



9 MONTHS REPORT

2010

**hönle**group

# Hönle Group – at a Glance

	<b>01.10.2009 - 30.06.2010</b>	01.10.2008 - 30.06.2009	Changes
<i>Statement of Comprehensive Income</i>	<b>T€</b>	<b>T€</b>	<b>%</b>
Revenue	<b>39,023</b>	33,611	16.1
EBITDA	<b>3,801</b>	-1,189	419.7
EBIT	<b>2,912</b>	-2,065	241.0
EBT	<b>2,749</b>	-2,120	229.7
Consolidated net income	<b>1,801</b>	-1,655	208.8
Earnings per share	<b>0.32</b>	-0.32	200.0

<i>Cashflow</i>	<b>T€</b>	<b>T€</b>	
Operating Cashflow <sup>1)</sup>	<b>2,975</b>	-2,220	234.0

<i>Staff</i>			
Average number of employees	<b>254</b>	284	-10.6

	<b>30.06.2010</b>	30.09.2009	Changes
<i>Statement of Financial Position</i>	<b>T€</b>	<b>T€</b>	<b>%</b>
Non-current assets	<b>16,159</b>	16,747	-3.5
Current assets	<b>25,495</b>	21,780	17.1
Shareholder's equity	<b>27,868</b>	25,624	8.8
Non-current liabilities	<b>3,825</b>	4,084	-6.3
Current liabilities	<b>9,961</b>	8,819	12.9
Total assets	<b>41,654</b>	38,527	8.1
Capital ratio in %	<b>66.9</b>	66.5	0.6

1) Cash from continuing business activities

# Hönle Group Report

for the nine months from 1 October 2009 to 30 June 2010

## Overview

The economic recovery continued unabated during the past quarter. Dynamic development was seen primarily in the newly industrialising countries, but the industrial nations also picked up at an unexpected rate. Germany, in particular, saw strong development with a 2.2 percent increase in the GDP compared to the previous quarter.

At the same time, the business climate relating to Hönle Group's home market continued to improve slightly. Companies are as satisfied with their current business situation as they were before the outbreak of the global economic and financial crisis.

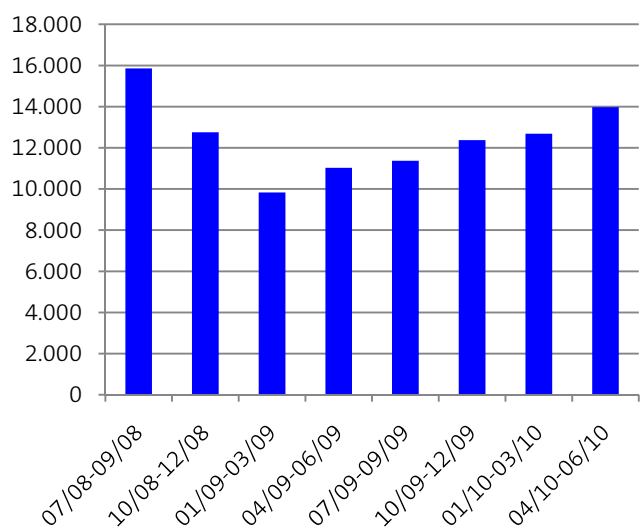
The Hönle Group benefited from the effects of the economic recovery in the last quarter with an increase in sales revenues for the fifth consecutive quarter. In the third quarter the Hönle Group posted sales amounting to T€ 13,967; sales in both the equipment and adhesives segments continued to grow.

Third quarter results were burdened by the higher cost of materials ratio of 43.7 % caused by the product mix and currency effects in the amount of approximately T€ 200. The operating result before special influences from currency differences amounted to more than € 1 million in the past quarter and, after adjustments for special influences, the operating result (earnings before interest and tax / EBIT) came to T€ 815. Hönle has taken precautionary measures to reduce the

future currency risk. Moreover, Hönle has also initiated measures to improve purchasing conditions, which will counteract the most recent increase in the cost of materials ratio.

The orders intake of Dr. Hönle AG continued to improve in the third quarter of the current financial year. The company obtained a large order from the telecommunications sector, which is due for delivery in the fourth quarter. The order is for UV Led systems for the production of cell phone components. As a result of the improved order position, the work force at Dr. Hönle increased again. At the same time, the company moved into the new offices at Gräfelfing, Munich, as scheduled. The rented space of approximately 1,200 square meters will be used mainly for the logistics area.

## Development of Quarterly Sales Revenues since Expansion of the Consolidated Group (in T€)



In view of the positive growth expectations, a decision was also made in the previous quarter to expand the existing office and production capacities at the Munich location. Overall, additional space of 1,700 square meters will be created.

In the past quarter, the Panacol Group benefited from the positive business development in Southeast Asia, in particular. Sales revenues rose significantly in comparison with the previous year. Meanwhile, the Panacol Group is also making a substantial contribution to the results of the Hönle Group with a significant improvement in earning power achieved through expansion of the vertical range of manufacture, in particular. In view of the growth potential on Asian markets, in the third quarter Panacol continued the planned expansion of a Chinese trading company with registered head office in Shanghai.

Sales earned by the Eltosch Group picked up again in the third quarter of the current financial year but are still at a historically low level. The company was restructured and its production was integrated into Dr. Hönle AG. However, despite the weak revenue position, Eltosch recorded a positive result, although at a low level, for the first time in many years as a consequence of the restructuring measures taken.

PrintConcept also succeeded in raising its revenues in the last quarter. In particular, the rotary offset printing market developed positively and led to a perceptible recovery in the demand for UV drying systems. The favourable business development was also reflected by a corresponding rise in the profit margin.

The IPEX trade fair was held in Birmingham in May. IPEX is the largest English-speaking trade fair for the printing industry and serves as a barometer for the development of printing markets. The response at the trade fair was very positive and market players are again looking to the future with optimism. The interest in printing equipment and UV and thermal dryers, in particular, has grown. Hönle made interesting contacts, held promising meetings, and expects to benefit from the resulting positive impetus in the coming months.

## **Results of operations**

In the first nine months of financial years 2009/2010, the Hönle Group posted a 16.1 % increase in sales revenues to T€ 39,023.

Revenues in the largest corporate segment 'Equipment and Systems' grew to T€ 27,074 after T€ 24,074 in the comparable previous year's period. Economic recovery in the digital and rotary offset printing segments led to a perceptible increase in equipment sales, compared to the previous year. The sheet-led offset printing market was characterized by a slight recovery. Revenues of the Hönle Group in this segment are also up on the previous year's level. The positive development in the Equipment and Systems segment was additionally boosted by the sales of UV systems for surface disinfection, with segment revenues that were significantly above the previous year's level.

Sales revenues in the Hönle Group's 'Adhesives' segment grew by 25.3 % to T€ 11,949 in the first nine months of the current financial year. This very satisfactory increase in revenues was made possible by the dynamic Asian market, in particular.

The Hönle Group increased its sales revenues in all regions in the current financial year. Domestic sales in the first nine months of the year climbed to T€ 15,783 after T€ 13,592 in the same period of the previous year. Consequently, the Hönle Group earned 40.4 % of its revenues in Germany. Sales in the rest of Europe rose from T€ 13,007 to T€ 14,723, and sales in the rest of the world were up from T€ 7,012 to T€ 8,517.

Results of operations improved significantly compared to the previous year. Operating profit (EBITDA) climbed from T€ -1,189 in the previous year to T€ 3,801 in the first nine months of the current financial year. This increase in earning power is due to successful restructuring measures and the higher sales volume. Earnings before interest and taxes (EBIT) rose from T€ -2,065 to T€ 2,912 in the reporting period. Pre-tax earnings (EBT) climbed from T€ -2,120 to T€ 2,749 with an increase in consolidated income from the previous T€ -1,655 to T€ 1,801. Earnings per share rose from € -0.32 to € 0.32.

The earnings increase was also reflected in a perceptible improvement in profit margins: The EBIT margin climbed from -6.1 % in the previous year to 7.5 % in the current financial year. Cost / income ratios dropped in keeping with the improved profit margin: In the first nine months of the current financial year the cost of materials ratio declined to 40.5 % after 44.1 % in the comparable previous year's period. This improvement is due, in particular, to the integration of Eltosch production and to the centralization of purchasing and the accompanying improvements in purchasing conditions. The sales volume increase in comparison to the previous year also led to corresponding decreases in other expense ratios: The personnel expense ratio dropped from 38.8 % to 32.3 % and the ratio of other operating expenses from 26.5 % to 20.0 %.

### **Financial position**

The economic recovery in the current financial year and the restructuring of the Höhle Group boosted the financial position of the corporate group. After a negative cash flow from operating activities in the amount of T€ -2,220 was posted in the previous year, it rose to T€ 2,975 in the current year.

In the first nine months of the year, Höhle invested mainly in business and office equipment, software and new machinery. The total payments for purchases of plant and equipment and intangible assets amounted to T€ 571.

Loans and bank liabilities decreased by T€ 780 in the first nine months of the current financial year. Overall, liquid funds rose by T€ 1,822 in the first nine months of the current year.

### **Cash Flow and Liquidity Development**

in T€	<b>01.10.09 - 30.06.10</b>	01.10.08 - 30.06.09	Change
Cash flow			
from ordinary activities	<b>2,975</b>	-2,220	234.0 %
Cash provided by/used for operating activities	<b>2,636</b>	-2,713	197.2 %
Cash flow provided by/used for investment activities	<b>-736</b>	-1,159	36.5 %
Cash flow provided by/ used for financing activities	<b>-780</b>	-1,292	39.6 %
Change in liquid assets	<b>1,822</b>	-5,031	136.2 %

### **Net Assets**

Liquid funds of the Höhle Group increased from T€ 3,158 as of 30 September 2009 to T€ 4,980 as of 30 June 2010.

In the same period, Höhle Group assets rose from T€ 38,527 to T€ 41,654. This increase was due, in particular, to a higher orders intake, an increase in inventories (+ T€ 1,226), the increase in liquid

funds (+ T€ 1,822), and an increase in trade receivables (+ T€ 747).

Personnel-related liabilities resulted in a T€ 681 increase in other current liabilities reported in the consolidated balance sheet in the third quarter.

The Höhle Group has an extremely solid financial position with an equity ratio of 66.9 %.

### **Balance Sheet**

in T€	<b>30.06.2010</b>	30.09.2009	Change
Non-current assets	<b>16,159</b>	16,747	-3.5 %
Current assets	<b>25,495</b>	21,780	17.1 %
Shareholder's equity	<b>27,868</b>	25,624	8.8 %
Non-current liabilities	<b>3,825</b>	4,084	-6.3 %
Current liabilities	<b>9,961</b>	8,819	12.9 %
Balance sheet total	<b>41,654</b>	38,527	8.1 %

### **Research and Development**

Hönle Group research and development expenses independent of orders decreased from T€ 647 in the previous year to T€ 510 in the first nine months of the current financial year. The average number of R & D staff decreased from 45 to 42 during this period. Consequently, 16.5 % of the workforce are employed in research and development departments, underscoring the important role that is continually attributed to R&D in the Hönle Group. The main emphasis of these employees' activities was on the field of order- and product-related development.

The Hönle Group presented the latest developments at several trade fairs in the past quarter. At the IPEX in Birmingham, which is one of the most important trade fairs in the printing industry, printing specialists of the Hönle Group – Hönle, Eltosch and PrintConcept – presented their product program under the motto 'Green Printing'. Green Printing involves energy-efficient printing systems and environmentally friendly use of resources.

At the FESPA in Munich, Hönle showcased the latest compact UV dryer for inkjet printing.

Hönle Group's adhesives division presented its newly developed electrically and thermally conductive adhesives at the SMT in Nuremberg. These intelligent adhesives are used for semiconductor and LED production. Their special properties enable the fixation of sensitive chips. The acrylamide-free adhesives developed by Panacol are new and, to date, are quite unique. Acrylamide-free adhesives will be standard for use in medical products in the future.



### **Personnel**

The average workforce employed by the Höhle Group decreased from 284 to 254 in the reporting period. The company scaled down jobs in all functional areas, with special focus on streamlining administration and logistics. The 254 salaried

employees of the Höhle Group included 30 part-time employees; this corresponds to 11.8 % of the total workforce.

Employees of the Höhle Group were active in the following functional areas:

### **Employees by Functional Areas\***

	<b>01.10.09 - 30.06.10</b>	01.10.08 – 30.06.09	Change
Sales	<b>63</b>	64	-1.6 %
Research & Development	<b>42</b>	45	-6.7 %
Production, Service	<b>85</b>	94	-9.6 %
Logistics	<b>25</b>	33	-24.2 %
Administration	<b>39</b>	48	-18.8 %
Total	<b>254</b>	284	-10.6 %

\* Excluding the Board of Management

### **Personnel Expense**

in T€	<b>01.10.09 – 30.06.10</b>	01.10.08 – 30.06.09	Change
Wages and salaries	<b>10,256</b>	10,228	0.3 %
Social security and pension costs	<b>2,275</b>	2,281	-0.3 %
Total	<b>12,531</b>	12,509	0.2 %

Personnel expense in the first nine months, which totalled T€ 12,531, remained at the previous year's level.

Due to the special influences recorded in the previous year's period, a comparison of the reported personnel expense does not adequately reflect actual savings in the field of human resources. Höhle continually invests in vocational training with the aim of covering the future demand for qualified employees. In the third quarter, the Höhle Group employed a total of 16 trainees in technical and commercial professions, or six more than were employed in the previous year.

### **Subsequent Report**

No events of special importance were reported at the Höhle Group after the end of the reporting period.

## **Outlook**

Within the course of financial year 2010 and to date, the global economy recovered sooner than was generally expected at the turn of the year. Business activities in the emerging countries, in particular, gained momentum. However, there are some signs that this economic expansion may not continue. At the same time, the recovery in industrialised countries is at risk due to government debt. In Germany, companies continue to be optimistic, however, and the economic upswing is expected to continue, according to the ifo business climate index.

The Hönle Group benefits unabatedly from this pick-up in demand. In both the systems and adhesives segments, Hönle assumes that the market recovery will be sustained. Hönle's forecasts for the current financial year are therefore as follows: For the years as a whole, Hönle expects sales of more than € 52 million instead of the previously estimated € 47 to 50 million, and an operating result of over € 4 million instead of the previous € 3 to 4 million.

In order to account for future growth, Hönle decided in the past quarter to expand the rental space, in particular for production. Additional production and office space will be created on the ca. 1,700 square meters at the Gräfelfing, Munich, site. Occupation of the new area is planned for the end of 2011.

The number of personnel was increased in recent months due to the economic recovery. Personnel capacities will be aligned to the expected further growth, in particular in production.

Market participants expect that the Hönle Group's largest sales market, the printing machine industry, will continue to recover. Hönle is developing a uniform steering concept for this market for the Hönle and Eltosch systems which is intended to optimise manufacturing sequences and simplify services.

Since the acquisition of three companies or company groups, respectively, in 2008, the Hönle Group is the second largest systems supplier of industrial UV technology worldwide. Hence, Hönle has created a basis for achieving far higher sales and earnings levels than in the past. Hönle will work on realising this project in the coming years. One focus of its entrepreneurial activities will be on increasing the consumer goods proportion in the Hönle Group. To achieve this goal, Hönle will invest, among other things, in the research and sales segments of the Panacol Group and the service business. Moreover, Hönle may also purchase additional companies in order to increase consumer goods sales.

# Consolidated Statement of Comprehensive Income

for the period 1 October 2009 until 30 June 2010 according IFRS

	<b>01.04.2010 - 30.06.2010 in T€</b>	<b>01.04.2009 - 30.06.2009 in T€</b>	<b>01.10.2009 - 30.06.2010 in T€</b>	<b>01.10.2008 - 30.06.2009 in T€</b>
<b>Revenue</b>	<b>13,967</b>	<b>11,031</b>	<b>39,023</b>	<b>33,611</b>
Changes in inventories of finished goods and work in progress	-156	-106	-193	-1,360
Other operating income	489	648	1,015	1,820
Cost of purchased materials and services	6,030	4,623	15,741	14,210
Personnel expenses	4,288	4,078	12,531	12,509
Depreciation and amortization including goodwill	313	304	889	876
Other operating expenses	2,854	2,453	7,772	8,541
<b>Operating result/EBIT</b>	<b>815</b>	<b>115</b>	<b>2,912</b>	<b>-2,065</b>
Interest income	9	14	27	98
Interest expense	57	45	190	153
Financial result	-48	-31	-163	-55
<b>Earnings before tax and minority interest/EBT</b>	<b>767</b>	<b>84</b>	<b>2,749</b>	<b>-2,120</b>
Income tax	-249	-53	-948	465
<b>Consolidated net income</b>	<b>518</b>	<b>31</b>	<b>1,801</b>	<b>-1,655</b>
Share in earnings attributable to minority interest	20	-19	137	-5
Share in earnings attributable to Dr. Hönle AG shareholders	498	50	1,664	-1,650
Earnings per share (basic) in €			0.32	-0.32
Earnings per share (diluted) in €			0.32	-0.31
Weighted average shares outstanding (basic)			5,187,091	5,187,091
Weighted average shares outstanding (diluted)			5,187,091	5,342,791

The consolidated interim report is unaudited.

# Consolidated Total Comprehensive Income

for the period 1 October 2009 until 30 June 2010 according IFRS

	<b>01.10.2009 - 30.06.2010 in T€</b>	<b>01.10.2008 - 30.06.2009 in T€</b>
<b>Consolidated net income</b>	<b>1,801</b>	<b>-1,655</b>
Other comprehensive income:		
- Valuation of investments due to IAS 39 not effecting net income	-8	-36
- Currency differences	579	134
Other comprehensive income after tax	571	98
<b>Total comprehensive income for the period</b>	<b>2,372</b>	<b>-1,557</b>
Thereof account for:		
- Share in earnings attributable to minority interest	137	-5
- Share in earnings attributable to Dr. Hönle AG shareholders	2,235	-1,552

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# Consolidated Statement of Financial Position

as of 30 June 2010 according IFRS

<b>ASSETS</b>	<b>30.06.2010</b> <i>in T€</i>	<b>30.09.2009</b> <i>in T€</i>
<b>LONG-TERM ASSETS</b>		
Goodwill	6,927	6,927
Intangible assets	1,786	1,899
Property, plant and equipment	5,978	6,210
Financial assets	233	241
Other non current assets	716	751
Deferred taxes	519	719
<b>Total non-current assets</b>	<b>16,159</b>	<b>16,747</b>
<b>CURRENT ASSETS</b>		
Inventories	10,618	9,392
Trade accounts receivable	8,425	7,678
Amounts owed by associated companies	0	1
Other current assets	1,147	1,082
Tax refund claims	325	469
Liquid assets	4,980	3,158
<b>Total current assets</b>	<b>25,495</b>	<b>21,780</b>
<b>TOTAL ASSETS</b>	<b>41,654</b>	<b>38,527</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>30.06.2010</b> <i>in T€</i>	<b>30.09.2009</b> <i>in T€</i>
<b>SHAREHOLDERS' EQUITY</b>		
Subscribed capital	5,513	5,513
Own shares	-2,531	-2,531
Additional paid-in capital (capital reserves)	16,402	16,427
Legal reserve	49	49
Special item revaluation	-273	-265
Retained earnings	6,810	5,146
Currency differences	1,063	484
<b>Equity attributable to Dr. Hönle AG's shareholders</b>	<b>27,033</b>	<b>24,823</b>
Minority interest	835	801
<b>Total Shareholders' Equity</b>	<b>27,868</b>	<b>25,624</b>
<b>NON-CURRENT DEBTS</b>		
Non-current loans (less current portion)	659	682
Non-current portion of finance lease obligation	93	172
Other non-current liabilities	187	486
Pension accruals	1,925	1,805
Deferred taxes	961	939
<b>Non-current liabilities</b>	<b>3,825</b>	<b>4,084</b>
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	2,892	2,578
Liabilities to associated companies	0	2
Advance payments received	735	616
Current portion of finance lease obligation	106	108
Current loans towards banks and current portion of non-current loans	72	451
Other current liabilities	3,658	2,982
Other accruals	1,768	1,785
Tax accruals	730	297
<b>Total current liabilities</b>	<b>9,961</b>	<b>8,819</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>41,654</b>	<b>38,527</b>

The consolidated interim report is unaudited.

# Consolidated Statement of Changes in Equity

for the period 1 October 2009 until 30 June 2010

	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€	Consolid. retained earnings/ loss in T€	Cur- ency differ- ences in T€	Equity attribu- table to Dr. Hönle AG's shareholders in T€	Minority interest in T€	Total in T€
<b>As at 01.10.2008</b>	<b>5,513</b>	<b>-2,531</b>	<b>16,916</b>	<b>49</b>	<b>- 262</b>	<b>10,605</b>	<b>289</b>	<b>30,579</b>	<b>841</b>	<b>31,420</b>
Purchase of additional paid in capital due to purchase of minority interest			0					0		0
Valuation of investments due to IAS 39 not effecting net income					-36			-36		-36
Dividend distribution						-1,297		-1,297	-45	-1,342
Currency differences							134	134		134
Change of minority interest affecting net income								0	-5	-5
Share in earnings attributable to Dr. Hönle AG shareholders						-1,650		-1,650		-1,650
<b>As at 30.06.2009</b>	<b>5,513</b>	<b>-2,531</b>	<b>16,916</b>	<b>49</b>	<b>-298</b>	<b>7,658</b>	<b>423</b>	<b>27,730</b>	<b>791</b>	<b>28,521</b>
<b>As at 01.10.2009</b>	<b>5,513</b>	<b>-2,531</b>	<b>16,427</b>	<b>49</b>	<b>- 265</b>	<b>5,146</b>	<b>484</b>	<b>24,823</b>	<b>801</b>	<b>25,624</b>
Purchase of additional paid in capital due to purchase of minority interest			-25					-25		-25
Valuation of investments due to IAS 39 not effecting net income					-8			-8		-8
Dividend distribution								0	-31	-31
Currency differences							579	579		579
Change of minority interest effecting net income								0	137	137
Change of minority interest due to acquisitions								0	-72	-72
Share in earnings attributable to Dr. Hönle AG shareholders						1,664		1,664		1,664
<b>As at 30.06.2010</b>	<b>5,513</b>	<b>-2,531</b>	<b>16,402</b>	<b>49</b>	<b>- 273</b>	<b>6,810</b>	<b>1,063</b>	<b>27,033</b>	<b>835</b>	<b>27,868</b>

The consolidated interim report is unaudited.

# Consolidated Statement of Cash Flows

for the period 1 October 2009 until 30 June 2010 according to IFRS

	<b>01.10.2009- 30.06.2010</b>	<b>01.10.2008- 30.06.2009</b>
	<i>in T€</i>	<i>in T€</i>
<b><i>Cashflows from operating activities:</i></b>		
Net income for the year before minority interest and taxes	2,749	-2,120
Adjustments for:		
Depreciation of fixed assets	889	876
Profit/loss due to retirement of fixed assets	3	10
Financial income	-27	-98
Interest expenses	190	153
Other non-cash expenses/income	138	63
<b><i>Operating result before changes to net current assets</i></b>	<b>3,942</b>	<b>-1,116</b>
Increase/decrease in accruals	103	-85
Increase/decrease of trade accounts receivable	-747	2,895
Increase/decrease of other assets	-64	-357
Increase/decrease in inventories	-1,364	835
Increase/decrease in trade accounts payable	314	-2,782
Increase/decrease in liabilities to associated companies	-2	3
Increase/decrease in advance payments received	119	-93
Increase/decrease in other liabilities	674	-1,520
<b><i>Cash from continuing business activities</i></b>	<b>2,975</b>	<b>-2,220</b>
Interest paid	-190	-153
Income tax paid	-149	-340
<b><i>Net cash from operating activities</i></b>	<b>2,636</b>	<b>-2,713</b>
<b><i>Cashflows from investing activities:</i></b>		
Payments received from the sale of fixed assets (incl. reimbursement of participation certificates)	36	0
Purchases of company shares	-263	0
Purchase of property, plant and equipment and intangible assets	-571	-1,305
Payments received from non-current receivables	67	76
Payments for non-current receivables	-32	-28
Payments received from interest	18	88
Payments received from dividends	9	10
<b><i>Net cash used for investing activities</i></b>	<b>-736</b>	<b>-1,159</b>
<b><i>Cashflows from financing activities:</i></b>		
Payments received from loans and non-current liabilities to banks	-780	50
Dividends paid	0	-1,342
<b><i>Net cash from financing activities</i></b>	<b>-780</b>	<b>-1,292</b>
Currency differences	542	59
Exchange rate differences of liquid assets	160	74
<b><i>Net increase/decrease in cash</i></b>	<b>1,822</b>	<b>-5,031</b>
<b><i>Cash at the beginning of the reporting period</i></b>	<b>3,158</b>	<b>8,927</b>
<b><i>Cash at the end of the reporting period</i></b>	<b>4,980</b>	<b>3,896</b>
<b><i>Changes in liquid assets</i></b>	<b>1,822</b>	<b>-5,031</b>

The consolidated interim report is unaudited.



# Explanatory Notes

to the 9-Month Report of the Financial Year 2009/2010

Hönle prepares interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) published by the International Financial Reporting Standards Board (IASB) and the pertaining interpretations as to be applied in the European Union. Hönle prepares and publishes the interim consolidated financial statements in euro currency (EUR).

The consolidated statement of financial position as at 30 June 2010, the consolidated statement of comprehensive income and cash flow statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the reporting periods ending on June 30, 2010 and 2009, respectively, as well as the explanatory notes have not been audited. These consolidated financial statements were prepared in accordance IAS 34 "Interim financial reporting" and should be read in the context of the consolidated financial statements as published by the company for financial year 2008/2009. The significant accounting, valuation and consolidation methods have not changed in comparison with the consolidated accounts for 2008/2009.

Securities held as financial assets and which were measured in accordance with IAS Standard 39 for the first time in financial year 2001/2002, were adjusted to fair value as at 30 June 2010 and treated with neutral effect on profits. The value of these securities amounted to T€ 207 at the end of the quarter, in comparison with T€ 215 as at 30 September 2009. The difference of T€ -8 was netted with the special item, Revaluation, in equity capital with neutral effect on profits.

In the second quarter of financial year 2009/2010, Dr. Hönle AG paid a purchase price instalment of T€ 263 in the context of the acquisition of a further 10% stake in PrintConcept UV Systeme GmbH. A purchase price liability was reported in the annual financial statements 2008/2009 which was released correspondingly in the second quarter of 2009/2010. As from January 2010 Dr. Hönle AG has held a share of 90%.

A long term liability of T€ 299 was reported for the last purchase price instalment (another 10% stake in PrintConcept UV-Systeme GmbH) in the annual financial statements 2008/2009. This liability was reclassified and disclosed as short term liability at the end of the second quarter.

In the 6-Month Report 2009/2010 of Dr. Hönle AG, the reconciliation entry concerning the "own shares" write-up was disclosed under "interest expenses" in accordance with IFRS provisions, whereas the accumulated figures are presented under "interest income" in the current quarterly report 2009/2010.

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

	<i>Equipment/ Systems</i>		<i>Adhesives</i>		<i>Elimi- nations</i>		<i>Consolidated</i>	
	<i>as at 06/10 T€</i>	<i>as at 06/09 T€</i>	<i>as at 06/10 T€</i>	<i>as at 06/09 T€</i>	<i>as at 06/10 T€</i>	<i>as at 06/09 T€</i>	<i>as at 06/10 T€</i>	<i>as at 06/09 T€</i>
<b>INCOME:</b>								
External sales	27,074	24,074	11,949	9,537			39,023	33,611
Intra-group sales	8,162	5,744	1,198	1,666	-9,360	-7,410	0	0
Total sales	35,236	29,818	13,147	11,203	-9,360	-7,410	39,023	33,611
<b>NET EARNINGS:</b>								
<b>Segment result (operating result)</b>	<b>2,271</b>	<b>-1,599</b>	<b>781</b>	<b>-386</b>	<b>-140</b>	<b>-80</b>	<b>2,912</b>	<b>-2,065</b>
Interest income	225	172	104	50	-311	-134	18	88
Interest expense	380	215	121	72	-311	-134	190	153
Income from securities							9	10
<b>Earnings before tax and minority interest</b>							<b>2,749</b>	<b>-2,120</b>
Income taxes	633	121	126	110	0	-3	759	228
Deferred taxes	46	-484	181	-152	-38	-57	189	-693
<b>Earnings before minority interest</b>							<b>1,801</b>	<b>-1,655</b>
<b>OTHER INFORMATION:</b>								
<b>Segment assets:</b>	<b>28,339</b>	<b>23,602</b>	<b>13,271</b>	<b>10,544</b>	<b>-6,729</b>	<b>357</b>	<b>34,881</b>	<b>34,503</b>
Non-allocated assets:								
- Financial assets							233	208
- Non-current receivables							716	682
- Tax refund claims							325	440
- Deferred tax assets							519	1,075
- Cash and cash equivalents							4,980	3,896
<b>Consolidated assets</b>							<b>41,654</b>	<b>40,804</b>
<b>Segment debt</b>	<b>17,938</b>	<b>12,640</b>	<b>8,082</b>	<b>5,655</b>	<b>-14,783</b>	<b>-8,162</b>	<b>11,237</b>	<b>10,133</b>
Deferred tax liabilities							961	840
Tax accruals							730	299
Non-current loans and financial lease obligation							858	1,011
<b>Investments:</b>	<b>374</b>	<b>451</b>	<b>197</b>	<b>854</b>	<b>0</b>	<b>0</b>	<b>571</b>	<b>1,305</b>
<b>Segment amortisation/depreciation</b>	<b>656</b>	<b>658</b>	<b>233</b>	<b>218</b>	<b>0</b>	<b>0</b>	<b>889</b>	<b>876</b>
<b>Non-cash expenses of the segment</b>	<b>212</b>	<b>739</b>	<b>96</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>308</b>	<b>856</b>

The segmental assets are defined as the sum total of intangible assets, property, plant and equipment, inventories and current receivables. Segment liabilities comprise long term and current liabilities. Non-cash segment expenses include alterations to pension accruals and other accruals.

The transfer prices of intra-group deliveries and services are subject to the same conditions as those applicable for third parties.

# Directors' Holdings

Securities portfolio as at 30 June 2010:

	<i>Number of shares</i>	<i>Shares as percentage of nominal capital</i>
<b><i>Board of Management</i></b>		
Norbert Haimerl	25,000	0.45
Heiko Runge	16,100	0.29
<b><i>Supervisory Board</i></b>		
Dr. Hans-Joachim Vits	353,444	6.41
Prof. Dr. Karl Hönle	221,000	4.01
Eckhard Pergande	4,200	0.07
<b><i>Dr. Hönle AG</i></b>	<b>325,839</b>	<b>5.91</b>
<b><i>Sum</i></b>	<b>945,583</b>	<b>17.15</b>
<b><i>Shares total</i></b>	<b>5,512,930</b>	<b>100.00</b>

# 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, 27 August 2010

Dr. Hönle AG  
The Board of Management

## **Note**

*This quarterly report contains statements and information concerning the Hönle Group that are related to future periods. These future-oriented statements can be recognized by formulations such as "plan", "expect", "intend", "endeavour", "will", "estimate", "assume", "aim is" or similar expressions. Such statements have been made due to the present situation and current expectations, and may deviate considerably both positively or negatively from actual developments. Uncertainties arise due to the following factors, among others: Changes in the overall national and international economic environment, changes to the underlying political conditions, the introduction of new products or technologies by other companies, a change in the investment pattern of customer segments that are significant for the Hönle Group, changes to exchange and interest rates, the integration of acquired businesses, and also to other factors. Hönle is not obligated to adjust or update future-oriented statements.*

# Financial Calendar

24 November 2010

**German Equity Forum, Frankfurt/Main**

Investors' Conference

10 December 2010

**Preliminary figures for the financial year 2009/2010**

13 January 2011

**Annual Report 2009/2010**

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