



3 MONTHS REPORT
2011 | 2012

hönlegroup

Hönle Group – at a Glance

	01.10.2011 - 31.12.2011	01.10.2010 - 31.12.2010	Changes
Statement of Comprehensive Income	T€	T€	%
Revenue	15,773	14,506	8.7
EBITDA	1,196	2,454	-51.3
EBIT	829	2,117	-60.8
EBT	828	2,092	-60.4
Consolidated net income	383	1,448	-73.5
Share			
Earnings per share	0.08	0.27	-70.4
Number of shares	5,512,930	5,512,930	0.0
Cash flow	T€	T€	
Operating Cash flow ¹⁾	696	672	3.6
Staff			
Average number of employees	359	282	27.3

	31.12.2011	30.09.2011	Changes
Statement of Financial Position	T€	T€	%
Non-current assets	18,643	18,632	0.1
Current assets	34,749	37,119	-6.4
Shareholder's equity	38,657	38,204	1.2
Non-current liabilities	4,332	4,307	0.6
Current liabilities	10,403	13,240	-21.4
Total assets	53,392	55,751	-4.2
Capital ratio in %	72.4	68.5	5.7

1) Cash from continuing business activities

Hönle Group Report

for the three months period from 1 October 2011 to 31 December 2011

Overview

The debt crisis in the euro zone weighed on the global economic development in the last quarter of 2011. The global economy was influenced by the European debt crisis and uncertainty respecting the stability of the global financial system.

The German economy contracted by the end of the year. As reported by the Federal Statistics Office, gross domestic product decreased by 0.2 % in the fourth quarter of 2011 compared to the previous quarter.

The Hönle Group's business development in the first quarter of the 2011/2012 financial year was largely influenced by the macroeconomic development and the insolvency of Manroland AG. Manroland AG filed a petition to initiate insolvency proceedings in November 2011. Due to the insolvency proceedings, the Hönle Group has written off receivables from Manroland AG amounting to € 1.1 million net in the first quarter of 2011/2012. All receivables to the date of the position of the insolvency petition were fully written off by that.

In the first quarter 2011/2012 Dr. Hönle AG initiated all measures required in order to keep the impact of the printing machine manufacturer's insolvency on Hönle Group's sales and earnings development as low as possible. To this end, Hönle adjusted the staff level to the reduced order volume. The number of Hönle Group's staff decreased by 13 %. Personnel-related savings will be reflected in the profit and loss account as from February 2012.

Almost all Manroland AG orders existing as at the date when insolvency proceedings were filed were processed. The Hönle Group also received new orders from Manroland after the company had filed for insolvency, although the volumes involved were lower than in the past.

In February 2012, a new investor was found for Manroland AG's sheetfed offset division at the Offenbach production site. This investor, the British engineering group, Langley Holdings plc., specializes in mechanical and plant engineering. As a result of the acquisition, the Offenbach production site has found a sound investor that offers the company a long-term perspective. In the future, Manroland's sheetfed offset division, which is important for the Hönle Group, will operate under the name of Manroland Sheetfed GmbH.

The Manroland Sheetfed GmbH acquisition ensures that business activities can be continued. Following a positive first quarter with Manroland, Hönle expects that Manroland's insolvency will impact on sales and earnings in the second quarter. From the third quarter onwards, sales revenues from business with Manroland are expected to increase. In addition, the positive effects provided by the Drupa trade fair are expected to make themselves felt in the fourth quarter. Owing to the insolvency, Hönle projects lower sales revenues from business with Manroland in the future. To the extent that sales revenues with Manroland do not drop more than 30 % compared to the level achieved in

2010/2011, starting from the third level an earnings level with Manroland similar to that achieved in the previous financial year is expected. The negative earnings effects resulting from Manroland's insolvency are very likely to impact only on the first six months of the 2011/2012 financial year.

Mitronic GmbH, which has been part of the Hönle Group since July 2011, was fundamentally restructured. A comprehensive action package was prepared for the company in order to achieve a sustained improvement in both sales revenues and earnings power.

In October 2011, a new managing director who is responsible for the sales and technology divisions was appointed for the company. Furthermore it was decided to relocate Mitronic GmbH from Wolfratshausen to the Group's headquarters at Gräfelfing, near Munich. In this context, several operational areas will be transferred to Dr. Hönle AG in the second quarter. Mitronic GmbH's staff level will be reduced by 50 % in this process.

The management structure of UV-Technik Speziallampen GmbH was enlarged with a view to expanding business activities and opening up new markets. A new technology manager and a new sales manager will henceforth enforce the management team.

In the first quarter of the 2011/2012 financial year, Hönle Group's sales revenues increased by 8.7 % to T€ 15,773. The year-on-year increase in sales volume is attributable to the initial consolidation of UV-Technik Speziallampen GmbH and Mitronic GmbH.

Hönle Group achieved despite the insolvency of Manroland an operating profit on last year's level. The operating result excluding special items amounted to T€ 1,960, after an operating result of T€ 2,117 in the previous year. Taking individual value adjustment respecting the receivables due from Manroland AG into account, the EBIT stood at T€ 829.

The Hönle Group has taken the message of the takeover of Manroland Sheetfed GmbH by the Langley group extremely positive. With the Langley Holdings plc. an investor was found whose investment horizon is long-term. The acquisition provides a good basis for a successful cooperation between the Manroland Sheetfed GmbH and the Hönle Group in the future.

Hönle is placed 14th among the strongest small to medium-sized German companies (SMEs)



The Munich Strategy Group (MSG) and the daily newspaper, "Die Welt", determined the most successful German SMEs in a nation-wide contest that included all sectors of industry. The Hönle Group defended its position in the contest with about 1,600 companies and ranked among the TOP 100.

The "TOP 100" seal of approval is only awarded to companies that are market leaders and which have a track record of achieving outstanding results over a longer period in their respective field of competition. The ranking is based on two criteria of equal weight, namely revenue growth and profit ratio for the period from 2005 to 2009/2010. The "Top 100" companies are outstanding in the following categories: entrepreneurial vision, management continuity, innovative power, service strength, and brand image.

The German daily newspaper, ["Die Welt"](#), reported on the contest in its issue of 17 October 2011 and distinguished Hönle as a top-notch company in Germany.

Results of Operations

Sales revenues generated by the Höhle Group in the first quarter were up 8.7 % compared to the same period in the previous year. Höhle achieved sales revenues of T€ 15,773 in the first three months of financial year 2011/2012, compared to T€ 14,506 in the previous year.

Sales revenues generated in the 'Equipment and Systems' business segment climbed from T€ 10,553 in the previous year to T€ 12,067 in the current financial year. The Höhle Group thus achieved 76.5 % of its total sales in this business segment. The increase in sales revenues is attributable to the initial inclusion of UV-Technik Speziallampen GmbH and Mitronic GmbH in the consolidated financial statements.

In the third quarter of the financial year 2010/2011, Höhle sold its business segment, Consumer Goods Adhesives, which involves an annual sales volume of approximately €3 million with a view to concentrating on its core competency in the business field with industrial clients. Despite the sale, Höhle achieved a sales volume of T€ 3,706 in the 'Adhesives' business segment in the first quarter of the financial year, which is almost unchanged from the previous year's level. The previous year's sales revenues - including revenues generated in the consumer goods segment - amounted to T€ 3,953.

The Höhle Group's sales revenues generated in Germany dropped from T€ 6,552 in the previous financial year to T€ 6,355 in the current financial year. Höhle thus achieved 40.3 % of its sales revenue in Germany, while in the previous year

this proportion stood at 45.2 %. In the rest of Europe, revenues fell from T€ 4,582 to T€ 4,491. Growth impetus was provided by the Asian economic area in the first quarter. Sales revenues achieved outside Europe increased from T€ 3,372 to T€ 4,927.

The Höhle Group's operating result, excluding special items was at the previous year's level, despite Manroland's insolvency, and amounted to T€ 1,960. Taking individual value adjustment respecting the receivables due from Manroland AG into account, the EBIT stood at T€ 829 (previous year: T€ 2,117). Earnings before tax (EBT) amounted to T€ 828, down from T€ 2,092 in the previous year, while the consolidated result came to T€ 383 after being T€ 1,448 in the previous year. This corresponds to earnings per share of €0.08 (PY: €0.27).

The EBIT margin thus dropped from 14.6 % in the previous year to 5.3 % in the first quarter of the 2011/2012 financial year. Net return on sales declined from 10.0 % to 2.4 %.

At 36.0 %, the cost of materials ratio was significantly below the previous year's ratio (42.7 %). This was attributable to the increased cost of materials in the previous year associated with the fire damage and also to improved purchasing conditions in the current financial year. The personnel expense ratio rose from 30.4 % to 33.2 %, while the ratio of other operating expenses rose from 18.6 % to 26.4 %. The increase in other operating expenses is attributable to an individual value adjustment recorded on receivables from Manroland at the amount of T€ 1,131.

Earnings Development

In T€	01.10.11 - 31.12.11	01.10.10 - 31.12.10	Change
Sales revenue	15,773	14,506	8.7 %
Gross profit	10,507	9,468	11.0 %
Operating result (EBIT)	829	2,117	-60.8 %
Earnings before taxes (EBT)	828	2,092	-60.4 %
Consolidated net income/loss for the year	383	1,448	-73.5 %
Earnings per share in €	0.08	0.27	-70.4 %

Financial Position

The cash flow generated from current activities rose from T€672 in the previous year to T€696 in the first three months of the current financial year. Cash provided by operating activity came to T€12 (PY: T€489), which is due to income taxes amounting to T€656 (PY: 151 T€).

Cash used for investing activity stood at T€-349 (PY: T€-364), which corresponds to the previ-

ous year's level. It is mainly due to investments in plant and equipment.

Cash used for financing activity amounted to T€-111 (PY: T€-79) and is largely due to bank loans and lease instalments concerning machines and plants.

In all, liquid assets decreased by T€385 to T€12,478 during the first three months of the current financial year.

Cash Flow and Liquidity Development

In T€	01.10.11 - 31.12.11	01.10.10 - 31.12.10	Change
Cash from current activities	696	672	3.6 %
Cash provided by/used for operating activity	12	489	-97.5 %
Cash provided by/used for investing activity	-349	-364	4.1 %
Cash provided by/used for financing activity	-111	-79	-40.5 %
Change in liquid assets	-385	374	-202.9 %

Net Assets

The Hönle Group's non-current assets amounted to T€ 18,643 as at 31 December 2011.

Current assets decreased by T€ 2,370 to T€ 34,749 in the first quarter, mainly as a result of the value adjustment recorded on Manroland AG receivables and the overall lower portfolio of receivables from customers as at 31 December 2011. Hönle Group's liquid assets amounted to T€ 12,478 as at the end of the calendar year.

On the liabilities side, trade accounts payable dropped by T€ 1,380 to T€ 1,880 in the first quarter. Other current liabilities declined by T€ 1,287 to T€ 3,886 in the same period mainly owing to the payment of Christmas bonuses and profit sharing bonuses. In all, current liabilities decreased by T€ 2,837 to T€ 10,403.

With an equity capital ratio of 72.4 %, the Hönle Group financing continues to be on solid ground.

Balance Sheet

In T€	31.12.2011	30.09.2011	Change
Non-current assets	18,643	18,632	0.1 %
Current assets	34,749	37,119	-6.4 %
Shareholders' equity	38,657	38,204	1.2 %
Non-current liabilities	4,332	4,307	0.6 %
Current liabilities	10,403	13,240	-21.4 %
Balance sheet total	53,392	55,751	-4.2 %

Research and Development

Hönle Group's order-independent research and development expenses increased from T€ 175 in the previous year's period to T€ 182 in the first quarter of the current financial year. The number of R&D staff rose from 41 to 49 employees during that period. This means that 13.8 % of the Hönle Group's staff is employed in the Research and Development departments. The focus of the activities of R&D staff activities was on order-related development.

The Hönle Group presented trend-setting innovations at the Productronica trade fair in November 2011. This includes the latest UV adhesives of the Vitralit® series with specially developed photoinitiators. These adhesives combine more efficient curing characteristics and greater resistance to moisture and temperature changes.

The anisotropic adhesives manufactured by Panacol represented another highlight at the trade fair. The conductive acrylate system Elecolit® 3063 is used in the bonding of circuit boards. Elecolit® 3063 is presently the only anisotropic adhesive that can be cured using both conventional UV and UV LED lamps.

The LED Spot 100 has been developed especially for electronics production and is ideal for intensive and homogeneous curing of larger areas of up to 100 × 100 mm. Its modular design permits the LED Spot 100 to be optimally customised for specific customer-related processes. The LED lamp's spectrum – wavelength 365 nm to 405 nm – is, of course, perfectly matched to the Panacol Group's UV curing adhesives.

Supported by BASF SE and Solex GmbH, Dr Hönle AG offered a series of seminars on the issue of UV curing in 2011, which were aimed at providing a forum for an extensive exchange of experiences with customers. All of the eight seminars were completely booked out.

More than 100 participants from the most varied professional groups came to the Hönle head office in Gräfelfing in recent months to attend the LED workshops and basic UV seminars. The attendee list ranged from UV beginners to engineers and technicians with many years of experience in the UV sector through to employees of OEMs and chemical suppliers.

The seminars on "UV curing with LEDs" were structured in accordance with the key issues, chemistry, printing, coating and adhesives, and were thus perfectly aligned to the interests of the respective groups of participants. Hönle decided to continue the seminar series in the coming year and to supplement the seminars with further subjects.

Supplementary Report

With effect from 1 January 2012, Dr. Hönle AG acquired 80 % of the shares in Raesch Quarz (Germany) GmbH, Langewiesen, and in Raesch Quarz (Malta) Ltd., Malta.

The group manufactures tubing and semi-finished goods made of quartz glass. Its customers come from various branches of industry, in particular, however, from the lighting, semiconductor, automotive supplier and water treatment industries.

Raesch achieves approximately 75 % of its sales revenues abroad, mainly in the Asian growth markets. According to preliminary figures the company's sales in 2011 amounted to ca. € 17 million and the operating result (EBIT) came to € 3.4 million.

By taking over the Raesch Group, Hönle further expands its competence as a photonic specialist. Also, with this acquisition, Hönle continues its strategy of generating increased sales in the short-lived business assets segment, in addition to the equipment and system business. Following the acquisition of an adhesives specialist and a lamp specialist, the Hönle Group now also includes a quartz glass company as a result of the Raesch Group take-over.

In February 2012, a new investor (Langley Holdings plc.) was found for Manroland AG's sheetfed offset division at the Offenbach production site. Manroland AG filed for the opening of insolvency proceedings in November 2011. The British engineering group, Langley Holdings plc., specializes in mechanical and plant engineering. As a result of the acquisition, the Offenbach production site has found an investor that offers the company a long-term perspective.

In February 2012, Mitronic GmbH's production site will be relocated from Wolfratshausen to the Hönle Group's headquarters at Gräfelfing near Munich. Furthermore, the number of Mitronic GmbH staff was reduced significantly.

The measures became necessary in order to improve profitability on a sustained basis and to optimize business processes. The production and administration segments will be centralized and taken over by Dr. Hönle AG in the future.

Personnel

As a result of the acquisition of UV-Technik Speziallampen GmbH and of Mitronic GmbH, the number of Hönle staff increased by 83. The number of staff employed by the Hönle Group (not including the Management Board) rose from 282 to 359. A large number of the new hires are employed in the Production and Service areas.

Hönle Group's staff of 359 includes 34 part-time employees, which corresponds to 9.5 % of its total staff. In the first quarter of the current financial year, the employees were engaged in the following functional areas:

Operational Areas

	01.10.11 - 31.12.11	01.10.10 - 31.12.10	Change
Sales	66	66	0.0 %
Research & Development	49	41	19.5 %
Production, Service	153	102	50.0 %
Logistics	38	31	22.6 %
Administration	53	42	26.2 %
Total	359	282	27.3 %

Personnel Expenses

In T€	01.10.11 - 31.12.11	01.10.10 - 31.12.10	Change
Wages and salaries	4,273	3,542	20.6 %
Social security and pension costs	913	808	13.0 %
Total	5,186	4,350	19.2 %

In the course of the staff level increase, personnel expenses rose by 19.2 % to T€5,186 in the first quarter of the current financial year.

Hönle invests in occupational training with a view to covering the future demand for qualified personnel: As in previous years, the number of trainees continued to rise and increased from 23 in the previous year to 28 in the current financial year. The Hönle Group offers vocational training in the segments: business administration, technology, chemistry, and logistics.

Outlook

Overall market

Although the economic prospects have clouded over, many early indicators have improved again, in particular in the USA and in Germany. Thus, an economic slump and a global recession do not appear to be on the horizon in 2012. Nevertheless, there is still a risk that the international debt crisis will intensify further and impact negatively on the development of the real economy.

The International Monetary Fund (IMF) lowered its forecast for global economic growth in 2012 from 4.0 % to 3.3 %. The IMF is particularly sceptical with respect to the euro zone countries for which it expects a recession in 2012. Moreover, the IWS expects that German economy will stagnate in the current year.

Hönle Group

In February 2012, Hönle acquired the Raesch Group, a specialist in the quartz glass segment and, in the process, continues a strategy of strengthening its market position by means of acquisitions in addition to organic growth. With the take-over of Raesch, the proportion of short-lived economic assets in consolidated sales increased further. Hönle thus achieves greater independence from the systems business, which is partly subject to cyclical fluctuations, and, at the same time, taps a business field that offers good growth potential. In particular the Asian economic area, in which the Raesch Group generates a large proportion of its foreign sales revenues, offers good development prospects for Raesch Group products.

The Raesch Group acquisition results in synergies in a number of segments. Aladin GmbH and UV-Technik Speziallampen GmbH use quartz glass tubing from the Raesch Group to manufacture UV medium-pressure and low-pressure lamps. Synergies result from transferring the manufacturing stages of the two companies to the Raesch Group. As a consequence, production processes can be made more efficient and, at the same time, more cost effective. Moreover, the Malta location provides tax advantages. We also expect positive effects to arise from use of the Hönle Group sales network in conjunction with the Raesch Group sales network. Consolidation of the Raesch Group takes place as of 1 January, 2012.

A new investor was found for Manroland AG's sheetfed offset division at the Offenbach production site, which will operate under the name of Manroland Sheetfed GmbH in the future. Langley Holdings plc. acquired Manroland Sheetfed GmbH in February 2012. Langley Holdings plc specializes in mechanical and plant engineering. As a result of the acquisition, a sound investor that can offer the company a long-term perspective was found.

Following sales with Manroland that were still strong in the first quarter, Hönle expects that Manroland's insolvency will impact on sales and earnings in the second quarter. Sales revenues from business with Manroland are expected to increase again starting from the third quarter, while the positive effects provided by the drupa trade fair will probably be reflected in the fourth quarter. Despite a lower sales volume due to Manroland's insolvency, the initiated cost reduction measures are expected to lead to earnings from business with Manroland that will be on par

with the level achieved prior to the insolvency. However, a prerequisite for this is that future quarterly sales generated from business with Manroland will amount to at least 70 % of the sales revenues achieved in the previous year's period. Negative earnings effects from Manroland's insolvency are therefore likely to impact only on the first six months of the 2011/2012 financial year.

Owing to consolidation of Mitronic GmbH and UV-Technik Speziallampen GmbH, the Hönle Group's portfolio of incoming and existing orders in the current financial year exceeds the previous year's level. After a sluggish order situation in October and November, incoming orders have

picked up noticeably since December. In addition, the Hönle Group has again noticed an improved mood on the sales markets lately. Provided that the general economic conditions do not deteriorate, the Management Board's expectations for the Hönle Group are of sales revenues ranging from €75 million to €80 million in the 2011/2012 financial year, which includes the consolidated sales revenues generated by the Raesch Group as from January 2012. The operating result is expected to range between €1.5 million and €2.0 million in the second quarter and between €2.5 million and €3.5 million in the third and fourth quarter.

Consolidated Statement of Comprehensive Income

for the period 1 October 2011 until 31 December 2011 according IFRS

	01.10.2011 - 31.12.2011 in T€	01.10.2010 - 31.12.2010 in T€
Revenue	15,773	14,506
Changes in inventories of finished goods and work in progress	-166	-209
Other operating income	526	1,281
Cost of purchased materials and services	5,626	6,110
Personnel expenses	5,186	4,350
Depreciation and amortization including goodwill	367	337
Other operating expenses	4,125	2,664
Operating result/EBIT	829	2,117
Profit/loss from investments accounted for at equity	-6	0
Interest income	33	8
Interest expense	28	33
Financial result	-1	-25
Earnings before tax and non-controlling interest/EBT	828	2,092
Income tax	445	644
Consolidated net income	383	1,448
Share in earnings attributable to non-controlling interest	-42	53
Share in earnings attributable to Dr. Hönle AG shareholders	425	1,395
Earnings per share (basic) in €	0.08	0.27
Earnings per share (diluted) in €	0.08	0.27
Weighted average shares outstanding (basic)	5,276,854	5,187,091
Weighted average shares outstanding (diluted)	5,276,854	5,187,091

The consolidated interim report is unaudited.

Consolidated Total Comprehensive Income

for the period 1 October 2011 until 31 December 2011 according IFRS

	01.10.2011 - 31.12.2011 in T€	01.10.2010 - 31.12.2010 in T€
Consolidated net income	383	1,448
Other comprehensive income:		
- Valuation of investments due to IAS 39 not effecting net income	0	16
- Currency differences	68	332
Other comprehensive income after tax	68	348
Total comprehensive income for the period	451	1,796
Thereof account for:		
- Share in earnings attributable to non-controlling interest	-42	53
- Share in earnings attributable to Dr. Hönle AG shareholders	494	1,743

The consolidated interim report is unaudited.

Consolidated Statement of Financial Position

as of 31 December 2011 according IFRS

A S S E T S	31.12.2011 in T€	30.09.2011 in T€
LONG-TERM ASSETS		
Goodwill	7,748	7,748
Intangible assets	1,778	1,859
Property, plant and equipment	7,083	7,040
Investments accounted for at equity	122	128
Financial assets	228	218
Other non current assets	669	618
Deferred taxes	1,015	1,021
Total non-current assets	18,643	18,632
CURRENT ASSETS		
Inventories	13,241	12,661
Trade accounts receivable	7,547	10,396
Other current assets	1,216	995
Tax refund claims	267	204
Liquid assets	12,478	12,863
Total current assets	34,749	37,119
TOTAL ASSETS	53,392	55,751

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2011 in T€	30.09.2011 in T€
SHAREHOLDERS' EQUITY		
Subscribed capital	5,513	5,513
Own shares	-1,833	-1,833
Additional paid-in capital (capital reserves)	16,212	16,212
Legal reserve	49	49
Retained earnings	15,413	14,987
Currency differences	1,515	1,446
Equity attributable to Dr. Hönle AG's shareholders	36,869	36,374
Non-controlling interest	1,788	1,830
Total Shareholders' Equity	38,657	38,204
NON-CURRENT DEBTS		
Non-current loans (less current portion)	1,376	1,409
Non-current portion of finance lease obligation	26	31
Pension accruals	1,851	1,834
Deferred taxes	1,079	1,033
Non-current liabilities	4,332	4,307
CURRENT LIABILITIES		
Trade accounts payable	1,880	3,260
Liabilities to associated companies	1	0
Advance payments received	712	946
Current portion of finance lease obligation	64	87
Current loans towards banks and current portion of non-current loans	184	234
Other current liabilities	3,886	5,173
Other accruals	2,002	1,665
Tax accruals	1,674	1,875
Total current liabilities	10,403	13,240
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	53,392	55,751

The consolidated interim report is unaudited.

Consolidated Statement of Changes in Equity

for the period 1 October 2011 until 31 December 2011

	sub- scribed capital in T€	own shares in T€	addi- tional paid-in capital in T€	legal reserve in T€	special item revalu- ation in T€	consoli- dated retained earnings/ loss in T€	curren- cy differ- ences in T€	equity attributable to Dr. Hönle AG's share- holders in T€	non- control- ling interest in T€	total in T€
As at 01.10.2010	5,513	-2,531	16,325	49	-262	9,747	1,025	29,866	903	30,769
Purchase of additional paid in capital due to purchase of non-controlling interest			-21					-21		-21
Valuation of investments due to IAS 39 not effecting net income					16			16		16
Currency differences							332	332		332
Non-controlling interest effecting net income								0	53	53
Change of non-controlling interest due to acquisitions								0	-31	-31
Share in earnings attributable to Dr. Hönle AG shareholders						1,395		1,395		1,395
As at 31.12.2010	5,513	-2,531	16,304	49	-246	11,142	1,357	31,588	925	32,513
As at 01.10.2011	5,513	-1,833	16,212	49	0	14,987	1,446	36,374	1,830	38,204
Purchase of additional paid in capital due to purchase of non-controlling interest								0		0
Valuation of investments due to IAS 39 not effecting net income								0		0
Currency differences							69	69		69
Non-controlling interest effecting net income								0	-42	-42
Change of non-controlling interest due to acquisitions								0		0
Share in earnings attributable to Dr. Hönle AG shareholders						425		425		425
As at 31.12.2011	5,513	-1,833	16,212	49	0	15,412	1,515	36,868	1,788	38,656

The consolidated interim report is unaudited.

Consolidated Statement of Cash Flows

for the period 1 October 2011 until 31 December 2011 according to IFRS

	01.10.2011- 31.12.2011 in T€	01.10.2010- 31.12.2010 in T€
Cash flows from operating activities:		
Net income for the year before non-controlling interest and taxes	828	2,092
Adjustments for:		
Depreciation of fixed assets	367	337
Profit from investments accounted for at equity	6	0
Financial income	-33	-8
Interest expenses	28	33
Other non-cash expenses/income	1,427	-214
Operating result before changes to net current assets	2,623	2,240
Increase/decrease in accruals	354	34
Increase/decrease of trade accounts receivable	1,890	173
Increase/decrease of other assets	-220	-516
Increase/decrease in inventories	-1,051	-187
Increase/decrease in trade accounts payable	-1,380	-411
Increase/decrease in liabilities to associated companies	1	6
Increase/decrease in advance payments received	-234	-270
Increase/decrease in other liabilities	-1,287	-397
Cash from continuing business activities	696	672
Interest paid	-28	-33
Income tax paid	-656	-151
Net cash from operating activities	12	489
Cash flows from investing activities:		
Purchase of property, plant and equipment and intangible assets	-329	-224
Payments received from non-current receivables	-2	0
Payments for non-current receivables	17	13
Changes in qualifying insurance policy	-68	-27
Changes in financial assets	0	-134
Payments received from interest	22	6
Payments received from dividends	11	2
Net cash used for investing activities	-349	-364
Cash flows from financing activities:		
Payments for the purchase of non-controlling interests	0	-52
Payments received from loans and non-current liabilities to banks	-111	-27
Net cash from financing activities	-111	-79
Currency differences	-5	112
Exchange rate differences of liquid assets	68	216
Net increase/decrease in cash	-385	374
Cash at the beginning of the reporting period	12,863	6,743
Cash at the end of the reporting period	12,478	7,117
Changes in liquid assets	-385	374

The consolidated interim report is unaudited.

Explanatory Notes

to the 3-Month Report of the Financial Year 2011/2012

Hönle prepares consolidated financial statements in conformity with the International Financial Reporting Standards (IFRS) published by the International Financial Reporting Standards Board (IASB) including their interpretations, as applied in the European Union. Hönle prepares and publishes its interim consolidated financial statements in Euro currency (EUR or €).

The present interim consolidated financial statements were prepared in accordance with IAS 34 "Interim financial reporting". They are to be read in the context of the consolidated financial statements published by the Company for financial year 2010/2011.

The consolidated balance sheet as at 31 December 2011, the consolidated income statement, the consolidated statement of total comprehensive income, the consolidated statement of changes in equity and the statement of consolidated cash flows as well as the notes to the financial statements have not been audited and have not been subject to a review.

The significant accounting-, valuation- and consolidation methods have not changed in comparison with the consolidated financial statements for 2010/2011.

The shares held as financial assets that had been valued in accordance with IAS 39 for the first time in financial year 2001/2002, were adjusted to fair value as at 31 December 2011. The value of these shares amounted to T€ 191 at the end of the quarter compared to T€ 183 as at 30 September 2011. The difference of T€ 8 was recognized in the income statement due to value impairment.

Dr. Hönle AG acquired an 80 % stake and voting rights in Raesch Quarz (Germany) GmbH with registered head office in Langewiesen, and 80 % of the shares and voting rights in Raesch Quarz (Malta) Ltd., Mosta/Malta with effect from 1 January 2012. The acquisition date is the date when control over the acquired company is transferred to the acquirer i.e., as at that date the acquirer has the possibility to determine the financial- and business policy of the company acquired. Raesch Quarz (Germany) GmbH and Raesch Quarz (Malta) Ltd., Mosta/Malta are included in the consolidated group with effect from 1 January 2012.

The Raesch Group produces tubing and semi-finished products made of quartz glass for various sectors of industry, in particular for the lighting-, semi-conductor, automotive supply- and water processing industry.

Upon signing the purchase contracts, Dr. Hönle AG received the right to acquire the remaining 20 % stake in Raesch Quarz (Germany) GmbH and Raesch Quarz (Malta) Ltd., Malta, which can be exercised as from 1 October 2015 for the first time. Also, a put option in favour of the buyer was agreed upon in the purchase contracts that can be exercised for the first time as from 1 October 2014.

The acquisition costs for Raesch Quarz (Germany) GmbH shares amounted to T€ 8,759 and for Raesch Quarz (Malta) Ltd., Malta T€ 5,834.

The total purchase price in the amount of T€ 14,593 is split up into three instalments. The first instalment in the amount of T€ 7,330 falls due as soon as the contract is signed. The second and third instalments fall due in March 2013 and in March 2014, respectively. The first instalment is financed on the basis of 235,000 Dr. Hönle AG shares of stock. The price per share is € 10,499. The amount of € 3.0 million is financed via a bank loan. The residual purchase price is paid in cash.

Raesch Quarz (Germany) GmbH and Raesch Quarz (Malta) Ltd. will be included in the consolidated group in the second quarter of 2011/2012 for the first time. Owing to the temporal proximity with regard to preparation of the first quarterly accounts in the year 2011/2012, the valuation of identifiable assets, debts and contingent liabilities at fair values, as well as the allocation of the purchase price to the identifiable assets, debts and contingent liabilities at fair values within the scope of the purchase price allocation according to IFRS 3 (rev. 2008), are not yet available. For this reason, the information required by IFRS 3 cannot be provided at this time.

The Group figures to be segmented are allocated to the primary segments as follows (unaudited):

	equipment/ systems		adhesives		t o t a l		eliminations		consolidated	
	as at 12/11 T€	as at 12/10 T€	as at 12/11 T€	as at 12/10 T€	as at 12/11 T€	as at 12/10 T€	as at 12/11 T€	as at 12/10 T€	as at 12/11 T€	as at 12/10 T€
INCOME:										
External sales	12,067	10,553	3,706	3,953	15,773	14,506	0	0	15,773	14,506
Intra-group sales	108	99	1	7	109	106	-109	-106	0	0
Total sales	12,175	10,652	3,707	3,960	15,882	14,612	-109	-106	15,773	14,506
NET EARNINGS:										
Segment result (operating result)	518	1,872	354	309	872	2,181	-43	-64	829	2,117
Interest income	101	86	7	18	108	104	-86	-98	22	6
Interest expense	85	88	28	43	113	131	-86	-98	27	33
Investments accounted for at equity					-6	0			-6	0
Income from securities					11	2			11	2
Depreciation on securities					1	0			1	0
Earnings before tax and non-controlling interest									828	2,092
Income taxes	317	508	78	77	395	585	0	0	395	585
Deferred taxes	53	26	11	57	64	83	-14	-24	50	59
Earnings before non-controlling interest									383	1,448
OTHER INFORMATION:										
Segment assets:	38,916	31,546	14,956	14,615	53,872	46,161	-2,781	-3,386	51,091	42,775
Non-allocated assets:										
- Investments accounted for at equity					122	0			122	0
- Financial assets					228	266			228	266
- Non-current receivables					669	824			669	824
- Tax refund claims					267	187			267	187
- Deferred tax assets					1,015	1,285			1,015	1,285
Consolidated assets									53,392	45,337
Segment debt	16,772	14,362	5,672	6,670	22,444	21,032	-11,928	-11,325	10,516	9,707
Deferred tax liabilities					1,079	971			1,079	971
Tax accruals					1,674	1,367			1,674	1,367
Non-current loans					1,466	779			1,466	779
Consolidated liabilities (current and non-current)									14,735	12,824
Investments	201	200	128	24	329	224	0	0	329	224
Segment amortisation/depreciation	278	255	89	82	367	337	0	0	367	337
Non-cash expenses of the segment	372	76	7	18	379	94	0	0	379	94

Segment assets are defined as the sum total of intangible assets, property, plant and equipment, inventories, current receivables and liquid assets. Segment debt comprises non-current and current liabilities. Non-cash segment expenses take changes in pension accruals and changes in other accruals into account.

Transfer prices relating to intercompany services and supplies including the pertaining calculation basis are based on the same terms and conditions as those applied for third parties. In this respect no changes have been recorded in comparison with previous years.

Statement of the Company's Management

We affirm that, to the best of our knowledge, the consolidated financial statement gives a true and fair view of the net assets, financial position and results of operations of the Group in accordance with generally accepted accounting principles. The group management report provides a suitable understanding of the course of business including the business results and the Group's position and suitably presents the opportunities and risks of future development.

Gräfelfing, 15 February 2012

Dr. Hönle AG
The Board of Management

Note

The management report contains statements made and information provided by Dr. Hönle AG that relate to future time periods. The future-oriented statements represent assessments that were made on the basis of information available at the time when this report was prepared. Should the assumptions underlying the forecasts prove to be incorrect or should risks, such those as mentioned in the risk report, materialise, actual developments and results may deviate from current expectations. The Company assumes no obligation to update the statements contained in this management report, with the exception of publishing such updates as required by statutory provisions.

Financial Calendar

22 March 2012

Shareholders' Meeting in Munich

25 May 2012

6 Months Report 2011/2012

24 August 2012

9 Months Report 2011/2012

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