreign sales company to provide for litigation risks with public authorities.

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 and valuation allowances at suitable amounts to account for any financial burdens from other litigation or arbitration proceedings, or there is sufficient security to cover these items.

Related Parties

Goods and services amounting to EUR 16,036 k were sold to associates in the first three months of the year (prior year: EUR 23,839 k). Goods and services worth EUR 186 k were received from associates (prior year: EUR 855 k).

Subsequent events after March 31, 2014

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

Schopfloch, May 9, 2014

HOMAG Group AG
The management board

Financial Calendar

June 3, 2014	Annual General Meeting, Freudenstadt
August 14, 2014	Six-months report 2014
November 14, 2014	Nine-months report 2014

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Disclaimer

Service

Our annual and interim reports as well as other uptotheminute information about HOMAG Group AG can be downloaded from the internet at: www.homag-group.com

Future-orientaded Statements

This interim report contains certain statements relating to the future. Futureoriented 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 futureoriented 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 futureoriented 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 futureoriented statements in this interim report, it cannot be guaranteed that the same will hold true in the future.

Other Information

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

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