hönle group

ANNUAL REPORT 2014/2015

Content

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At a Glance

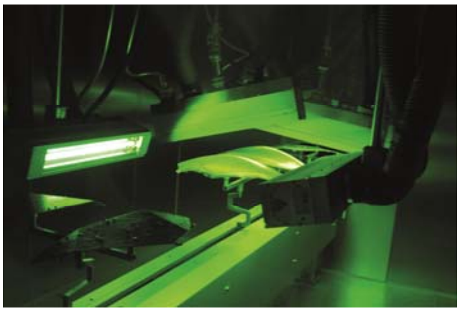
Business Segments

Capital Goods

Equipment and Systems

Equipment for the printing industry

About two thirds of printed matter worldwide are produced using the offset printing process. Hönle supplies UV drying systems for this market as well as for the booming digital inkjet printing segment. UV technology offers excellent printing quality and a significantly improved environmental and energy performance compared to conventional drying processes. Hönle also offers infrared and thermal air drying systems as well as powder sprayers.



Drying of coatings

Hönle develops innovative UV drying systems for painting, coating, and finishing web-shaped substrates and 3D objects. This results in scratch- and impact-resistant end products, such as light-scattering screens for the automotive industry, casings and flat screens used in the IT industry, and also furniture veneers and high-quality packaging for the cosmetics industry.

Equipment for curing adhesives

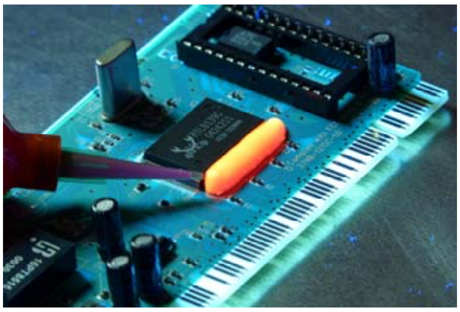
The Hönle Group has advanced to become a unique global systems supplier for UV bonding technology with its Panacol high-tech adhesives and casting compounds. The product range comprises high-performance UV and innovative LED-UV curing equipment.

Surface disinfection, sun simulation and lighting technology

UV irradiation is a reliable and environmentally friendly surface disinfection method, which, for example, is used in the food and beverages industry. Artificial sunlight accelerates the products' aging process under laboratory conditions. Lighting systems are developed in the lighting technology segment for TV, trade fairs, research and other purposes.

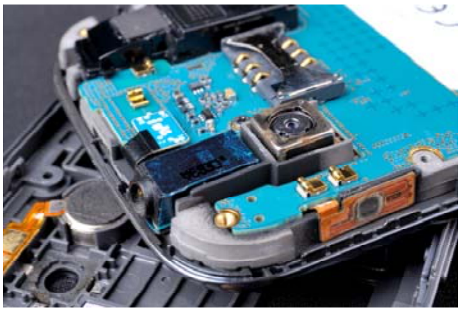
Short-lived Assets

Adhesives



UV and light curing adhesives

Vitralit® adhesives cure in seconds when exposed to UV light. High production speeds can thus be achieved, such as in mass production. UV adhesives are used in optics, opto-electronics and in many medical products.



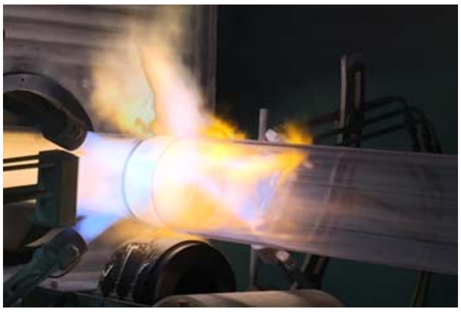
Industrial adhesives

In the industrial manufacturing industry, adhesives are presently replacing many conventional bonding techniques, such as soldering and welding. The use of adhesives saves time, materials and/or weight, depending on the respective application. This results in a broad range of applications in the electronics, automotive, and glass and plastics processing industries, as well as in many other areas.

Glass and Lamps

Lamps

Since 2013, Hönle has been developing and producing own infrared lamps, initially for internal consumption. Infrared lamps are often used in wide-format printing machines.
UV low-pressure lamps are used in the sterilization of water and air in an environmentally friendly and cost-efficient manner.
UV medium-pressure lamps are employed in the drying of inks, paints and coatings and also for other applications.



Quartz glass

Quartz glass tubing is not only required in the production of our own UV lamps; high-quality quartz glass is also an indispensable component that is employed in the most varied processes by the semiconductor and automotive industries as well as in the treatment of water.
Quartz glass rods are required in the manufacture of fibre cable.

At a Glance

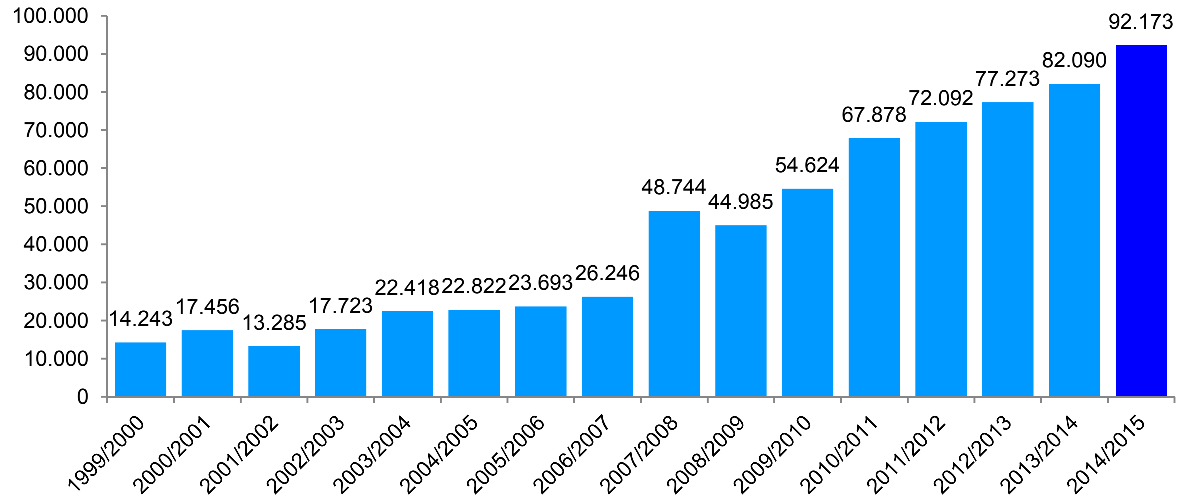
Business Development

HÖNLE GROUP in T€	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	Chan- ges
Income Statement											in %
Revenue	23,693	26,246	48,744	44,985	54,624	67,878	72,092	77,273	82,090	92,173	12.3
EBITDA	4,019	5,007	6,663	-2,779	6,722	12,751	10,664	10,235	12,034	16,162	34.3
Operating result/EBIT	3,426	4,339	5,630	-3,938	5,548	11,280	8,309	7,705	9,483	13,524	42.6
EBT	4,037	4,967	5,908	-4,073	5,342	10,771	8,431	8,637	8,967	14,023	56.4
Consolidated net income/loss for the year[1]	2,794	3,167	4,569	-4,083	4,806	7,499	6,209	6,712	6,495	10,320	58.9
Cash Flow											
Operating cash flow [2]	3,715	4,647	4,340	-2,458	5,105	12,601	7,235	9,020	9,201	12,863	39.8
Balance Sheet [3]											
Non-current assets	12,385	6,492	16,569	16,747	17,124	18,632	36,462	40,257	42,013	41,524	-1.2
Current assets	19,948	28,029	31,945	21,780	27,310	37,119	40,476	39,445	43,582	49,112	12.7
Shareholders' equity	27,143	28,913	31,420	25,624	30,769	39,204	43,830	46,872	49,718	57,514	15.7
Long-term liabilities	2,156	2,199	4,108	4,084	3,705	4,307	15,633	13,558	16,676	15,084	-9.6
Short-term liabilities	3,034	3,409	12,986	8,819	9,960	13,240	17,475	19,272	19,201	18,414	-4.1
Total assets	32,333	34,521	48,514	38,527	44,434	55,751	76,938	79,702	85,595	91,012	6.3
Equity capital ratio as a %	83.9	83.8	64.8	66.5	69.4	68.5	57.0	58.8	58.1	63.2	8.8
Staff											
At the end of the financial year	125	135	302	253	276	363	473	526	506	545	7.7
Share											
Earnings per share in €	0.51	0.55	0.84	-0.80	0.89	1.30	1.08	1.20	1.13	1.84	62.8
Dividend in €	0.30	0.40	0.25	0.00	0.30	0.50	0.50	0.50	0.50	0.55 [4]	10.0
Number of shares in T	5,432,5	5,512,9	5,512,9	5,512,9	5,512,9	5,512,9	5,512,9	5,512,9	5,512,9	5,512,9	0.0

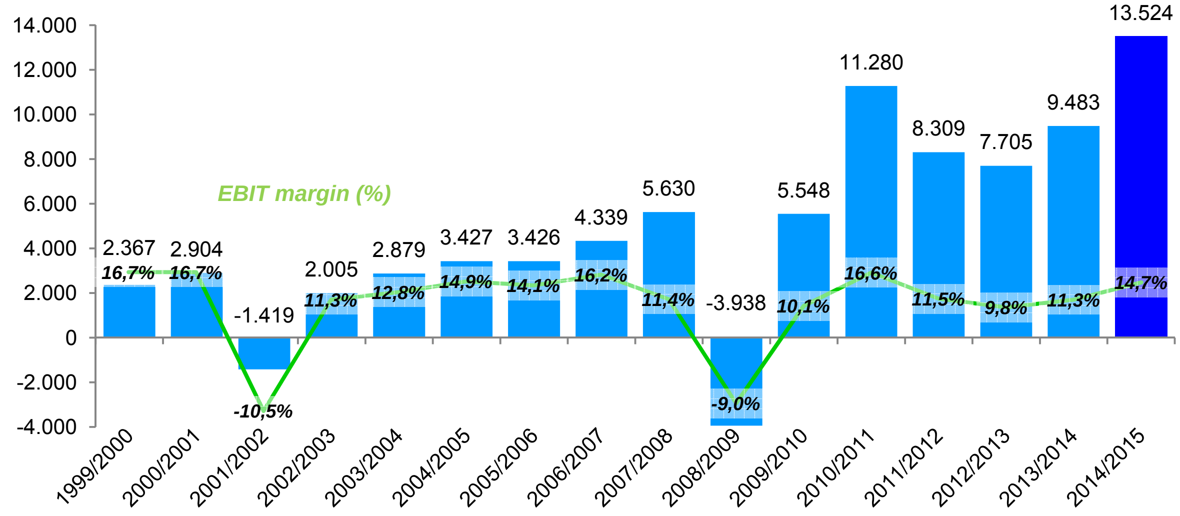
DR, HÖNLE AG (according to HGB) in T€	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	Chan- ges
Income Statement											
Revenue	19,603	22,023	23,949	18,487	25,887	31,917	27,643	27,207	29,579	34,358	16.2
Operating result/EBIT	3,305	3,328	3,335	-717	2,121	5,979	3,929	2,321	3,833	3,747	-2.2
Result from ordinary activities	4,320	4,480	3,557	-496	3,100	7,221	5,459	7,724	6,130	12,403	102.3
Net income/loss for the year	3,049	2,960	2,526	-484	2,898	5,507	4,334	7,028	5,191	11,300	117.7
Earnings per share	0.56	0.54	0.49	-0.09	0.56	1.04	0.80	1.28	0.94	2.05	118.1

1) Consolidated net income for the year was reported in financial year 2005/2006
2) Cash from current business activities
3) As at the end of the respective financial year
4) Management Board and Supervisory Board recommendation

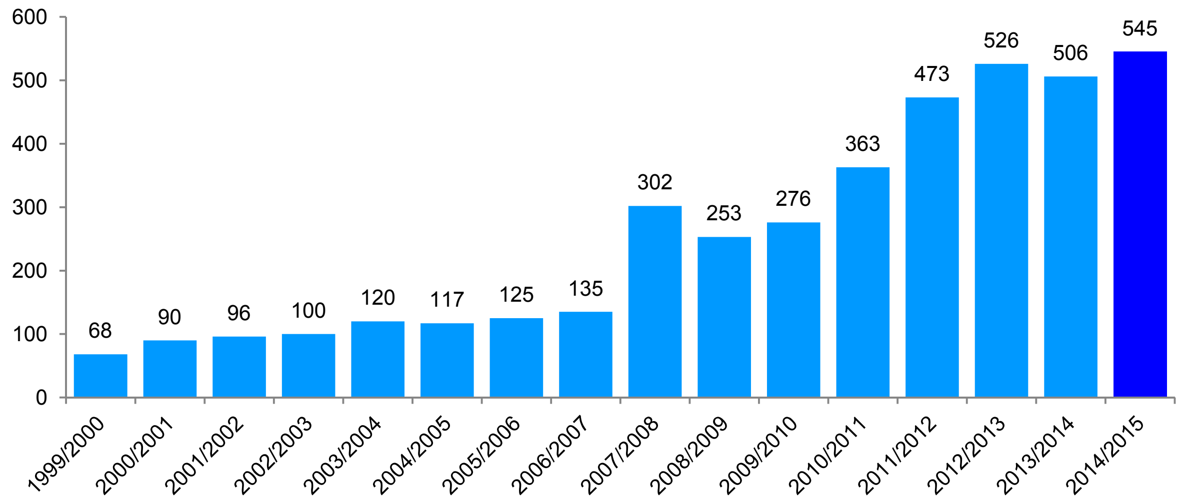
Revenue in T€



Operating result in T€



Staff



Norbert Haimerl and Heiko Runge
Dr. Hönle AG Management Board

Dear shareholders,
Dear business friends,

We can look back on a successful financial year. The Hönle Group revenues grew by 12.3 %, thus reaching a new record high of € 92.2 million. Operating profit climbed to € 13.5 million – the best result of our company history to date. We have clearly achieved our targets in terms of both revenues and earnings. Our thanks go out to everyone who contributed to our success: to our employees, our partners and suppliers and, of course, to our customers.

All three business segments developed very positively. Our products were more popular than ever in the printing industry and the automotive industry. That is why we sold significantly more drying systems and sunlight simulation systems in the UV Equipment & UV Systems segment than in the previous year. The Hönle Group is also profiting from the new media, however, since more and more smart phones and tablets are being produced worldwide which need high-quality customer-specific industrial adhesives. This trend contributed greatly to the positive course of business in the Adhesives segment. In the Glass & Lamps segment we managed to increase revenues and to return to the profit zone as planned. The constructive conversion measures relating to control technology for the quartz furnaces of Raesch Quarz (Germany) GmbH led to a reduction in reject rates and an improvement in the cost of materials ratio. This was an important step towards improving the earnings power of Raesch Quarz (Germany) GmbH. Regrettably, however, due to unforeseen technical problems in the past financial year, it was not possible to commence sustainable production processes regarding two furnaces for the semiconductor industry.

What are our expectations and objectives for the year 2016? The prospects for further economic development of the world economy are positive. After economic growth of 3.1% in the past year, the International Monetary Fund (IWF) expects growth of 3.6 % in the year 2016. Risks for a downturn arise from weaker development in China and falling commodity prices. Given constant economic conditions, we expect the Hönle Group's operating result for the 2015/2016 financial year to remain constant at about the previous year's level.

In addition to macro-economic developments, the effects of technical and organizational optimization processes implemented at Raesch Quarz (Germany) GmbH will be crucial for achieving our objectives. The successes expected from the operation of furnaces used for the manufacture of products for the lighting and automotive industry have already materialized with a clear reduction in reject rates. Three furnaces, which are used for the manufacture of products for the semiconductor and glass fibre industry, have also been technically reworked and will provide a key basis for positive business development at Raesch Quarz (Germany) GmbH in coming years. One of these furnaces has been producing high-quality quartz rods for the glass fibre industry for several months now. The other two furnaces will probably commence operations in late February 2016. We assume that a sustainable and stable production process will be ensured for all furnaces from the second half of the financial year.

In the Adhesives segment, after the excellent course of business in the past financial year, we expect stable development of revenues and earnings in the new financial year. The Smartphone and Automotive segments will make a key contribution to this. In addition, we will continue to expand the segment of Special Adhesives for Medical Applications. Furthermore, with SKC-Panacol Co. Ltd., we founded a new subsidiary in South Korea, which is already implementing interesting projects with leading technology companies.

In the Equipment & Systems segment we are expecting slightly positive development of revenues from drying systems for offset printing and digital printing. Moreover, newly established customer relationships with large printing equipment manufacturers will also impact positively on the development of revenues in the current financial year. Furthermore, we assume that the refitting of our existing printing machines with LED drying systems will contribute to a revenue increase.

The customer has ranked first for us for forty years now. We are a reliable partner for industry from the conception phase through to realization and service.
In the development of our products, top priority is placed on quality, efficiency, and reliability. Our goal is to provide our customers today with the technology of tomorrow as far as this is possible. More than 500 employees are working towards this goal in the corporate group.

In the future also, we must continue to observe the market very closely in order to identify new promising opportunities at an early stage. We have been successful in this so far.
We thank you for the confidence you have placed in us and would be very happy if you continued to accompany us along the way in the future.

Norbert Haimerl
Management Board

Heiko Runge
Management Board

Segment: Equipment & Systems
Dr. Hönle AG manufactures UV drying system for use in modern digital printing machines

Report of the Supervisory Board

Prof. Dr. Karl Hönle
Chairman of the Supervisory Board

27 January 2016

Dear shareholders,

Once again, the Hönle Group posted a record result in the forty-year history of the company. With an operating profit of € 13.5 million, we can look back on a highly successful financial year in 2014/2015. Nevertheless, in the new financial year, too, we will have to address new challenges and will have to set new objectives. Improving the earnings power of Raesch Quarz (Germany) GmbH will be a particularly important task in this context. The development and expansion of the adhesives business in Korea, which we will be realizing jointly with our partner, SKC Co. Ltd., can unlock great revenue potential for us in a highly interesting and very dynamically developing market.

For me personally, as founder and namesake of Dr. Hönle AG, a circle will close. After founding the company in 1976, I have participated in the company's development for many years in several functions. In March 2015, I finally took over as Chairman of the Supervisory Board of Dr. Hönle AG. In this function, I will continue to contribute my expertise as a physicist and Professor emeritus at the Munich University of Applied Sciences for technical optics and laser technology and my experience gained from the technology transfer between the technical university and a variety of different medium-sized companies, wherever needed. I would like to extend my sincere thanks to Dr. Hans-Joachim Vits and Mr. Eckhard Pergande, who have departed from the Supervisory Board after many years of service. With Mr. Günther Henrich and Dr. Bernhard Gimple we were able to gain two experienced new members in the Supervisory Board, who bring in a great store of experience in corporate management, investment management and company and capital market law to the Supervisory Board.

I would now like to give you an overview of the Supervisory Board activities during the 2014/2015 financial year.

Supervision and Advisory Services for the Board of Directors

In the last financial year, we performed the duties delegated to us by law and the company's statutes and supervised and advised the Management Board. The Management Board and the Supervisory Board cooperated in an open atmosphere, characterized by mutual trust. We were involved in all basic decisions. This related in particular to the acquisition of shares in UV-Technik Speziallampen GmbH and Tangent Industries, Inc. as well as to measures aimed at the improvement and stabilization at Raesch Quarz (Germany) GmbH.

As preparation for meetings, the Management Board provided us with current and in-depth information about the development of business. In addition, we were informed in oral or written form about any extraordinary occurrences in good time.
The Management Board and the Supervisory Board held five meetings in the reporting year which were attended by all members. We examined in detail the business development, net assets and financial position, corporate planning and the company's risk management system on the basis of detailed reports provided by the Management Board. To the extent required by law, the company's statutes or the internal regulations, we gave our approval for the motions issued by the Management Board following extensive discussions.
We were able to convince ourselves of the legality and appropriateness of the Management Board's activities.

Focal Points of the Consultations

In the meeting held on 1 December, 2014, the Management Board discussed the provisional figures of the Hönle Group and those of the individual Hönle Group companies as at 9 September 2014. According to the presentation of the Management Board, the objectives for the 2013/2014 financial year have been achieved. The Management Board elaborated in detail on the business development of Raesch Quarz (Germany) GmbH, at which a negative result of € 2.2 million was expected due to technical difficulties. Furthermore, the Management Board presented to us in detail the technical and organizational measures that had been introduced at Raesch Quarz (Germany) GmbH.
After having presented the business figures for the 2013/2014 financial year, the Management Board reported on the corporate planning of the individual companies of Hönle Group and those of the individual Hönle Group companies. Accordingly, positive development is expected for all corporate segments and, in particular, for the Adhesives segment, which will contribute to a positive development of earnings. The good start into the new financial year confirmed this assessment.
Finally, one topic of the meeting was the possible joint venture with the South Korean SKC Co. Ltd., and the associated opportunities and risks.

On 23 January 2015, the Management Board and the Supervisory Board held another meeting, which was also attended by the auditors of Dr. Hönle AG. The Management Board presented the audited annual financial statements of Dr. Hönle AG and the audited consolidated financial statements as at 30 September 2014 and reported on the profitability of the company, the subsidiaries and the equity investments and, in particular, on the return on equity pursuant to Section 90 (1) Number 2 AktG. Following a detailed discussion on the annual financial statements with the annual auditor and the Management Board, we approved the financial statements.
This meeting also established the agenda for the annual general meeting on 20 March 20 2015, and the resolution proposals. The Management Board and the Supervisory Board decided to propose to the annual general meeting that a dividend of € 0.50 per dividend-bearing share be paid out to the

shareholders from the retained earnings of Dr. Hönle AG in the amount of € 17,796,375.21 for the 2013/2014 financial year.
The Management Board then elaborated on the current business situation of Dr. Hönle AG and its subsidiaries.

The object of the Supervisory Board meeting on 19 March 2015 was to discuss the development of business and the earning performances of the individual companies and the group in the first quarter of 2014/2015. The positive earnings forecast for the second quarter was justified, in particular, by the good results contributed by the Equipment & Systems segment. Furthermore, the Management Board elaborated on the revenues arising from the sale of trademark rights for adhesives in the area of consumer goods.

The business situation in the nine-month period was discussed in detail in the Supervisory Board meeting on 25 June 2015. In this meeting the Management Board presented a projection of the income statements of all group individual companies as at 30 June 2015 and explained major plan variances with disclosure of the respective reasons. Both the Panacol Group and Eltosch Grafix GmbH contributed significantly to the increase in consolidated income compared to the previous year. The meeting also dealt with the planned investment in a new automatic placement machine for the LED Product line.

On 22 September 2015 we held the last meeting for the 2014/2015 financial year. In this meeting, the Management Board informed us in detail about the current earnings performance of the Hönle Group and the individual Hönle Group companies. The projection for the full year confirmed the planned significant increase in sales revenue and operating profit, which was caused, to a large extent, by the favourable business development at the Panacol Group, Eltosch Grafix GmbH and Mitronic GmbH.

Corporate Governance

The Government Commission for the German Corporate Governance Code revised the Code for Good Corporate Governance and published it in the version dated 5 May 2015. The Supervisory Board coordinated the implementation of the recommendations and suggestions stipulated in the Code with the Management Board and issued a joint declaration pursuant to Section 161 AktG. The declaration was included in the Annual Report and was made available to the shareholders on a permanent basis through an announcement in the Internet.
The Management Board of Dr. Hönle AG is comprised of two members and the Supervisory Board of Dr. Hönle AG has three members. The following changes occurred in the staffing of the Management Board and the Supervisory Board:

- Prof. Dr. Karl Hönle (previously Vice Chairman of the Supervisory Board) was elected as Chairman of the Supervisory Board on 20 March 2015.

- Günther Henrich was elected as member of the Supervisory Board on 20 March 2015 and as Vice Chairman of the Supervisory on the same day.
- Dr. Bernhard Gimple was elected to the Supervisory Board on 20 March 2015.
- Dr. Hans-Joachim Vits (previously Chairman of the Supervisory Board) departed from the Supervisory Board on 20 March 2015.
- Eckhard Pergande departed from the Supervisory Board on 20 March 2015.

Annual Financial Statements and Consolidated Financial Statements

The annual general meeting held on 20 March 2015 elected S&P GmbH Wirtschaftsprüfungsgesellschaft, Munich, as annual auditor for the 2014/2015 financial year.
S&P GmbH Wirtschaftsprüfungsgesellschaft audited the annual financial statements of Dr. Hönle AG and the consolidated financial statements and group management report, which is combined with the management report of Dr. Hoenle AG, for the financial year from 1 October 2014 to 30 September 2015 and issued an unqualified audit opinion in each case.

In the Supervisory Board meeting held on 27 January 2016, the annual auditor elaborated in detail on the audit report. The auditor reported about the key findings of its audit of the annual financial statements and the consolidated financial statements, as well as about the combined management report/group management report of Dr. Hönle AG and provided supplementary information concerning the past financial year. In doing so, the auditor elaborated, in particular, on the net assets, financial position and results of operations of the stock corporation and the group.

The Management Board and the Supervisory Board decided to propose to the annual general meeting on 16 March 16 2016 that the retained earnings of Dr. Hönle AG be used for the pay-out of a dividend of € 0.55 per dividend-bearing share and that the remaining amount be carried forward to the new accounting period.

The Supervisory Board approved the findings of the annual audit. Furthermore, we examined the annual financial statements, the consolidated financial statements and the combined group management report. No grounds for objections were found. Subsequently, the Supervisory Board approved the financial statements. The annual financial statements were thus adopted.

Prof. Dr. Karl Hönle
Chairman of the Supervisory Board

Adhesives Segment
Adhesives are subject to extensive testing in the application laboratory of Panacol Elosol-GmbH

The Share

Good stock price development

Starting from € 16.98 at the beginning of the previous financial year, the Hönle share initially developed sideways. After having reached its lowest point of € 15.53 in October 2014, the stock price picked up significantly in the course of the year 2015 and reached € 23.15 at the financial year-end. The Hönle share price closed at an all-time high of € 28.49 in December. While the overall market, represented by the Technology All Share Index, improved by 34.4 % in the past year, the Hönle share grew by 36.3 %.
The average turnover of the share per trading day came to T€ 201. In the financial year as a whole, shares with a value of € 50.8 million were traded (PY: € 45.3 million). The market value of the Hönle Group at the end of the year amounted to € 127.6 million.

Dividend policy

The Hönle shareholders have been participating in the successful business development for many years now. The company aims to allow its shareholders to benefit appropriately from its business success in the future as well. The amount of the dividend depends to a significant extent on the company's earnings and must be in conformity with planned investment undertakings and the safeguarding of a solid financial base. For the past financial year the Management Board and the Supervisory Board of Dr. Hönle AG will propose to the Annual General Meeting on 16 March 2016 to increase the dividend from € 0.50 in the preceding year to € 0.55 per share for the past financial year.

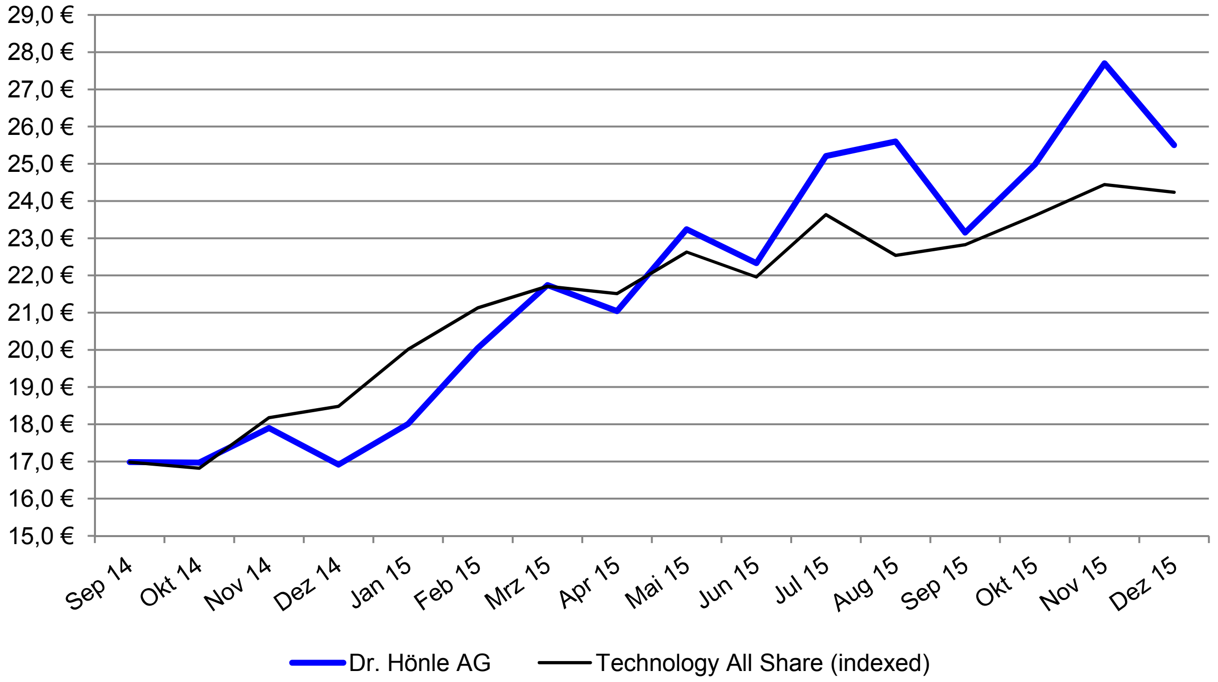
Analyses

M.M. Warburg and the WGZ Bank have analysed the Dr. Hönle AG share on a continuous basis. Both banks issued "buy" recommendations on several occasions. Moreover, financial journals also reported on Dr. Hönle AG several times. Among others, "Börse Online", "Der Aktionär" and the "Nebenwerte-Journal" recommended investing in the Hönle share.

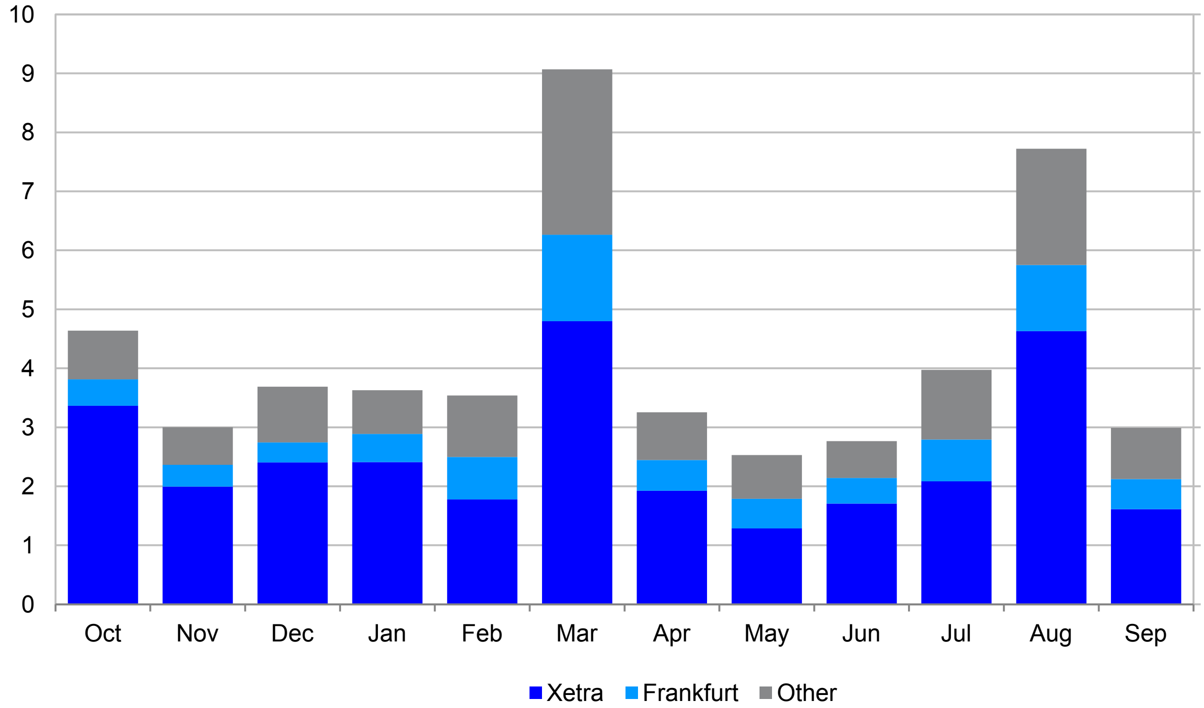
Shareholder structure

As of 30 September 2015 the Supervisory Board and the Management Board held 4.9 % of the shares. Institutional investors known to the company and with individual holdings of less than 3 % in each case together held 10.2 %. Dr. Hönle AG holds 0.02 % of its own shares.
The company had knowledge of the following shareholders with holdings above the reporting limit of 3 %:
Monolith Duitsland B.V.: 7.0 %
Dr. Hans-Joachim Vits: 6.6 %
Loys AG: 4.8 %
Prof. Dr. Karl Hönle: 4.0 %
Taaleritehdas: 3.3 %

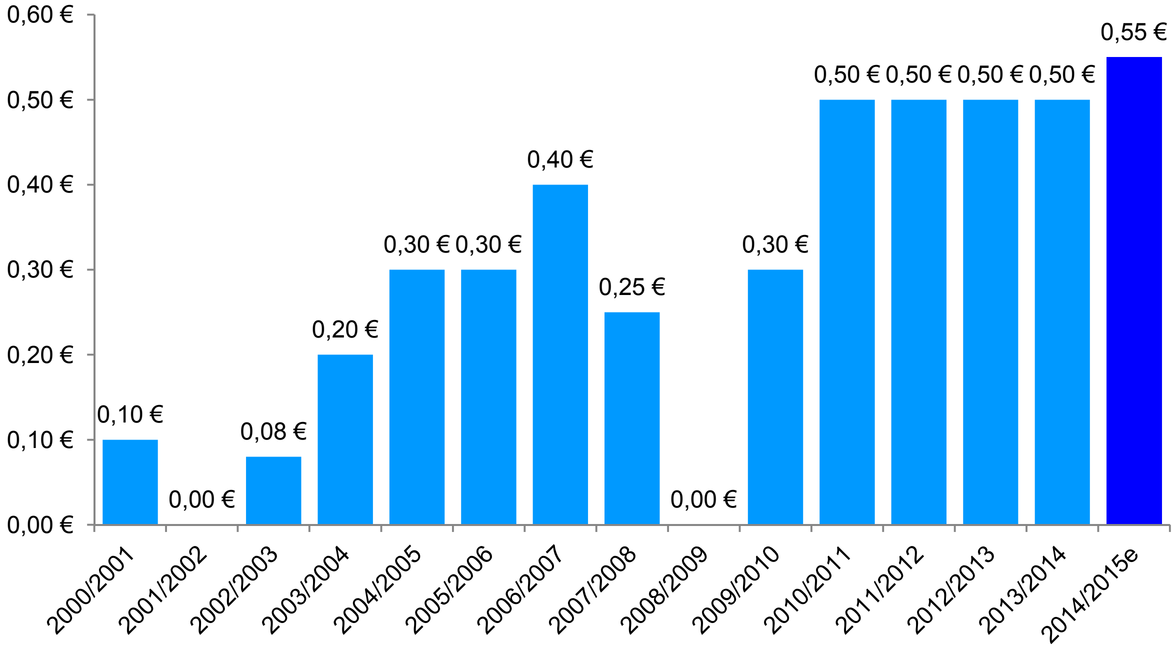
Development of the Hönle stock price



Trading volume in € million



Dividend development



Annual Meeting of the Shareholders

The Annual General Meeting held in Munich in March 2015 was attended by some 200 invited shareholders who approved the agenda items with a large majority of votes. All voting results are available for viewing in the Internet. The next Annual Meeting will be held on 16 March 2016 in Munich.

Investor Relations

Dr. Hönle AG was represented at several road shows and conferences and enjoyed many positive feedbacks in the past financial year. In addition, the Management Board and the Investor Relations Management also engaged in extensive talks with institutional and private investors, and many interested parties.

The discussions with shareholders in the last financial year included explanations of corporate figures as well as, in particular, of the business development of Raesch Quarz (Germany) GmbH and the Panacol Group. All press releases and ad-hoc releases, information on the share and the Annual General Meeting as well as the quarterly and annual reports can be found on the company's homepage.

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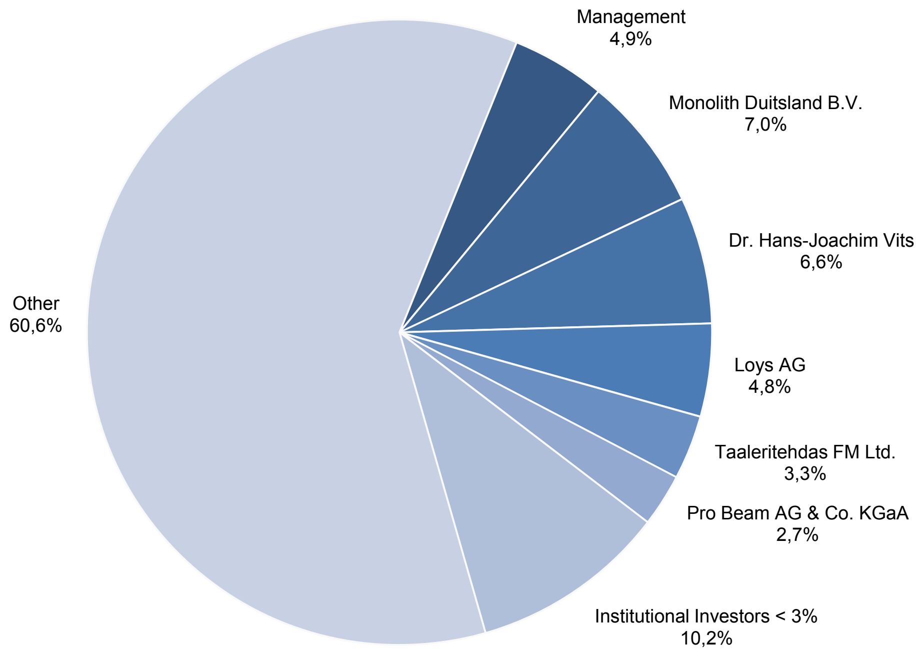
Shareholder Structure



Hönle Share Data

Price at the Beginning of the Financial Year in € (Xetra)	16.98
Price at the End of the Financial Year in € (Xetra)	23.15
Peak Price (Xetra)	€ 28.49 in December 2014
Lowest Price (Xetra)	€ 15.53 in October 2014
Trading Volume in Shares	2.508.886 (Vj. 2.970.071)
Trading Volume in €	50.796.328 (Vj. 45.289.502)
Number of Shares as at 30.09.2015	5.512.930
Market Capitalisation as at 30.09.2015 in Mio. €	127.6
Earnings per Share in €	1.84
Dividend per Share in € [1]	0.55
Securities Identification Number (WKN)	515710
ISIN	DE0005157101
Stock Exchange Symbol	HNL
Transparency Level	Prime Standard German Stock Exchange
Index Affiliation:	
Technology All Share	DE0008468943
Prime All Share	DE0007203325
DAXsubsector Advanced Industrial Equipment	DE0007203895
DAXsubsector All Advanced Industrial Equipment	DE000A0SM817
DAXsector Industrial	DE0009660282
DAXsector All Industrial	DE000A0SM7R8
CDAX	DE0008469602

[1] Management Board and Supervisory Board proposal respecting the 2014/2015 financial year

Combined Management Report / Group Management Report of Dr. Hönle AG

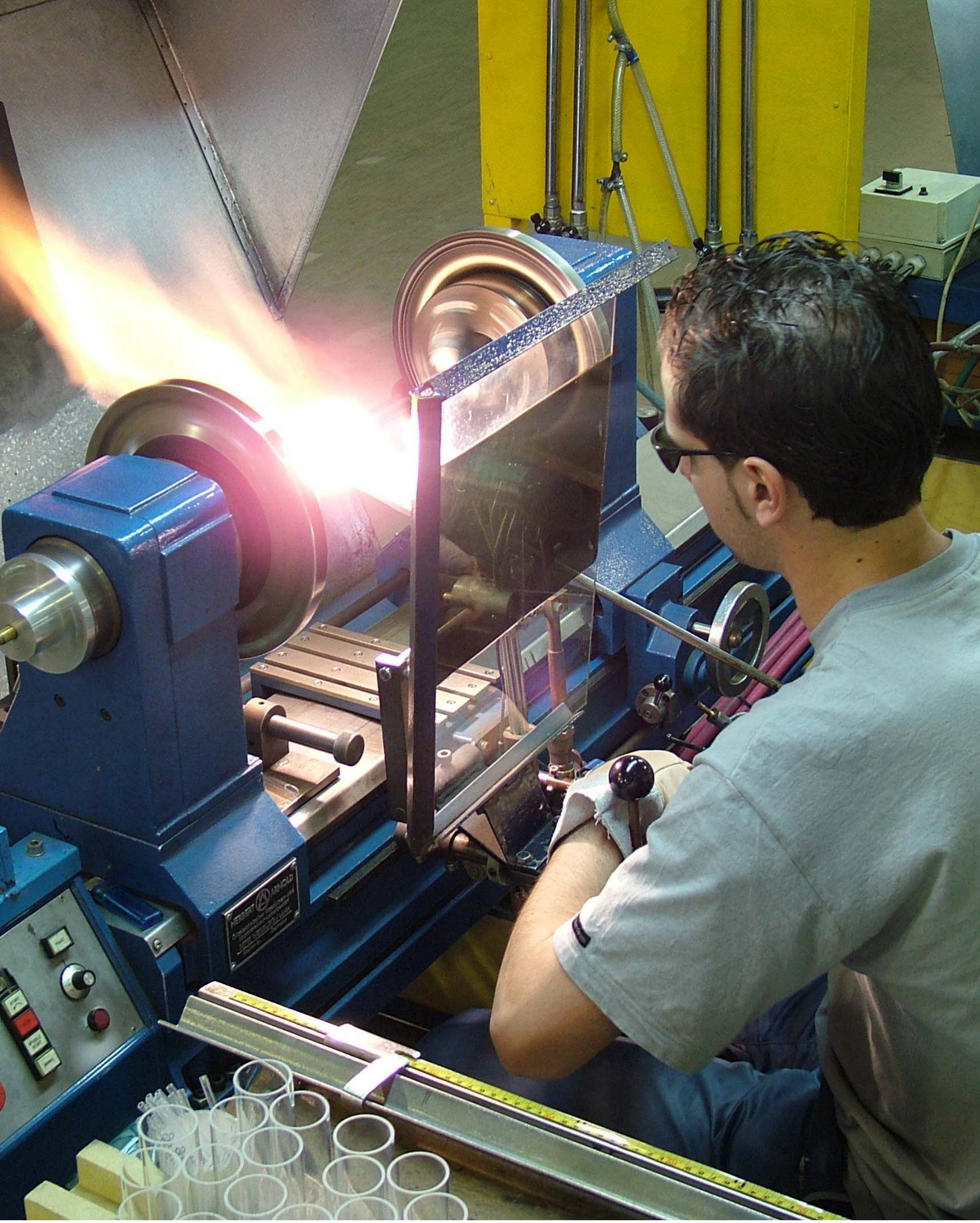
for the 2014/2015 Financial Year

Business Operations and General Conditions

Group Structure

Dr. Hönle AG is a listed technology company with head office in Gräfelfing, near Munich. The Hönle Group is split into the following three business segments: Equipment & Systems, Glass & Lamps and Adhesives. The equipment and systems are used for drying inks and coatings, for curing adhesives and plastics, for disinfecting surfaces and for sunlight simulation. The Glass & Lamps segment comprises quartz glass tubing and rods for the lamp-, automotive-, semiconductor- and fibre cable industries as well as lamps for water sterilization and the drying of coatings and adhesives. The Adhesives segment encompasses industrial adhesives for a broad range of applications, inter alia, in the electronics, medical technology, optics and glass processing segments. Dr. Hönle AG held participating interests in the following companies as at 30 September 2015:

Name (in alphabetical sequence)	Head Office [1] Minority shareholding; [2] Not consolidated
Segment: Equipment & Systems	
Eltosch Grafix America Inc.	Batavia/Chicago, USA
Eltosch Grafix GmbH	Pinneberg, Germany
Honle Spain S.A.U.	Olesa de Bonesvalls/Barcelona, Spain
Honle US Real Estate LLC	Torrington/Connecticut, USA
Honle UV France S.à.r.l.	Bron/Lyon, France
Mitronic GmbH	Gräfelfing/Munich, Germany
PrintConcept UV-Systeme GmbH	Kohlberg, Germany
PrintDesign Engineering GmbH [1, 2]	Kohlberg, Germany
Solitec GmbH [2]	Gräfelfing/Munich, Germany
Tecinvent GmbH [1, 2]	Schömberg, Germany
Segment: Glass & Lamps	
Aladin GmbH	Gräfelfing/Munich, Germany
Raesch Quarz (Germany) GmbH	Langewiesen, Germany
Raesch Quarz (Malta) Ltd.	Mosta, Malta
UV-Technik Speziallampen GmbH	Wümbach, Germany
Segment: Adhesives	
Agita Holding AG	Regensdorf/Zurich, Switzerland
Eleco Produits EFD SAS	Gennevilliers/Paris, France
Hoenle UV Technology Shanghai Ltd.	Shanghai, China
Metamorphic Materials Inc. [1, 2]	Winsted/Connecticut, USA
Panacol AG	Regensdorf/Zurich, Switzerland
Panacol-Elosol GmbH	Steinbach/Taunus, Germany
Tangent Industries, Inc.	Torrington/Connecticut, USA
SKC-Panacol Co. Ltd.	Suwon-si, South Korea



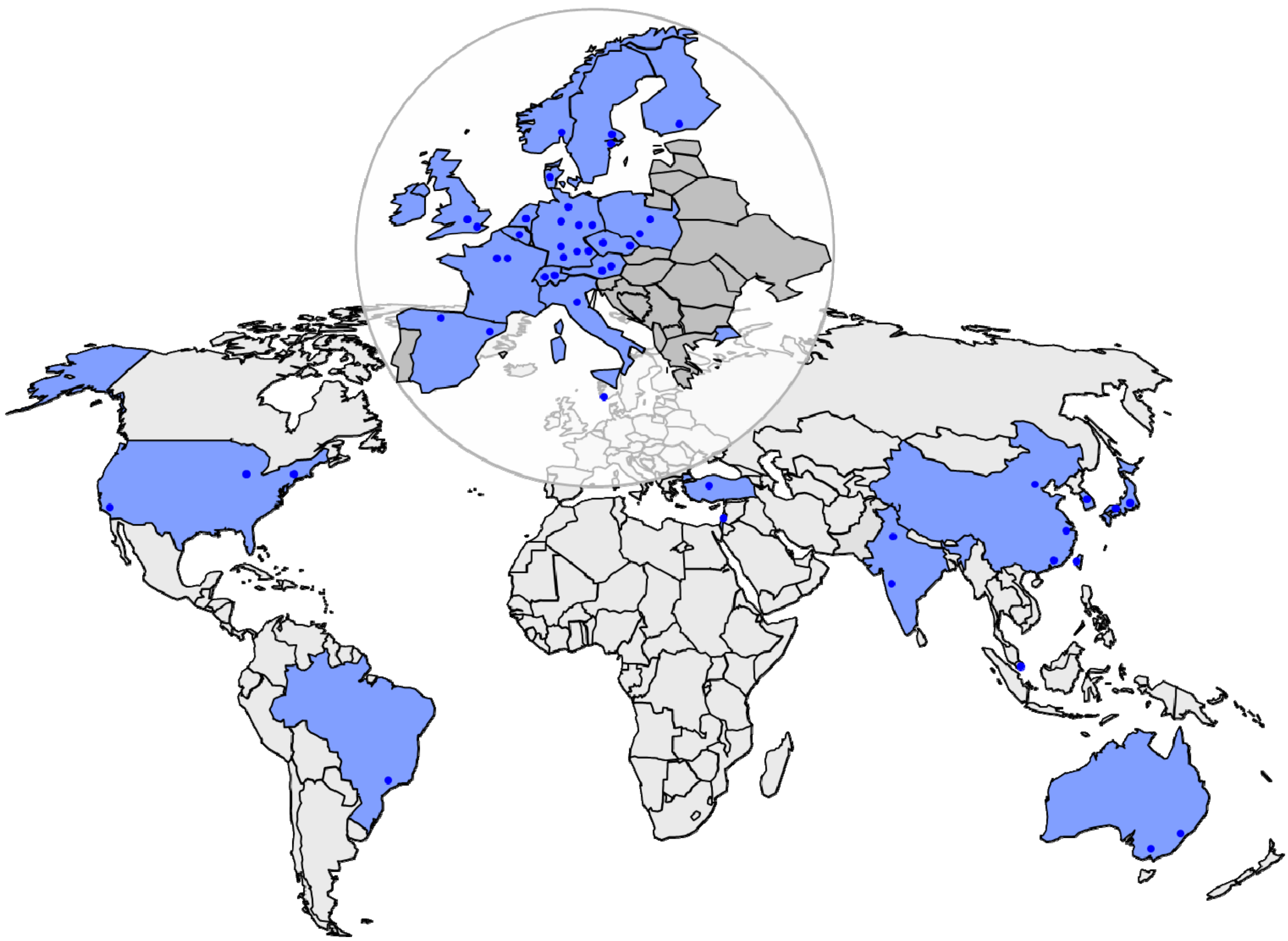
Segment: Glass & Lamps
Raesch Quarz (Germany) GmbH manufactures lamp bodies for industrial applications

Worldwide Locations

The Hönle Group is represented in 28 countries with its own companies or partner companies. Abroad, Hönle has its own sites in those countries that are of key importance to its operative business. Hönle is represented with its production sites in Germany, France, Malta and in the USA.

In addition, the company has established a network of cooperating partners.

Hönle Group Locations



Management System

The goal of entrepreneurial activity is to achieve sustained growth of corporate value. With this objective in mind, Hönle also wants to fulfil its social responsibility vis à vis employees, customers, suppliers and investors. Hönle aims at stabilising and expanding its market position in its core business segments and focuses, in particular, on customer-specific systems solutions. As a company, we see ourselves as a partner of industry.

The group's internal management system consists mainly of regular Management Board meetings, a monthly business development analysis, strategic corporate planning, the planning of investments, personnel and acquisitions, risks and opportunities management, as well as regular reporting to the Supervisory Board.

The operational objective of Hönle's management is to increase the company's sales revenues and net income on a sustained basis. Great emphasis is also placed on increasing the Hönle Group's operational cash flow. In addition to corporate performance, the operative margins, in particular the EBIT margin, serve as important financial indicators for reviewing profitability. Therefore, Hönle continually monitors the development of revenues and expense ratios and compares these with internal planning.
The most important control parameters of the past financial year and the respective changes (compared to the previous year), are presented in the following table:

Earnings Development

in T€	2014/2015	2013/2014	Change
Revenue	92,173	82,090	12.3 %
EBIT	13,524	9,483	42.6 %
Consolidated Net Income/Loss for the Year	10,320	6,495	58.9 %

This management report provides more detailed information on individual control parameters, in particular in the sections: Course of Business, Results of Operations, Financial Position and Outlook. It also informs about the measures planned for the further development of the control parameters.

Market Development

Global economic momentum remained subdued in the past year and growth in global production declined somewhat in the last two years. The International Monetary Fund (IMF) forecasts economic growth of 3.1 % for 2015. This corresponds to a decrease of 0.3 percentage points compared with the previous year and a decline of 0.2 percentage points compared with the growth rate reported two years ago. The growth drivers shifted further from the emerging markets to the advanced economies. While economic growth in the emerging markets dropped from 5.0% in 2013 to 4.0% in 2015, the industrialised countries picked up from 1.1 % to 2.0 % in the same period.

Growth dynamics intensified in the United States, in particular: Economic growth increased continuously, within the past three years from 1.5 % to 2.6 % according to most recent figures.

Course of Business

In this economic environment, the Hönle Group increased its sales revenues by 12.3 % to T€ 92,173 in financial year 2014/2015. Revenues rose in all three business segments. The main revenue driver was the printing industry, where demand for drying systems was significantly higher than in the previous year. Sales revenues earned with adhesives for the consumer electronics segment also rose considerably.

The operating result (EBIT) jumped by 42.6 % to T€ 13,524 in the reporting year. The earnings improvement is mainly due to the positive developments reported by both Panacol-Elosol GmbH and Eltosch Grafix GmbH. Raesch Quarz (Germany) GmbH succeeded in significantly reducing its negative earnings contribution in the past financial year. On balance, all business segments achieved higher operating results than in the previous year.

Annual General Meeting

The Annual General Meeting of Dr. Hönle AG took place on 20 March 2015. More than 200 participants came to the conference centre in Munich, where they listened to the Management Board's comments and explanations, asked questions and cast their votes concerning seven agenda items.

A new Supervisory Board was elected. Following his re-election, Prof. Dr. Karl Hönle, the former Vice Chairman of the Supervisory Board, was appointed Chairman of the supervisory body and thus succeeded Dr. Hans-Joachim Vits who retired from the Supervisory Board. Prof. Hönle is one of the founders of Dr. Hönle Aktiengesellschaft and has been a

member of the company's Supervisory Board since 1999. Mr. Günther Henrich was appointed as a new Supervisory Board member. Following his activities for the Bavarian Ministry of Economic Affairs [Bayerisches Wirtschaftsministerium] and LfA Förderbank Bavaria, Mr. Henrich has held the post of Managing Director of BayBG Bayerische Beteiligungsgesellschaft mbH from 1987 through 2012. Dr. Bernhard Gimple was also newly appointed as a Supervisory Board member. Dr. Gimple has been a practising lawyer in Munich for more than 14 years and has been acting as Pfandbrief (covered bonds) trustee for Stadtsparkasse Munich since 2005.
Furthermore, the Annual General Meeting decided to pay out a dividend of € 2,755,927, which corresponds to a dividend of € 0.50 per share entitled to dividend payments.

Segment Equipment & Systems

Equipment and Systems sales increased by 10.7 % to T€ 50,999 in financial year 2014/2015. At the same time, the operating result was up 22.6 % to T€ 7,545.

The key factor behind this positive development in the Equipment & Systems segment was the printing market where Hönle sold more systems the financial year under review than in the prior-year period, particularly in the digital printing and offset printing segment. In addition, sales revenues generated in the sun simulation business segment were considerably higher than in the previous year.
LED technology is a major growth driver from a technological viewpoint. The effectiveness of UV LEDs is constantly increasing, leading to higher intensities and offering new areas of application for the new technology. UV LEDs are now finding their way into fields of application in the printing and coating industry that were hardly conceivable a few years ago. With its extensive product range of high-performance UV LED drying systems, Dr. Hönle AG is well-positioned in this business segment.

Eltosch Grafix GmbH moved to a new location in December 2014. The new representative company building is located in Pinneberg near Hamburg and enables implementation of the company's planned expansion.

The Spanish selling company, Honle Spain S.A.U., discontinued its operating business activities at the end of the financial year. The customers will be serviced on site by regional sales partners in the future.

Segment Glass & Lamps
Quartz glass tubing is exposed to heat treatment at the vacuum annealing furnace of Raesch Quarz (Germany) GmbH in order to achieve the desired materials characteristics

Segment Glass & Lamps

At T€ 17,395, sales revenues generated in the Glass & Lamps segment in the 2014/2015 financial year were up 6.5 % on the previous year's level. The operating result improved from T€ -648 in the previous year to T€ 307 in the financial year under review.

The increase in earnings is essentially driven by the improved business development and reduced operating losses at Raesch Quarz (Germany) GmbH. The company's operating result grew from T€ -2,257 in the previous year to T€ -1,162 in the new financial year. This indicates that the initial positive effects from technical improvements implemented at the melting furnaces of Raesch Quarz (Germany) GmbH are now also reflected in earnings. The hoped-for success of the melting furnaces, which are designed for the manufacture of products for the lamp and automotive industries, has already materialised and led to a significant drop in reject rates. At the same time, the company succeeded in reducing energy costs to a considerable extent as a result of the new insulating material. The three furnaces for the semiconductor and fibre cable industry, which were also technically revised, provide the main basis for positive business development at Raesch Quarz (Germany) GmbH in the coming years. Owing to the need for further technical optimisation, a sustained production process had not yet been commenced at two of the three above-mentioned furnaces in financial year 2014/2015.

The other companies operating in the Glass & Lamps segment contributed positively to the segment result, whereby UV-Technik Speziallampen GmbH, in particular, enhanced its profitability. Moreover, UV-Technik Speziallampen GmbH succeeded in regaining a major business customer, thus creating a good foundation for positive business development in the future also.

Dr. Hönle AG exercised a purchase option on 7 May 2015 and acquired a further 30 % stake in UV-Technik Speziallampen GmbH at a purchase price of T€ 357. Dr. Hönle AG now holds 81 % of the shares in UV-Technik Speziallampen GmbH. In addition, Mr. Raesch exercised his put option for the remaining 20 % stake in Raesch Quarz (Malta) Ltd. Dr. Hönle AG acquired the shares on 27 August 2015 at a purchase price of T€ 503.

In the past financial year, Aladin GmbH engaged a specialist to analyse and optimise production processes. This contributed to optimised product quality and reduced reject rates. Although the sales revenues achieved by Aladin GmbH were on par with the previous year's figures, a positive course of business is expected over the short- to medium-term.

Segment Adhesives

The encouraging development in the Adhesives segment in recent years continued in financial year 2014/2015. Customer orders from the electronics industry, in particular, contributed to the significant rise in sales and earnings in this segment. Revenues were up 20.8 % to T€ 23,780. The operating result rose by 32.8 % to T€ 5,951 in the same period.

On 20 May 2015, Panacol-Elosol GmbH, a subsidiary of Dr. Hönle AG, signed a cooperation agreement with SKC Co. Ltd., a South Korea-based company. Under the agreement, both parties express their intention to establish a joint venture in Korea with the goal of selling adhesives and developing and manufacturing the products at a later date in the future.
SKC Co. Ltd is a company of the SK Group, one of the largest conglomerates in South Korea. The new company, which operates under the name of SKC-Panacol Co. Ltd., was founded in the fourth quarter of the 2014/2015 as planned. Panacol-Elosol GmbH holds 51 % and SKC Co. Ltd. 49 % of the shares in the joint venture.

In the current financial year, the Panacol Group developed new electrically and thermally conductive adhesives for all types of application in the electronics industry. With the new adhesives, the Panacol Group is tapping into promising sales markets that offer good growth opportunities.

In July 2015, Panacol AG acquired further shares in Tangent Industries, Inc. with registered head office in Torrington (USA), and now holds a 57.6 % stake in this enterprise. Tangent Industries, Inc. has been included in Hönle Group' scope of consolidation since the fourth quarter of 2015.
The company is domiciled in Connecticut, USA, and develops, manufactures and sells adhesives for various industrial applications.
In 2014, the Hönle Group acquired a company building in Torrington, Connecticut (USA) within the scope of the planned expansion of activities in the 'Adhesives' segment on the American market. Tangent Industries, Inc. has meanwhile moved into the new building and the required restructuring measures have been completed. The spatial preconditions for achieving the planned sales growth in the North American sales territory have thus been created.

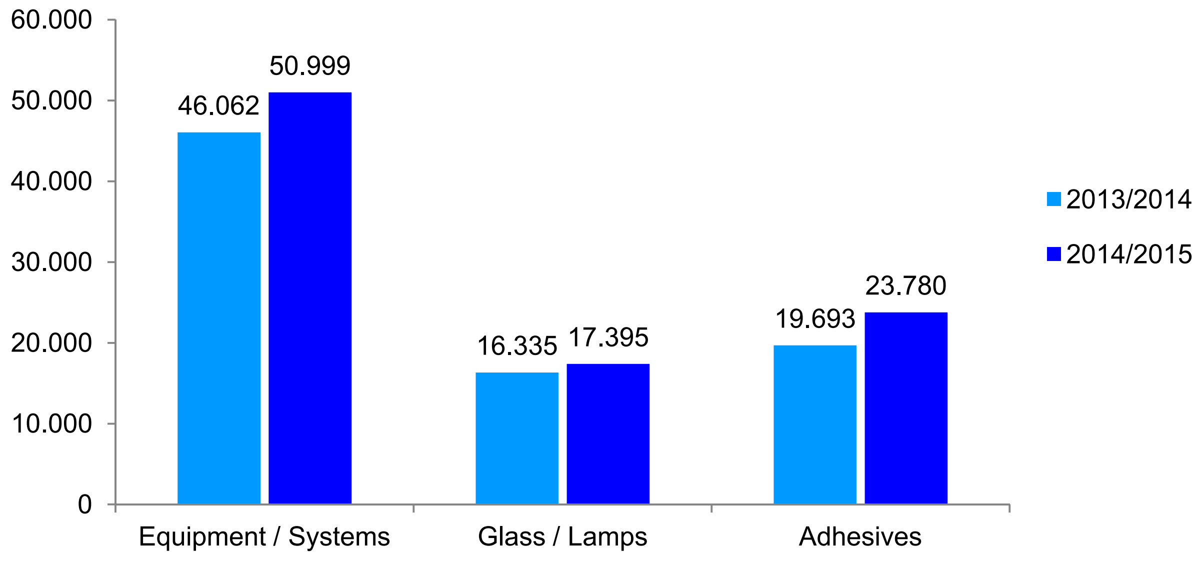
Business Development by Region

Sales revenues generated in Germany were up 3.8 % to T€ 32,352. Hönle thus achieved 35.1 % (PY: 38.0 %) of its sales revenues in Germany. European sales outside Germany grew slightly by 2.0 % to T€ 22,368, which corresponds to a 24.3 % share (PY: 26.7 %) of total sales. The strongest sales increase in financial year 2014/2015 was reported for the Asian economic area, however. Sales in this region jumped 29.4 % to T€ 24,526, which corresponds to a 26.6 % share (PY: 23.1 %) in total sales. Sales revenues generated in North America amounted to T€ 8,753 (PY: T€ 6,586) and sales revenues generated in the rest of the world came to T€ 4,174 (PY: T€ 3,446).

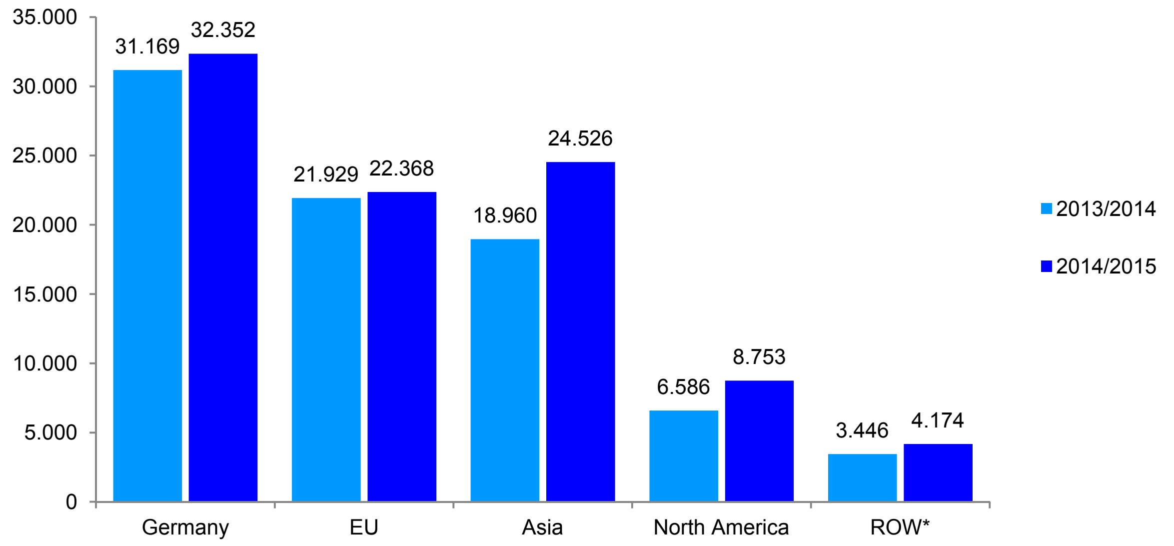
The Hönle Group's Earnings Development

in T€	2014/2015	2013/2014	Change
Sales revenue	92,173	82,090	12.3 %
Gross profit	60,673	54,123	12.1 %
Operating result (EBIT)	13,524	9,483	42.6 %
Earnings before taxes (EBIT)	14,023	8,967	56.4 %
Consolidated net income/loss for the year	**10,320**	**6,495**	**58.9 %**
Earnings per share in €	1.84	1.13	62.8 %

Sales by segment (in T€)



Sales by region (in T€)



*) Rest of the world

The Hönle Group's Results of Operations

Sales revenues generated by the Hönle Group rose from T€ 82,090 in the previous year to T€ 92,173 in financial year 2014/2015.

Cost of materials amounted to T€ 33,527 (PY: T€ 31,266), which corresponds to a ratio of 36.2 % (PY: 37.3 %). The improved cost of materials ratio is due to the higher proportion of sales generated by the Panacol Group and lower reject rates at Raesch Quarz (Germany) GmbH. Despite the significant rise in the number of staff, the personnel expense ratio fell from 33.2 % to 31.8 % due to the higher sales level in financial year 2014/2015 in year-on-year terms. The other operating expenses ratio decreased from 17.0 % in the previous year to 16.3 % in the financial year under review.

The Hönle Group's operating result (EBIT) jumped 42.6 % to T€ 13,524 as a consequence of the positive sales development.
In the reporting year, the Hönle Group generated financial income of T€ 1,094 (PY: T€ 34) largely arising from the settlement of a purchase price liability in connection with the exercising of put options of 20 % of the shares in Raesch Quarz (Malta) Ltd.
The pre-tax result (EBT) was up 56.4 % to T€ 14,023 due to the higher operating results and financial income. After deducting income taxes, the consolidated result came to T€ 10,320 (PY: T€ 6,495). This corresponds to earnings per share of € 1.84 (PY: € 1.13).

The EBIT margin thus grew to 14.6 % in the reporting year after 11.3 % in the previous year. Net return on sales came to 11.2 % in financial year 2014/2015 after 7.9 % in the previous year.

The Hönle Group's Financial Position

The operating cash flow improved clearly from T€ 9,201 in the previous year to T€ 12,863 in financial year 2014/2015. The cash flow from operating activity amounted to T€ 9,159 (PY: T€ 7,492) after payment of interest in the amount of T€ 334 and income taxes of T€ 3,371.

The cash flow from investing activity mainly comprises expenses incurred for technical equipment and business equipment as well as payments for the acquisition of corporate shares in Raesch Quarz (Malta) Ltd. and in UV-Technik Speziallampen GmbH. At T€ 2,478, investments were down from the previous year's level of T€ 6,844.

The cash flow from financing activity in the amount of T€ -5,075 T€ (PY: T€ 539) is mainly attributable to the repayment of loans in the amount T€ 3,241 and a dividend distribution of T€ 2,905.

In all, liquid assets increased by T€ 1,771 to T€ 7,456 in the reporting year. With a capital ratio of 63.2 %, liquid assets of T€ 7,456 and short-term liabilities to banks in the amount of T€ 3,022, the Hönle Group has a solid financial footing.

Liquidity Development

in T€	2014/2015	2013/2014	Change
Cash from current activities	**12,863**	**9,201**	**39.8 %**
Cash flow from operating activity	9,159	7,492	22.3 %
Cash flow from investing activity	-2,478	-6,844	63.8 %
Cash flow from financing activity	-5,075	539	-1,041.6%
Change in liquid assets	1,771	1,307	35.5 %

The Hönle Group's Net Assets

In financial year 2013/2014, the Hönle Group acquired a commercial property for Tangent Industries, Inc. in the United States of America. Owing to the acquisition of a majority stake in Tangent Industries, Inc. in financial year 2014/2015, the real estate value was not accounted for as investment property as in the previous year. Instead, it was reclassified to property, plant and equipment instead. As a result, property, plant and equipment saw a T€ 1,160 year-on-year increase to T€ 16,163 as at 30 September 2015.

Inventories increased by T€ 2,647 to T€ 25,055 due, in particular, to a rise in inventories at Dr. Hönle AG, Raesch Quarz (Germany) GmbH and Raesch Quarz (Malta) Ltd.

Liquid assets rose by T€ 1,771 to T€ 7,456 in the financial year under review.

In all, non-current and current assets increased by T€ 5,417 to T€ 91,012 in financial year 2014/2015.

As of 30 September 2015, Hönle Group's shareholders' equity amounted to T€ 57,514, which corresponds to an equity capital ratio of 63.2 % (PY: 58.1 %).

Long-term liabilities decreased by T€ 1,592 to T€ 15,084, which is primarily attributable to the repayment of loans.

Short-term liabilities dropped by T€ 787 to T€ 18,414. Significant changes in this context were attributable to the settlement of a purchase price liability concerning the acquisition of shares in Raesch Quarz (Malta) Ltd. and to an increase in income tax liabilities.

Total assets climbed from T€ 85,595 as at the beginning of the financial year to T€ 91,012 as at 30 September 2015.

Balance Sheet

in T€	30/09/2015	30/09/2014	Change
Non-current assets	41,524	42,013	-1.2 %
Current assets	49,112	43,582	12.7 %
Shareholders' equity	57,514	49,718	15.7 %
Long-term liabilities	15,084	16,676	-9.6 %
Short-term liabilities	18,414	19,201	-4.1 %
Balance sheet total	91,012	85,595	6.3 %

Disclosures on Dr. Hönle AG

The management report of Dr. Hönle AG and the group management report are combined pursuant to the provisions of Section 315 (3) HGB in conjunction with Section 298 (3) HGB. The annual financial statements of Dr. Hönle AG are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

Dr. Hönle AG is a listed technology company with head office in Gräfelfing, near Munich. Dr. Hönle AG develops, produces and sells UV and infrared systems. The equipment and systems are used for drying inks and coatings, for curing adhesives and plastics, for disinfecting surfaces, and for sunlight simulation. The sales activities are carried out by the company's own staff, subsidiaries and independent partner companies. In addition, Dr. Hönle AG provides production, IT and administration services to subsidiaries. With an average staff level of 163 (PY: 147), Dr. Hönle AG succeeded in increasing sales revenues by 16.2 % to T€ 34,358 in financial year 2014/2015. Most of the systems were sold in the printing and coating as well as in the sunlight simulation segments.

Dr. Hönle AG’s research and development expenses rose from T€ 1,630 in the previous year to T€ 1,755 in the reporting year. The average number of staff employed in the R&D department was 22 (PY: 20) which means that 13.5 % of Dr. Hönle AG’s staff is employed in the Research and Development department.
Personnel expenses incurred by Dr. Hönle AG rose from T€ 9,629 to T€ 10,621 in the context of the staff level increase and due to higher pension expenses and other factors.
The cost of materials ratio increased from 43.5 % in the previous year to 46.2 % in the financial year under review. The increase is attributable to a higher share of intra-group sales revenues.

Other operating expenses climbed from T€ 4,476 to T€ 4,830. The operating result of T€ 3,747 was almost unchanged from the previous year’s figure of T€ 3,833.

Dr. Hönle AG's posted a financial result of T€ 8,656 (PY: T€ 2,297) which includes investment income of T€ 6,136 (PY: T€ 1,879) from Agita Holding AG and of T€ 1,800 (PY: T€ 0) from Raesch Quarz (Malta) Ltd. Net income for the year amounted to T€ 11,300 (PY: T€ 5,191).

The cash flow from investing activity mainly comprises payments made for the increase in shares in affiliated companies (T€ 968) and expenses incurred for technical equipment, business equipment and software licenses (T€ 545). Overall, investments in property, plant and equipment and intangible assets were lower than in the previous year, since the investments included payments for the acquisition of real estate for Tangent Industries, Inc. in the U.S.A (TUS-$ 940).

Property, plant and equipment (T€ 2,711) and financial assets (T€ 40,171) remained roughly on par with the previous year's results.
The inventory balance rose by T€ 1,133 to T€ 10,431 year-on-year, due to higher sales revenues, among other things.

Liquid assets amounted to T€ 4,014 as of 30 September 2015 (PY: T€ 1,223). Receivables from affiliated companies increased from T€ 9,566 to T€ 11,036 year-on-year due, in particular, to an increase in receivables from Raesch Quarz (Germany) GmbH.

Dr. Hönle AG's equity capital climbed from T€ 44,331 in the previous year to T€ 52,875 as at the end of the reporting year as a result of higher unappropriated retained earnings. Liabilities decreased in the same period from T€ 17,489 to T€ 13,858 mainly as a result of the repayment of bank loans and loans from subsidiaries.

Dr. Hönle AG's sales revenues increased substantially in the 2014/2015 financial year. The operating result was nearly on par with the previous year's level due to the higher share of intra-group sales.
Provided that the economic development does not cloud over, Dr. Hönle AG's Management Board expects another rise in sales in financial year 2015/2016.

Condensed income statement of Dr. Hönle AG (HGB individual financial statements)

in T€	2014/2015	2013/2014	Change
Sales revenues	**34,358**	**29,579**	**16.2 %**
Other operating income	1,307	1,582	-17.4 %
Cost of materials	15,882	13,109	21.2 %
Gross profit	19,823	18,583	6.7 %
Personnel expenses	10,621	9,629	10.3 %
Amortisation/depreciation	625	645	-3.1 %
Other operating expenses	4,830	4,476	7.9 %
Operating result (EBIT)	**3,747**	**3,833**	**-2.2 %**
Financial result	8,656	2,297	276.8 %
Result from ordinary activities	12,403	6,130	102.3 %
Taxes	1,085	921	17.8 %
Net income for the year	**11,300**	**5,191**	**117.7 %**
Earnings per share in €	2.05	0.94	118.1%

Condensed balance sheet of Dr. Hönle AG (HGB individual financial statements)

in T€	30/09/2015	30/09/2014	Change
Intangible assets	383	597	-35.9 %
Property, plant and equipment	2,711	2,668	1.6 %
Financial assets	40,171	40,279	-0.3 %
Non-current assets	**43,265**	**43,544**	**-0.7 %**
Inventories	10,431	9,298	12.2 %
Receivables and other assets	13,890	12,013	15.6 %
Cash on hand, bank balances	4,014	1,223	228.2 %
Current assets	**28,335**	**22,534**	**25.7 %**
Prepaid expenses	236	152	55.3 %
Deferred tax assets	133	51	160.8 %
Issued capital	5,512	5,512	0.0 %
Additional paid-in capital	18,450	18,450	0.0 %
Revenue reserves	2,573	2,573	0.0 %
Unappropriated retained earnings	26,340	17,796	48.0 %
Shareholders' equity	**52,875**	**44,331**	**19.3 %**
Accruals	**5,236**	**4,461**	**17.4 %**
Liabilities to banks	7,593	9,419	-19.4 %
Prepayments received on account of orders	242	110	120.0 %
Trade payables	975	835	16.8 %
Liabilities to affiliated companies	4,795	6,838	-29.9 %
Liabilities to companies in which an equity investment is held	7	22	-68.2 %
Other liabilities	246	266	-7.5 %
Liabilities	**13,858**	**17,489**	**-20.8 %**
Total assets	**71,969**	**66,282**	**8.6 %**

Overall Statement on the Economic Situation of the Hönle Group

Based on the 3.1 % growth rate predicted by the IMF, the global economic momentum in the past financial year remained subdued. Growth in global production was thus slightly lower than in the two preceding years. The economic growth rate in 2014 stood at 3.4 % and at 3.3 % in 2013.

In this market environment, the Hönle Group managed to increase sales by 12.3 % to € 92.2 million and the operating result by 42.6 % to € 13.5 million in financial year 2014/2015. A year ago, the Management Board had predicted sales revenues of between € 85 million and € 95 million and an operating result of between € 12 million and € 14 million.

With liquid assets of € 7.5 million (PY: € 5.7 million) and additional credit facilities, the Hönle Group continues to be solidly financed. At the same time, liabilities to banks declined by € 1.7 million to € 11.1 million.

In recent years, the Hönle Group has increasingly diversified its business activities and opened up new and interesting growth markets. At the same time, the share of sales generated from short-lived business assets such as adhesives and lamps relative to total sales increased considerably.
Further measures were implemented at Raesch Quarz (Germany) GmbH in the past financial year with a view to increasing sales in the new financial year and returning to a clearly positive result over the medium term. The preconditions for further increasing the Hönle Group's sales and earnings in the coming years are good.

Events after the Balance Sheet Date

Since 1 October 2015, no events of special significance have occurred that would impact significantly on Hönle Group's net assets, financial position and results of operations.

Research & Development

The Hönle Group companies developed new, high-performance products in financial year 2014/2015 and adapted existing products to meet individual, customer-specific requirements. The research and development expenses incurred by the Hönle Group edged up from T€ 4,001 in the previous year to T€ 4,108 in the financial year under review. During the same period, the number of staff employed in the R&D departments rose from 58 to 59 as at the end of the respective financial years. This means that 10.8 % (PY: 11.5 %) of Hönle's staff was employed in the Research and Development departments.
A selection of the R&D activities in the past financial year is presented in the following:

Segment Equipment & Systems

In recent years, the printing market for digital and inkjet printing has developed more dynamically than other printing segments. The market's main characteristics are speed, efficiency and individuality. Since fixed printing templates are no longer in use, customised print products and also very small runs of print products can be produced efficiently on the basis of inkjet printing. The formats range from small labels to house-sized posters. In addition, it is possible to print on a wide range of materials, such as PVC, canvas, metal, wood and glass.
The fast and reliable drying of inks is a prerequisite for high-quality print products. The Hönle Group develops and manufactures customer-specific curing systems for a large number of inkjet applications. Hönle UV equipment is available at arc lengths ranging from 50 mm to 3,000 mm. Leading printing machine manufacturers use infrared, conventional UV and UV LED technology supplied by Hönle. Today, Hönle is the global market leader for large-format inkjet printing.

The Hönle Group also brought mobile LED lamps to market maturity. With the UVAHAND LED, Hönle developed a high-intensity hand-held LED lamp. The device is used in all applications requiring the reliable, homogeneous curing of UV-reactive adhesives and casting compounds. The main areas of use are the following: the joining of gas, plastics and metal as well as the manufacture of electrical and electronic components. The device is also used for particle control in clean rooms and authenticity or fluorescence testing for quality assurance purposes.

In the last financial year, the Hönle Group participated in several trade fairs in Germany and abroad to engage in active dialogue with customers and other market participants. In this context, Hönle presented solutions and systems for curing and drying UV-reactive coatings, inks and adhesives. The number of adhesive applications is constantly rising in the electronics industry, in particular.

In May, the Hönle Group participated in an important trade fair for digital printing. A clear tendency towards the increasing use of UV LEDs has been observed for some years now. Today, UV LED curing systems for curing inks and adhesives account for a considerable portion of Dr. Hönle AG's sales revenues, and the product portfolio is constantly being enlarged. Hönle presented the jetCure LED at the Fespa trade fair. Radiation width and wave length can be adjusted perfectly to the respective application. Another new development relates to air-cooled UV LED modules with 1 to 14 W/cm^2, which can be connected seamlessly at any given length. The success of Hönle products is also underpinned by the fact that, overall, 22 Hönle UV systems were used in large-format printing machines by seven different manufacturers at the Fespa 2015 trade fair.

Segment Glass & Lamps

The Raesch Group developed or further optimised new products made of highly purified quartz glass with a view to achieving the aimed-for growth in the semiconductor and fibre optics market. These products concern glass tubing for the semiconductor industry and quartz glass rods for the manufacture of fibre cable for fast data transfers.

A quartz glass tube manufactured by Raesch Quarz (Germany) GmbH with an outside diameter of 300 mm is unique in Europe. The tube is drawn in only one manufacturing step so that three process steps in further processing can be dispensed with. The new manufacturing process translates into significant time savings and a perceptible reduction in energy costs. The tubes are used in the semi-conductor and solar power industries.

Segment Adhesives

UV LEDs are also increasingly used for bonding applications. So far, the selection of UV LED-curing adhesives was, for the most part, limited to acrylates. However, thanks to the development of new photo initiators, epoxy systems can now also be cured within seconds, depending on irradiation intensity. The new UV LED technology permits intensities that can cure adhesives on epoxy basis significantly faster and this leads to shorter cycle times in the production process. Several epoxy adhesives based on this new technology have been developed by Panacol.

Panacol presented a new dual-curing adhesive at this year's BondExpo trade fair in Stuttgart: Vitralit® UD 2018 is an epoxy adhesive that was specifically developed for applications in the electronics segment. Following initial UV curing, the adhesive can also be cured thermally in shadowed areas. The thixotropic adhesive is characterised by extremely low volume shrinkage. It can be accurately dosed dispensed very precisely and is particularly suitable for micro dosing on circuit boards and for firmly fastening transmitter/receiver units in the electronics segment.

Selection of Memberships

Exchanging experiences with customers and interested persons is crucial to the success of the Hönle Group. In addition to cooperation with technical colleges and research institutions, Hönle also visited many trade fairs in Germany and abroad and conducted own seminars, thus directly exchanging experiences with its customers.

In addition, the Hönle Group is member of several interest groups and organisations (excerpt in alphabetical sequence).

DECHEMA Gesellschaft für Chemische Technik und Biotechnologie e.V.

DFTA Flexodruck Fachverband e.V.

DVS Deutscher Verband für Schweißen und verwandte Verfahren e.V.

EWPA European Waterless Printing Association e. V.

FDI Fachverband Führungskräfte der Druckindustrie und Informationsverarbeitung e.V.

FFI Fachverband Faltschachtel-Industrie e.V.

FGD Forschungsgesellschaft Druckmaschinen e.V.; im VDMA Verband Deutscher Maschinen- und Anlagenbau e.V.

FOGRA Forschungsgesellschaft Druck e.V.

Industrieverband Klebstoffe e.V.

IUVA International Ultraviolet Association

NeZuMed Netzwerkprojekt Medizintechnik

VCI Verband der Chemischen Industrie e.V.

Environmental Aspects

UV technology is counted among the Hönle Group's core competencies. Hönle UV drying systems are employed in a wide variety of printing and coating applications. Generally, the environmental compatibility of UV drying processes is clearly better than that of conventional thermal drying processes. The use of modern UV drying systems is recommended due to the systems' superior energy performance when compared to conventional infrared and hot air drying systems. In addition, the high quality and scratch resistance of end products help to reduce the repair work necessary due to mechanical stress and strain.

The use of UV technology enables a significant reduction in the amount of hazardous solvents. The German Solvent Ordinance (BImSchV) limits the emission of volatile organic compounds (VOC). The use of UV inks and paints represents a possibility to comply with that Directive. The process aimed at a further reduction of emissions as promulgated in the VOC and National Emission Ceilings Directive, for example, is continuing at cross-national level. For this reason, the opportunities for further proliferation of UV technology in the printing, paints and lacquers and coating segments are also promising in the future.

Surface disinfection is another business segment of the Hönle Group. UV disinfection has been successfully employed for decades in the global food industry, for example. UV disinfection offers numerous advantages over chemical disinfection methods. For example, it renders the transport, storage and disposal of chemicals obsolete. No harmful disinfection by-products are formed and aesthetic characteristics, such as the taste, odour and colour of the foodstuff are not impaired.

Hönle UV lamps are also used in drinking water and waste water disinfection and in the treatment of ballast water on ships and vessels. The ultraviolet rays purify the water, reaching very high germ elimination rates. The use of chemicals can be minimised or even completely avoided. Micro-organisms, for example, are killed at the drainage system of sewage treatment plants without using chemicals and therefore without any harm to the environment. Waters are protected by using UV technology and their self-cleaning properties are preserved.

Raesch Quarz (Germany) GmbH manufactures high-quality quartz glass products for industrial applications. Products for the processing industry are made from various quartz sand mixtures using blast furnaces. The customers come from various branches of industry, such as the lighting, semiconductor, automotive supplier, fibre cable, and water treatment industries. High temperatures are required for melting the sand. The energy required for this melting process is correspondingly high.
The company implemented a certified energy management system (EnMS) in compliance with its principle of sustainability and best environmental practice. The energy management system uses a systematic approach based on the DIN EN ISO 50001 standard. The system aims at improving energy efficiency and, consequently, the company's competitiveness. This provides not only economic benefits but

also makes an important contribution to climate protection. Since the 2013/2014 financial year, high-quality insulation granules are used in the energy-intensive melting furnaces of Raesch Quarz (Germany) GmbH with a view to reducing energy consumption.

Industrial adhesives represent another business segment of the Hönle Group. In addition to common adhesives, the product range also includes UV and light curing adhesives. With these adhesives, the drying process takes place without the emission of solvents. The adhesives react to radiation, the molecules interconnect and cure in seconds - and no solvents are used, thus proving the environmental compatibility of UV and light curing adhesives.

Staff

The number of Hönle Group employees rose due the expansion of business activities and the consolidation of Tangent Industries, Inc. At the end of the financial year, the Hönle Group employed a staff of 545 (PY: 506). The number of staff included 43 part-time employees, which corresponds to 7.9 % of total staff.
Personnel expenses rose from T€ 27,857 to T€ 29,395 in the past financial year.

Hönle invests in occupational training with a view to covering the future demand for qualified personnel: At the end of the financial year, the group employed 19 trainees (PY: 19). The Hönle Group is presently providing training for industrial clerks, technical product designers, chemical laboratory assistants, mechatronic technicians, IT administrators, warehouse logistics specialists and others. Hönle also offers trainees and bachelor undergraduates the possibility to gain deeper insight into how technology companies operate. With a view to ensuring a high qualification level among its employees, Hönle also regularly invests in employee qualification and training measures.

Functional Areas

Reporting date	30/09/2015	30/09/2014	Change
Sales	87	83	4.8 %
Research & Development	59	58	1.7 %
Production, Service	264	241	9.5 %
Logistics	65	58	12.1 %
Administration	70	66	6.1 %
Total	545	506	7.7 %

Average	2014/2015	2013/2014	Change
Sales	87	86	1.2 %
Research & Development	58	60	-3.3 %
Production, Service	261	241	8.3 %
Logistics	60	57	5.3 %
Administration	71	69	2.9 %
Total	537	513	4.7 %

Personnel Expenses

in T€	2014/2015	2013/2014	Change
Wages and salaries	24,339	23,025	5.7 %
Social security and pension costs	5,056	4,832	4.6 %
Total	29,395	27,857	5.5 %

Information Required under Takeover Law

The disclosures required pursuant to Section 289 (4) and Section 315 (4) HGB are presented below as at 30 September 2015.

Re: No. 1: The nominal capital of Dr. Hönle AG reported as of the financial year-end amounted to € 5,512,930; it is split into 5,512,930 no-par bearer shares. Each share of stock carries one voting right. Shares carrying special rights do not exist. Further details regarding the nominal capital are provided in the Notes to this Annual Report in the chapter: Shareholders' Equity.

Re: No. 3: Pursuant to Section 21 (1) WpHG, shareholders must report significant participating interests in listed companies. Dr. Hönle AG is not aware of any shareholders with participating interests in Dr. Hönle AG of more than 10 %.

Re: No. 6: The Supervisory Board appoints the Dr. Hönle AG Management Board for a maximum term of office of five years. Each amendment to the company's Articles of Incorporation requires a resolution by the Shareholders' Meeting.

Re: No. 7: In the future also, the Management Board and Supervisory Board are to be in a position to utilise authorised capital for the acquisition of companies, company shareholdings and other economic assets, and for strengthening the company's equity capital. To this end, the Annual General Meeting held on 20 March 2015 authorised the Management Board, with the approval of the Supervisory Board, to increase the nominal capital through the single or repeated issuance of new, no-par bearer shares by up to 2,750,000 shares by 19 March 2020. Moreover, the Annual General Meeting held on 21 March 2014 authorised the company to purchase - in the interest of its shareholders - up to 551,293 of its own shares by 31 December 2018.

Re: No. 8: In the event of a change of ownership at Dr. Hönle AG, the Management Board is entitled to resign from office.

Re: No. 9: In the event of a change of ownership at Dr. Hönle AG, the Management Board is entitled to receive a severance payment.

Further details respecting Section 315 (4) Nos. 8 and 9 HGB are provided in the compensation report presented below.

Statement on Corporate Governance

The statement on corporate governance to be submitted pursuant to Section 289a HGB is included in the Corporate Governance Report: It is also available at www.hoenle.de.

Opportunities and Risk Report

Structure of the Risk Management System

Dr. Hönle AG's risk policy is aligned to the entrepreneurial objectives of sustained growth and improvement of corporate performance in order to increase corporate value. In most cases, entrepreneurial opportunities contrast with risks that must be recognised and evaluated at an early stage and, through the introduction of suitable measures, any possible negative impact is to be limited in order to avoid threats to the company's existence as a going concern.

Dr. Hönle AG established a formalised risk management system for monitoring risks. The principles documented in a risk manual define the procedures for dealing with risks. In consideration of the amount of potential damage, the probability of the occurrence of losses, and also in view of the opportunities arising for the company, decisions are made as to whether the respective risks are to be avoided, reduced, transferred or accepted.

In the past financial year, risk reports were sent to the risk manager as required (risk identification). All risks were evaluated within the scope of a predefined scale for the evaluation of potential losses and the probability of occurrence (risk evaluation). Necessary measures were defined and initiated as required (risk management). In addition, risk discussions were held with the responsible risk managers at quarterly intervals; the risk situation was analysed and measures were monitored (risk controlling). The Dr. Hönle AG Management Board is informed of the group's current risk situation at regular intervals and is promptly notified when defined risk thresholds respecting individual risks are reached. All responsibilities, principles and procedural approaches are documented in a risk management manual and all risk reports are recorded on standardised forms (risk documentation).

Individual Risks

From the current perspective, the Hönle Group is exposed to the following internal and external opportunities and risks:

Market and General Conditions

According to estimates published by the International Monetary Fund, the global economy will continue to grow moderately. The growth drivers will be shifting further from the emerging markets to the advanced economies. The upswing is expected to continue in the USA, in particular, while growth dynamics in the emerging markets are expected to weaken. In some countries, such as Russia and Brazil, the production rates are even negative. The enormous growth rates in the Chinese economic region will be gradually curbed in the coming years. However, at 6 to 7 % they will continue to be a crucial factor for the development in the world economy. The euro zone will stabilize to an increasing extent; although at a low level. The present insecure geopolitical situation and the current crises (international terrorism, war in Syria/Iraq, Ukraine, the influx of refugees) could have a negative impact on economic development. A cooling down of the economy would impair Hönle Group's sales and earnings development. Hönle addresses this risk by continuously monitoring the market in order to enable the company to react swiftly to any current economic developments. Should national measures be adopted to boost the economy, this would have a positive impact on both the general economic development and the business development of the Hönle Group.

Market risks arise from changes in underlying data such as those pertaining to raw materials. Depending on the changing market situation, significant price fluctuations may affect purchase prices for raw materials or for energy supply. After careful consideration of all relevant factors, based on a cost-benefit analysis, the Hönle Group decided against special hedging measures to cover commodity price risks. On the other side, a decline in the prices for energy and many raw materials as most recently seen in 2015 would have a positive impact on the Hönle Group's earnings development.

Changing international regulations and laws (in Germany and the EU, in particular) such as those concerning the use of raw materials and ingredients, entail risks. Setting up trade barriers and the intensification of geopolitical strains may also have a negative impact. At the same time, opportunities could arise from changing general conditions, which would impact positively on Hönle Group's development.

The Hönle Group companies regularly receive investments grants and subsidies for development projects from public sector or private sources. In some cases, these grants and subsidies are subject to future-oriented criteria and prerequisites. Consequently, there is a risk that some grants or subsidies will have to be repaid in the case of plan deviations. Management and the Management Board regularly control compliance with the criteria to avoid or properly respond to those risks.

Operational Development

The loss of key customers could lead to a decline in revenues. Hönle addresses this risk through intensive monitoring of its key customers and ongoing examination of their financial performance. Customer satisfaction respecting key accounts is continually monitored. In addition, expansion of the customer base to include economically unrelated target industries improves the risk structure and the successful cooperation with key customers provides a sound basis for further expansion of business activities and continuing growth with strong partners.

It cannot be ruled out that in individual cases customers are or will be unable to meet their payment obligations in due time. However, the Hönle Group customers have thus far demonstrated good payment behaviour. Hönle adapts the payment conditions to customers’ credit standing as required.

Due to the introduction of new products or technologies, the company's existing products may no longer be marketable. The success of the Hönle Group depends on the ability to promptly recognise market developments and to continuously develop and offer new products. At the same time, technological changes also offer an opportunity to open up new sales markets with innovative products. In the past, the Hönle Group already succeeded several times in recognising market developments at an early stage and using them to the company's advantage.

A prolonged power failure, in particular as a result of the energy turnaround cannot be ruled out completely, although this has not occurred to date. A prolonged power failure at the Raesch Group would lead to considerable damage to technical equipment and interruption of production processes. Should the risks/costs ratio move within a reasonable scope, the Raesch Group will initiate further hedging measures.

Like other companies, the Hönle Group is also subject to IT-related risks. IT systems provide the basis for almost all operational procedures and processes. Structures were established with a view to protecting the business processes from IT risks. These structures are to prevent possible damage/losses and ensure high process security. The redundant design of IT systems is of crucial importance in this context. The operational solutions concerning access control, protection systems, failure management and data backup ensure the high availability of the technical IT infrastructure.

Hönle competes for specialists and executive staff. The market for skilled workers and engineers, in particular, is subject to intense competition. The attractiveness of an employer plays a crucial role in applicants' decision-making process. Hönle thus places great emphasis on a good working environment, targeted training and internal training and qualification measures and offers promising career prospects. The company also cooperates closely with selected technical universities and offers bachelor and master's courses as well as internships. Hönle also counteracts the lack of skilled professionals by offering internal vocational training. In all, Hönle is well equipped to deal with the increasing competition in the job market for specialists and executives.

The loss of key personnel in the company on whose knowledge the company's success depends constitutes a further, at least short-term risk. In order to counteract this risk, Hönle aims to retain its staff in the company over the long term and has implemented various measures to this end. Furthermore, corresponding substitution arrangements are in place in the sensitive areas, in particular, in order to minimise the impact of an unexpected loss of an employee.

Financial Risks

Financial risks include risks associated with financial losses due to fluctuating economic data, such as data pertaining to exchange and interest rates. Such risks may impact negatively on the company's net assets, financial position and results of operations.

It is to be assumed that rising euro exchange rates could adversely impact on Hönle's export business. However, since sales are generally invoiced in euros, Hönle does not engage in currency hedging transactions. Hönle addresses exchange rate fluctuations which affect regional price structures through continuous market monitoring and through product or price adjustments, as required. A weaker euro entails the risk of higher cost of materials. On the other hand, a depreciating euro (as was the case in financial year 2014/2015) might offer competitive advantages to the company outside the EU with a resulting positive impact on the results of operations.

Interest rate risks arise from changes in interest rate levels. Dr. Hönle AG took out loans with variable interest rates in order to finance the acquisition of shares in the Raesch Group and assets of Grafix GmbH. Derivative financial instruments (interest rate swaps) were used in this context for hedging against interest risks. In all, the interest risk is presently of subordinate relevance to the Hönle Group. At the same time, the currently low interest rates in Germany translate into favourable refinancing conditions.

Liquidity bottlenecks due to a permanent decline in business development cannot be ruled out completely. Dr. Hönle AG and its subsidiaries are provided with liquidity on the basis of long-term financial and liquidity planning. The Management Board is informed about the current liquidity situation on a regular basis. With liquid assets of currently € 7.5 million and existing credit facilities, the Hönle Group is solidly financed. Moreover, a cash pooling arrangement optimises the liquidity supply of the individual companies and minimises the respective liquidity risks.

Acquisitions are an important component in the strategic further development of Hönle's corporate structure. The acquisition of companies is associated with both opportunities and risks. Acquisitions offer the possibility to open up new business areas and markets, and to contribute to the Group's sustained positive business development. Impairment risks arise when the acquired company cannot be integrated within the planned time schedule or does not develop as expected.

The probability of unfavourable business developments increases in times of difficult or uncertain general macroeconomic conditions. It cannot be ruled out completely that some Hönle Group companies may be required to perform value adjustments respecting recognised amounts of goodwill (consolidated financial statements) or investment values (annual financial statements) in the event that business activities develop below expectations.

The annual financial statements of Dr. Hönle AG include an investment book value of T€ 8,679 and loans in the amount of T€ 6,938 and the consolidated financial statements disclose goodwill of T€ 3,387 in the context of Raesch Quarz (Germany) GmbH. Raesch Quarz (Germany) GmbH largely achieved the planned sales and earnings targets in the last financial year. While one semiconductor furnace is operating steadily at a high quality level, sustainable production processes respecting two semiconductor furnaces were not started in financial year 2014/2015 due to further technical optimisation requirements. The review of figures stated for Raesch Quarz (Germany) GmbH is based on corporate planning covering a five-year planning period and annual sales increases of 14.9 %, on average. It is assumed in this context that the above-mentioned semiconductor furnaces, in particular, will provide the basis for sales increases in the semiconductor and fibre cable growth markets in financial year 2015/2016 and subsequent years with growing production volumes in conjunction with a strong sales force. The course of sales revenues and earnings planning over time takes into account any remaining technical uncertainties and the time required for the upcoming start-up of the two semiconductor furnaces. Connected with this is a further reduction in reject rates and guaranteed product quality and supply reliability. It is also assumed that major products for customers in the semiconductor industry will be certified in the coming two financial years.

It cannot be ruled that Raesch Quarz (Germany) GmbH might fail to achieve the planned sales and earnings targets due to technical difficulties, further delays in the scheduled start of operations of the furnaces, unfavourable market conditions or shifts in demand, which could lead to write-downs of recognised investment values in some cases.

On the other hand, however, sales and earnings may develop significantly better and faster than planned as a consequence of the implemented measures. A certification of products for the semiconductor industry over the short term would further increase the possibility of improved sales and earnings development. Moreover, Raesch Quarz (Germany) GmbH can create additional sales opportunities through planned new investments in production plants.

It cannot be ruled out completely that recognised insurance income is not, or are only partly, paid by the insurance company despite careful examination and assessment of the compensation claim and compensation amount. On the other hand, the amounts actually to be paid by the insurance companies may exceed the respective recognised receivables.

Internal Control and Risk Management System with regard to the Accounting Process

The disclosures required under Sections 289 (5) and 315 (2) No. 5 HGB are presented in the following.

Both the risk management system and the internal control system deal with the monitoring of accounting processes, among other things. In addition to identifying and assessing the risks which may hinder adequate financial statements preparation, suitable measures must be taken to avert such risks.

Strategic corporate planning, internal reporting and the internal control system are components of the risk management system. Strategic corporate planning is aimed at identifying and utilising future opportunities while assessing the associated risks that may arise. Internal reporting serves as an information system that provides information about existing risks. The internal control system is continuously used for the identification of risks, the taking of corresponding measures and monitoring their implementation and effectiveness. The internal control system also encompasses Dr. Hönle AG's accounting process. The controlling department is responsible for analysing the accounting process. Accounting-related reporting to the Management Board takes place regularly and promptly. The reporting includes relevant financial indicators and comprises a detailed comparison of actual figures with those planned.

In addition, within the scope of risk management, meetings which involve all departments of Dr. Hönle AG are held at regular intervals in order to discuss any measures to be taken. The Management Board is provided with the respective reports in due time.

In order to ensure appropriate implementation of the internal risk management guidelines, Hönle also uses a manual specifically developed for this purpose. The contents of the manual include rules of conduct respecting the identification, analysis, assessment, monitoring and documentation of risks.

The major preconditions for proper accounting include an adequate merchandise management system, thorough staff training (such as training concerning new, statutory regulations), the allocation of responsibilities, functional segregation with respect to the accounting system, and controlled access at IT system level. Dr. Hönle AG implemented an ERP (Enterprise Resource Planning) and accounting system that enables appropriate accounting. In addition, the Hönle Group established a uniform, group-wide ERP system and implemented a certified consolidation program aimed at ensuring reliable and prompt financial accounting. Newly founded or acquired companies are integrated into the existing ERP system as quickly as possible. In this context, Dr. Hönle AG performs the accounting function centrally as a service provider for the Hönle Group companies. The accounting process is based on the principle of dual control. In addition, the information provided in the financial statements is subject to defined release processes. The figures stated in the financial statements are analysed and any changes are reviewed in the context of financial statements preparation.

In order to exclude as far as possible any threat to data security, Hönle aims to constantly review and, if necessary, improve preventive measures in the IT segment. Regular system updates and enhancements as well as observance of internal security guidelines by our employees are evident. Protection against unauthorised access, destruction, and misuse is ensured to a great extent through firewall systems and access control at operating system and applications level.
The IT system structure contributes to early and adequate recording of all information relevant to the accounting process and ensures the greatest possible security throughout the group.

Risk Management with regard to Financial Instruments

Disclosures pursuant to Sections 289 (2) No. 2 and 315 (2) No. 2 HGB are presented in the following.

In its capacity as the controlling group company, Dr. Hönle AG monitors, coordinates, and manages the Hönle Group's financial activities. In so doing, top priority is given to ensuring that sufficient liquidity reserves are in place and great emphasis is placed on achieving optimised profitability while minimising risks at the same time.

Default Risk

Default risks arising from the failure of contracting parties to meet their payment obligations as scheduled generally constitute a potential financial threat in business dealings. Hönle reviews the credit standing of its business partners with particular focus on key accounts. Due to continuous monitoring of business transactions, the default risk is low.

Target achievement concerning the equity investments held by Hönle plays a major role in the existing risk exposure of Dr. Hönle AG concerning, in particular, the carrying amounts of equity investments as well as the loans and receivables vis à vis the equity holdings. If the equity investments fail to meet the planned targets or to take the necessary measures in response to further developments within the appropriate time period, a review of the values recognized and, possibly, impairment write-downs may be required.

Liquidity Risk

The liquidity risk may be of relevance to the Hönle Group in the event that current or future payment obligations cannot be met due to insufficient liquidity. The company's solvency is continuously ensured on the basis of long-term financial planning over several years and regular liquidity planning.

Market Risk

The market risk arises from financial losses due to fluctuating market prices (e.g. with regard to raw materials, exchange rates, interest rates and stock prices). The currency risk, interest rate risk and commodity price risk are particularly relevant to the Hönle Group. Such risks may impact negatively on the company's net assets, financial position and results of operations.

The currency risk comprises risks arising from exchange rate fluctuations that may impact on the competitiveness of Hönle Group's products and purchase prices. The Hönle Group settles most of its purchase and sales transactions in euros and is thus in a position to largely avoid currency risks associated with the settlement of services and deliveries from suppliers or to customers, respectively.

The interest rate risk arises from changes in interest rates. A derivative financial instrument (interest rate swap) was used to hedge against interest rate risks. Due to the effectiveness of the hedging instrument, Dr. Hönle AG is not exposed to a reportable earnings risk since any possible negative fair values of the financial instrument are offset by the positive developments of the associated underlying transaction (hedged item). Reference in this respect is made to the disclosures in the notes to the consolidated financial statements.

Depending on the changing market situation, significant price fluctuations may affect purchase prices for required raw materials or for energy supply. Following a careful assessment based on a cost-benefit analysis, the Hönle Group decided not to implement special hedging measures against currency and commodity price risks. From a current perspective, the existing and expected market risks do not represent a threat to the Hönle Group's continued existence as a going concern. A favourable market development, however, could have a positive impact on the company's net assets, financial position and results of operations.

Overall Assessment of the Opportunities and Risk Situation

With high-performance products in various industries and fields of application, Hönle is excellently positioned and has a solid financial footing.
From the current perspective, significant risks may be involved in a general economic downturn. In such case, the economic downturn would presumably also impact negatively on Hönle Group's business development. Failure to meet the targeted figures at Raesch Quarz (Germany) GmbH could also negatively impact on the company's and the group's net assets, financial position and results of operations.
On the other hand, economic opportunities arise for the Hönle Group from the opening up of new markets and fields of application. The expansion of sales capacities - whether via own companies or via local sales partners - is intended to create new sales markets for Hönle. New fields of application such as those in the semiconductor, fibre cable, water sterilisation or the medical technology segments, are to be continuously tapped in the coming years. The cooperative partnership in Korea in the adhesives segment provides for great growth potential concerning the Hönle Group's future development.

Currently, no risks are discernible risks that could jeopardise the company’s continuation as a going concern now or in the future.

Remuneration Report

Remuneration of Management Board Members

The remuneration structure is aligned to sustained corporate development. The monetary remuneration components include fixed and variable components based on the Hönle Group's performance.
The criteria used in evaluating the suitability of remuneration are as follows: The tasks of the respective Management Board member, personal performance, the economic situation, earnings, and future outlook of the company, standard practice in the industry and the company's general remuneration structure. The Supervisory Board regularly reviews the structure and amount of the remuneration for Management Board members.

The company reports pension commitments concerning the Management Board members, Mr. Haimerl and Mr. Runge. Within the context of the conversion of pension commitments for Management Board members, annual pension modules have been acquired starting from 1 January 2012. The amount of a pension module acquired in a given financial year is derived from the pension expenses that are converted into pension instalments using age-dependent conversion factors. The pension expenses correspond to a fixed percentage rate of the annual fixed remuneration (excluding profit sharing bonus). The designated benefit types are: old age pension (from the age of 60), and disability pension and survivors' pension (for widows, widowers, partners and orphans). The amount of the disability and old age pensions corresponds to the total of vested rights components and the pension components acquired up to the time when a pension becomes due. The widow's/widower's and partner's pension corresponds to 60 % of the disability or old age pension entitlement at the time of death or which was paid out at the time of death. The orphan's pension amounts to 12 % of the mentioned pension entitlement for half-orphans and 20 % for orphans. Employers' pension liability insurances were concluded with a view to covering the pension commitments.

Fixed Remuneration (not based on performance)

in T€	**Salary**		**Other Remuneration**		**Total**	
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014
Norbert Haimerl	225	212	25	23	250	235
Heiko Runge	224	211	15	15	239	226
Total	449	423	40	38	489	461

Performance-Based Remuneration

in T€	**Profit Sharing Bonuses**	
	2014/2015	2013/2014
Norbert Haimerl	300	195
Heiko Runge	300	195
Total	600	390

Pensions

in T€	Pension Expenses pursuant to IAS 19	
	2014/2015	2013/2014
Norbert Haimerl	205	206
Heiko Runge	177	178
Total	382	384

Pensions

in T€	Present Value of Defined Benefit Obligations	
	As at 30/09/2015	As at 30/09/2014
Norbert Haimerl	1,171	1,028
Heiko Runge	1,059	940
Total	2,230	1,968

In addition, benefits amounting to T€ 12 (PY: T€ 12) were paid to surviving dependents of former Management Board members.

Benefits upon Termination of Management Board Activity

The Supervisory Board appoints the Dr. Hönle AG Management Board for a maximum term of office of five years.

An agreement governing a transitional allowance was concluded with the company's Management Board. In accordance with this agreement, Management Board members who resign from office **at** the end of their 50th year of age and before the end of their 60th year of age, continue to receive payment of the fixed remuneration for 12 months as defined in their employment contracts. After the 12-month period, between 40 % and up to a maximum of 50 % of the fixed remuneration is paid until the pension commitment for Management Board members enters into effect. However, the agreement concerning the transitional allowance only enters into effect provided that the respective Management Board member has been a member of the company's Management Board for at least ten years and if she/he is not personally responsible for the termination of employment. Other income is to be counted against the transitional allowance and can reduce or completely set off the allowance. In addition, the Supervisory Board is authorised to reduce the transitional allowance if the company's economic position deteriorates. In the event that benefits were received erroneously or if the Supervisory Board reduced the benefits subsequently, the benefits granted must be repaid to the company.

In the event of a change of control at Dr. Hönle AG, Management Board members are entitled to terminate their Board of Management Service Agreement within a period of three months after obtaining knowledge of the change of control with a three-month notice period as at the end of a respective month-end, and to resign from office at that time. A change of control is defined as any direct or indirect assumption of control over Dr. Hönle AG by a third party within the meaning of the German Securities Purchase and Takeover Act (WpÜG). In the event of resignation, the respective Management Board member is entitled to a severance payment in the amount of two annual gross salaries (including performance-based compensation), up to a maximum of T€ 400. Calculation of the annual gross salary is based on the average gross salary for the past three financial years prior to leaving the company.

Compensation of Supervisory Board Members

The compensation is comprised exclusively of fixed compensation, which is based on the respective tasks and responsibilities of the Supervisory Board members. No further compensation, e.g. for consulting or intermediary services, is granted.

Compensation of Supervisory Board Members

in T€	**Total**	
	2014/2015	2013/2014
Prof. Dr. Karl Hönle	43	24
Günther Henrich (since 20 March 2015)	21	0
Dr. Bernhard Gimple (since 20 March 2015)	14	0
Dr. Hans-Joachim Vits (until 20 March 2015)	24	32
Eckhard Pergande (until 20 March 2015)	12	16
Total	114	72

Forecast Report

Market Outlook

The prospects for further economic developments of the global economy are positive.
The International Monetary Fund expects economic growth of 3.6 % in 2016, following a growth rate of 3.1 % in the past financial year, and forecasts further recovery of the global economy for 2017.
Higher growth rates than those posted in the two preceding years are foreseen for the advanced economies, in particular. The continued very expansive monetary policy is increasingly providing stimuli in this context. The lower oil prices also impact positively on the economy.
According to a survey conducted by the Institute for the World Economy (IfW), the gross domestic product in the United States is expected to stand at 2.5 % in 2015 and pick up by 3.0 % in 2016 and a further 3.0 % in 2017. Owing to the favourable financing conditions and increasing capacity utilisation, fixed asset investments will particularly gain momentum. The economy in the euro zone will also gradually picking up momentum and will presumably expand by 1.7 % and 2.0%, respectively, in the next two years.
The development in the emerging markets is hampered by problems in the domestic economies and low raw materials prices. The IfW predicts growth rates of 4.6 % and 4.9 %, respectively, for 2016 and 2017. It is expected that growth rates in China will gradually drop further from 6.6 % in 2015 to 6.3 % in 2016 and to 6.0 % in 2017.

An economic downturn in China presents a risk to the global economy. Simulation calculations indicate that a “hard landing” of the Chinese economy would perceptibly curb the global economy. Concerns about a new global economic crisis seem to be exaggerated. Nevertheless, it must be assumed that the global economy will not grow as fast as was predicted a year ago.

Outlook for the Hönle Group

Forecasts of future business development largely depend on the global economic development and the effectiveness of measures initiated at Raesch Quarz (Germany) GmbH. The planning includes all individual Hönle Group companies consolidated in the 2014/2015 financial year.

Segment Equipment & Systems

The Management Board expects slightly positive sales development with respect to drying equipment for the offset printing and digital printing segments in financial year 2015/2016. Newly established customer relationships with major printing machine manufacturers are expected to have a positive impact on sales developments in the current financial year. The Management Board also expects an increase in sales as a result of the refitting of existing printing machines. Given the positive market development and current projects, slightly rising sales are also expected with regard to curing systems for adhesives used in the electronics and automotive industries, in particular.

In addition, Hönle invested in LED dryers for further printing applications (such as for printing on three-dimensional objects), which are also expected to contribute to sales growth in this segment.

Sales revenues achieved in the sunlight simulation segment in the reporting year were considerably higher than in the previous year due to a major contract received from the automotive industry. Given the current situation in the automotive industry, the Management Board predicts lower sales revenues in the sunlight simulation segment for the 2015/2016 financial year.

Segment Glass & Lamps

The future business development of Raesch Quarz (Germany) GmbH is crucial for improving earnings power in the Glass & Lamps segment. In order to ensure high product quality and reduce reject rates, the company's melting furnaces were redesigned and reconstructed with respect to the control technology, among other things. As a result, the transparency of the manufacturing process was improved, the reject rates were reduced and energy costs lowered. The Management Board assumes that the measures initiated as well as the expansion of sales capacities will translate into clear sales improvements and earnings in the coming years.

The measures taken to improve earnings are also expected to lead to higher earnings contributions at Aladin GmbH and UV-Technik Speziallampen GmbH.

The Management Board expects that the Glass & Lamps segment will contribute significantly to the Hönle Group's sales and earnings growth in the coming financial years.

Segment Adhesives

The Adhesives segment reported very encouraging business development. Customer orders from the electronics industry, in particular, contributed to a significant rise in sales and earnings in financial year 2014/2015. We expect a stable business development for the current financial year. For this industrial adhesives in the smart phones and automotive segments will probably contribute significantly in the financial year 2015/2016.
The business segment of special adhesives for medical technology applications is to be continuously expanded in the coming years.

Investments in Tangent Industries, Inc., USA, create a basis for the planned expansion in the North American sales territory. The Hönle Group acquired further shares in the company and thus holds a majority stake in Tangent Industries, Inc. In addition, the company moved into new business premises in Torrington, Connecticut, with some 3,000 square meters of floor space, and all required restructuring measures were completed in the reporting year.

The Hönle Group founded a company together with one of the largest conglomerates in South Korea. SKC-Panacol Co. Ltd. will initially be selling adhesives and also develop and manufacture the products at a later date in the future. The company will start operations in financial year 2015/2016. With a strong partner at its side, the Hönle Group can thus open up a highly interesting market for adhesives that offers great sales potential.

Overall Assessment of Future Business Development

The Hönle Group has a strong foothold in growth areas such as the automotive sector, smart phones and smart cards. Moreover, with its quartz glass products, the group is well positioned to tap into the growing semiconductor and fibre cable markets. New cooperative partnerships, e.g., in the adhesives segment, and the expansion of business relationships with new key customers in the printing market, among other things, offer further important growth potential to the Hönle Group.

Provided that the general economic conditions remain unchanged, the Management Board aims at achieving sales and operating result at the previous year level.

The amount of the Hönle Group's new and replacement investments is expected to range between € 2.5 million and € 3.0 million. Investments in restructuring measures and production plants are planned, inter alia, at Raesch Quarz (Germany) GmbH and Dr. Hönle AG in financial year 2015/2016.

The Hönle Group is also well positioned with its Equipment & Systems, Glass & Lamps and Adhesives business segments. At the same time, the group is represented on markets that offer great potential for further growth. In addition to strictly organic growth, the acquisition of companies will also play an important role in the expansion of the Hönle Group's business activities. The Hönle Group intends to further expand its market position in the adhesives market over the medium term, in particular.

Gräfelfing, 23 December 2015

Norbert Haimerl
Management Board

Heiko Runge
Management Board

Future-Oriented Statements

The management report contains statements and information on Dr. Hönle AG and the Hönle Group 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 as those 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.

Corporate Governance Statement

Corporate Governance Report

Statement pursuant to Section 161 AktG on the observance of recommendations concerning the German Corporate Governance Code by Dr. Hönle AG as at 1 December 2015

The German Corporate Governance Code presents essential statutory regulations governing the management and supervision of German listed companies and includes internationally and nationally recognised standards concerning corporate governance. The German Corporate Governance Code defines three different standards, namely regulations that describe current statutory law as well as recommendations and suggestions of the government commission.
Under currently valid statutory law, corporations are obliged to act in compliance with the legal provisions defined in the German Corporate Governance Code. Companies may deviate from the recommendations but are required to disclose such deviations each year. In accordance with Section 161 AktG [German Stock Corporation Act], the Management Board and the Supervisory Board of German listed companies are required to issue annual statements concerning observance of the recommendations of the government commission. Deviations from the suggestions of the German Corporate Governance Code need not be disclosed.

Even though the Code is - in many cases - mainly directed at large companies, Dr. Hönle AG complies to a large extent with the recommendations of the German Corporate Governance Code. The "Government Commission on the German Corporate Governance Code" reviewed the Code and applied some changes. The company's past, present, and expected future practices deviate from the recommendations of the German Corporate Governance Code as amended on 5 May 2015 with respect to the following points:

Deductibles concerning D&O Insurance Policies for the Supervisory Board

The German Corporate Governance Code recommends that an adequate deductible be agreed when the company takes out a D&O [Directors and Officers Liability Insurance] insurance policy for the Supervisory Board (section 3.8 (3)). The D&O insurance policy for the Management Board includes a deductible in accordance with the statutory regulation. However, the insurance policy does not provide for a deductible for members of the Supervisory Board. The Management Board and the Supervisory Board continue to be of the opinion that responsible actions are a fundamental duty of all members of corporate bodies; therefore, there is no need for a deductible concerning Supervisory Board members.

Duties of the Management Board

Section 4.1.5 of the German Corporate Governance Code stipulates that the Management Board shall lay down targets for the share of women in the two management levels below the Management Board. In accordance with the specifications of the German "Act on Equal Participation of Women and Men in Executive Positions in the Private Economy and Public Sector" (Gesetz über die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst) dated 24 April 2015, the Management Board of Dr. Hönle AG specified targets for the share of women in the two management levels below the Management Board. The Management Board defined that the minimum share of women in the first management level below the Management Board to be reached by 30 June 2017 shall be 25 %. The figure corresponds to the current share of women in the first management level below the Management Board. In addition, the Management Board defined that the share of women in the second management level below the Management Board shall be at least 0%. Consequently, no deadline has to be defined for achieving the minimum share. The Management Board is of the opinion that personal qualifications and individual ability should be the determining factors for staffing executive positions and not age or gender. However, latest by midnight, 30 June 2017, the Management Board of Dr. Hönle AG will again decide on the targets to be achieved for the share of women in the two upper management levels below Dr. Hönle AG's Management Board.

Composition of the Management Board

The German Corporate Governance Code recommends that the Management Board shall have a chairman or a spokesman (section 4.2.1, sentence 1). At present, the Management Board of Dr. Hönle AG is comprised of two persons. The distribution of business and cooperation within the Management Board is governed, among other things, by the rules of internal procedure concerning the Management Board. Dr. Hönle AG does not have a Management Board chairman or a Management Board spokesman. Both Management Board members have been working together closely and successfully for years under this structure. Dr. Hönle AG does not deem it practical to change the Management Board structure.

Structure of Management Remuneration

The German Corporate Governance Code recommends that Management Board remuneration should include fixed and variable components. In this respect, it must be ensured that the variable remuneration components are principally based on a multi-year assessment (section 4.2.3 para. 2). The Supervisory Board of Dr. Hönle AG does not believe that a multi-year basis of assessment increases the quality of the activity of the Board. The Management Board members of Dr. Hönle AG therefore receive fiscal year-related variable remuneration components that are capped as to their amount.

Payments to a Management Board Member in the Event of Premature Termination of Board Activity

In accordance with German Corporate Governance Code recommendations, when concluding Management Board contracts, care shall be taken to ensure that payments - including fringe benefits - made to a Management Board member upon premature termination of his contract do not exceed the value of two years' remuneration, and compensate for no more than the remaining term of the contract. The severance payment cap shall be calculated on the basis of the total remuneration for the past full financial year and, if appropriate, also the expected total remuneration for the current financial year (severance payment cap, section 4.2.3, para. 4). The Supervisory Board appoints the Dr. Hönle AG Management Board for a maximum term of office of five years. In the event of premature termination of Management Board activity, Management Board contracts provide for continuation of Management Board remuneration up to the end of the contract term. Should a Management Board member leave the company due to a change in the ownership structure (change of control, section 4.2.3., para. 5), the respective Management Board member is entitled to a severance payment in the amount of two annual gross salaries (including performance-based compensation), up to a maximum amount of T€ 400. Calculation of the annual gross salary is based on the average annual gross salaries paid for the past three financial years prior to leaving the company.
Dr. Hönle AG is of the opinion that it would not be expedient to change the calculation base for determining the severance payment applicable to Management Board members.

Disclosure of Management Board Remuneration

The German Corporate Governance Code recommends that, for financial years starting after 31 December 2013, the benefits granted to each Management Board member shall be disclosed, including the maximum and minimum achievable remuneration components respecting variable remuneration components, as well as the allocation of fixed remuneration, short-term variable remuneration and long-term variable remuneration. Predefined model tables should be used to disclose this information (section 4.2.5, para. 3). Dr. Hönle AG publishes the remuneration paid to its Management Board members in accordance with the applicable provisions. The information is provided separately and broken down by fixed and performance-based remuneration components and pensions. Dr. Hönle AG does not believe that a change in the presentation of Management Board remuneration would improve the presentation's quality and comprehensibility.

Duties of the Supervisory Board

Section 5.1.2 of the German Corporate Governance Code stipulates that the Supervisory Board shall determine targets for the share of women on the Management Board. In accordance with the legal specifications of the German "Act on Equal Participation of Women and Men in Executive Positions in the Private Economy and Public Sector" (Gesetz über die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst) dated 24 April 2015, the Supervisory Board of Dr. Hönle AG specified a target figure for the share of women on the Management Board. The Supervisory Board defined an achievable target figure of at least 0 % for the share of women on Dr. Hönle AG's Management Board. Consequently, no deadline has to be defined for achieving the minimum share. The two Dr. Hönle AG Management Board members, Mr Haimerl and Mr Runge, have successfully managed the group for many years now. At present, it is not planned to expand the Management Board or to appoint new Management Board members. For this reason, no minimum target in excess of 0 % for the share of women on the Management Board is specified for the period up to 30 June 2017. The Supervisory Board will base the selection of Management Board members on the candidates' qualifications and individual competence in the future also. The Supervisory Board believes that decisions respecting the staffing of vacant Management Board positions should be based on suitability considerations alone and not on gender or age. However, latest by midnight, 30 June 2017, the Dr. Hönle AG Supervisory Board will make a new decision on the achievable target figure concerning the composition of the Management Board.

Formation of Supervisory Board Committees

The German Corporate Governance Code recommends that the Supervisory Board shall form committees with sufficient expertise, in particular an audit committee (section 5.3). At present the Dr. Hönle AG Supervisory Board consists of three members. Decision-making committees must also consist of three members. In view of the size of the Dr. Hönle AG Supervisory Board, no committees are formed at present.

Composition of the Supervisory Board

The German Corporate Governance Code issues specific recommendations regarding the composition of the Supervisory Board. In so doing, the Code recommends that age limits shall be specified for members of the Supervisory Board and that a limit respecting the length of tenure shall be stipulated for Supervisory Board members, as well as diversity (section 5.4.1, para. 2). Moreover, the objectives regarding the composition of the Supervisory Board shall be specified and the status of implementation is to be published in the Corporate Governance Report (section 5.4.1, para. 3). The Dr. Hönle AG Supervisory Board consists of three members. Dr. Hönle AG is of the opinion that personal qualifications and individual competence should be the determining factors regarding the composition of the Supervisory Board rather than age or gender or similar aspects. Dr. Hönle AG's Supervisory Board did not specify any fixed limitations respecting age or length of appointment for its members. Dr. Hönle AG regards such a limitation as being an inappropriate limitation of the shareholders' right to elect Supervisory Board members. Consequently, the Supervisory Board has not defined specific targets concerning the composition of the Supervisory Board in terms of the Code. For this reason, Dr. Hönle AG will not publish the objectives of the composition of the Supervisory Board or the status of implementation in the Corporate Governance Report. In accordance with the specifications stipulated in German "Act on Equal Participation of Women and Men in Executive Positions in the Private Economy and Public Sector" (Gesetz über die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst) dated 24 April 2015, however, the Supervisory Board of Dr. Hönle AG specified a target figure for the share of women on the Supervisory Board. Since Dr. Hönle AG is not subject to the German Co-Determination Act (Mitbestimmungsgesetz), Dr. Hönle AG's Supervisory Board does not have to comprise at least 30 % women and at least 30 % men. The Dr. Hönle AG Supervisory Board defined that the target figure to be achieved for the share of women on the Supervisory Board shall be at least 0 %. Consequently, no deadline has to be defined for achieving the target figure. The present Supervisory Board members of Dr. Hönle AG were re-elected at the Annual General Meeting held in March 2015 for tenure of five years. The Supervisory Board is of the opinion that it is currently not practical and not necessary to expand the Supervisory Board. Consequently, a target figure in excess of 0 % for the share of women on the Supervisory Board is not to be specified for the current tenure of the newly elected Supervisory Board. In the event that a member of the current Supervisory Board should resign from office before the end of tenure, Dr. Hönle AG will propose the most suitable candidate for election to the Supervisory Board. However, latest by midnight, 30 June 2017, the Supervisory Board of Dr. Hönle AG will again decide on the achievable target figure respecting the share of women on the Supervisory Board.

Accounting

The German Corporate Governance Code recommends that the Management Board shall discuss the half-yearly and quarterly financial reports with the Supervisory Board or its Audit Committee prior to the reports' publication (section 7.1.2, sentence 2). Within the scope of an efficient publishing process, Dr. Hönle AG has already published interim reports in the past without extensive preliminary discussions with the Supervisory Board, and the company intends to continue this practice in the future also. Furthermore, the German Corporate Governance Code recommends that the consolidated financial statements shall be publicly accessible within a period of ninety days after the financial year-end, and the interim report within a period of forty-five days after the financial year-end (section 7.1.2, sentence 4). As in the past, Dr. Hönle AG will, in the future also, publish preliminary figures for the financial year within a period of ninety days. However, in accordance with the Stock Exchange Directive regarding Prime Standard Securities of the Frankfurt Stock Exchange, the Annual Report is published within four months after the end of the reporting period. The half-yearly and quarterly financial reports are published within two months after the end of the reporting year, in accordance with the Stock Exchange Directive on Prime Standard Securities of the Frankfurt Stock Exchange. The shortening of the publication dates would increase administrative expenses to an inappropriate extent. The publication dates will thus remained unchanged until further notice.

Securities Holdings of Corporate Bodies

The German Corporate Governance Code recommends that disclosures be made concerning ownership of company shares or related financial instruments by Management Board and Supervisory Board members (section 6.2). Dr. Hönle AG discloses the ownership of the company's shares or related financial instruments as follows:

Securities Holdings as at 30 September 2015	Number of shares	Shares as a percentage of nominal capital	Other financial instruments
Management Board			
Norbert Haimerl	27,000	0.49	0
Heiko Runge	16,100	0.29	0
Supervisory Board			
Günther Henrich	500	0.01	0
Prof. Dr. Karl Hönle	222,000	4.03	0
Total	**265,600**	**4.82**	**0**
Number of shares, total	**5,512,930**	**100.00**	**0**

Disclosures on Corporate Governance Practices

Corporate Body

The Corporate Body includes the Board of Management, the Supervisory Board, and the Annual General Meeting.
The respective competencies are governed by the German Stock Corporation Act (AktG), the Company's Articles of Incorporation, and the Rules of Internal Procedure for the Management Board and Supervisory Board.

Responsibilities of the Management Board

The Management Board manages the company on its own authority in accordance with applicable laws, the Company's Articles of Incorporation, and the Board's Rules of Internal Procedure, and by taking the resolutions of the General Annual Meeting into account. The Management Board represents the company vis-a-vis third parties. The company is managed via regular strategic discussions at Management Board level and by including the managers of the business segments. The Management Board is informed about the development of significant key indicators of Dr. Hönle AG and its subsidiaries on a monthly basis. Further information on corporate governance can be found in this management report under the heading "Management System.” The Management Board is required to take suitable measures to identify developments that could threaten the company's continued existence as a going concern at an early stage. This includes establishing a monitoring system, in particular. This system is continuously being enhanced and adjusted to changes in general circumstances. The risk report includes further information on risk management.

Responsibilities of the Supervisory Board

The Supervisory Board monitors and advises the Management Board with respect to the management of the company's business activities. To this end, the Supervisory Board is promptly and properly involved in all decisions of fundamental importance to the company. The Board of Management regularly and promptly informs the Supervisory Board in detail on the course of business, results of operations, financial position, the employment situation, and on the company's planning and intended projects. The Management Board regularly provides written reports to the Supervisory Board with a view to preparing for Board meetings. Following careful examinations and consultations, the Supervisory Board passes resolutions, as required. Further details on the activities of the Supervisory Board are presented in the report of the Supervisory Board. A recommendation is made in the Corporate Governance Code that qualified committees be formed, which are to comprise at least three members. Since Dr. Hönle AG's Supervisory Board also consists of three members, no committees are being formed at present.

Annual General Meeting

Shareholders exercise their rights at the Annual General Meeting and decide on fundamental issues that concern Dr. Hönle AG by exercising their voting rights. Each share of stock carries one voting right. All important documents that are required for decision-making are also made accessible to the shareholders on Dr. Hönle AG's website in good time before the Annual General Meeting.

(► www.hoenle.de/ir-hauptversammlung)

Shareholders may exercise their voting rights by proxy via an authorised person of their choice or through a representative appointed by Dr. Hönle AG who acts upon instruction of the shareholder. Following the Annual General Meeting, the attendance and voting results are published on the company's website.

Management Board

Norbert Haimerl

MBA (53)

Responsible for Finances and Human Resources

Norbert Haimerl completed his business management studies at the Regensburg University for Applied Science with a diploma in business management. [Dipl.-Betriebswirt (FH)]. He commenced his career in 1990 as assistant to the management of a medium-sized company. During the years from 1992 to 1996, he worked for a subsidiary of a German printing machine manufacturer as a management assistant. In 1996 he changed jobs to take up a position as commercial manager with Dr. Hönle AG, and was appointed to the Management Board with effect from 1 January 2000.

Heiko Runge

Graduate Engineer (51)

Responsible for Sales and Technology

Heiko Runge completed his physical technology studies at the Wedel University for Applied Science with a diploma in engineering [Dipl. Ing. (FH)]. He began his career in 1990 as product manager for marketing at Eltosch Torsten Schmidt GmbH. Three years later, he changed jobs to work for Dr. Hönle AG. Here, his first position was as marketing manager, and he was appointed to the Management Board with effect from 1 January 2000.

Supervisory Board

Prof. Dr. Karl Hönle

Physicist

Supervisory Board Chairman

Karl Hönle is an emeritus professor at the Munich University of Applied Science. There, he held the Chair in technical optics and laser technology and was an authorised representative for the transfer of technology and for the trade fair participation of Bavarian applied sciences universities. He was also engaged in local government politics in Dachau for twenty years.

As member of the Panel, he headed the Lab for Lighting Technology [Labor für Lichttechnik (GbR)] and is a member of the Technical Standards Committee for Lighting Technology at the German Institute for Standardization (DIN). In addition, Prof. Hönle is managing director of Dr. Hönle Medizintechnik GmbH.

Günther Henrich

Lawyer

Vice Chairman of the Supervisory Board

Following his activities for the Bavarian Ministry of Economics and LfA Förderbank Bayern, Mr Henrich acted as Managing Director at BayBG Bayerische Beteiligungsgesellschaft mbH and its predecessor companies from 1987 through 2012. Mr Henrich has played a leading role in building up BayBG to become the present market leader for SME investment capital. As a result, Mr Henrich has an extensive network in the Bavarian industry. He was member of the supervisory and advisory boards of numerous small- and medium-sized companies. In addition, Mr Henrich headed an expert group and was member of the Board of Directors of the German Private Equity and Venture Capital Association [BVK Bundesverband deutscher Kapitalbeteiligungsgesellschaften].

Dr. Bernhard Gimple

Lawyer

Supervisory Board

Dr. Gimple has worked as a lawyer in Munich for more than fourteen years now. After completing his law studies and receiving his PhD at Ludwig-Maximilian-University in Munich, he initially worked for several large-scale supra-regional business law firms before founding the law firm, SOLEOS, together with another colleague in 2011. Since November 2005 the trained banker has additionally acted as Pfandbrief trustee at Stadtsparkasse München.

Audit opinion

We have audited the consolidated financial statements prepared by the Dr. Hönle AG, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the business year from 1 October 2014 to 30 September 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB (Handelsgesetzbuch: German Commercial Code) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements and irregularities materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole and provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Munich, 23 December 2015

S&P GmbH
Wirtschaftsprüfungsgesellschaft

Christoph Thomas (German Public Auditor)	Georg Komm (German Public Auditor)

Statement of the Company's Management

We affirm that, to the best of our knowledge, the consolidated financial statements give 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, 23 December 2015

Dr. Hönle AG

Norbert Haimerl
Management Board

Heiko Runge
Management Board

Consolidated Income Statement

for the period from 1 October 2014 to 30 September 2015 according to IFRS

	Notes	01/10/2014 - 30/09/2015 in T€	01/10/2013 - 30/09/2014 in T€
Revenue	(6)	92,173	82,090
Changes in inventories of finished goods and work in progress		94	1,606
Other capitalised service		259	124
Other operating income	(7)	1,673	1,569
Cost of purchased materials and services	(8)	33,527	31,266
Personnel expenses	(9)	29,395	27,857
Depreciation and amortization including goodwill	(10)	2,638	2,551
Other operating expenses	(11)	15,116	14,232
Operating result/EBIT		**13,524**	**9,483**
Profit/loss from investments accounted for at equity	(12)	-11	28
Financial income	(13)	1,094	34
Financial expenses	(14)	584	578
Financial result		499	-516
Earnings before tax and non-controlling interest/EBT		**14,023**	**8,967**
Income tax	(15)	3,703	2,472
Consolidated net income		**10,320**	**6,495**
Share in earnings attributable to non-controlling interest	(16)	192	239
Share in earnings attributable to Dr. Hönle AG shareholders		10,128	6,256
Earnings per share (basic) in €	(19)	1.84	1.13
Earnings per share (diluted) in €	(19)	1.84	1.13

Statement of Consolidated Comprehensive Income

for the period from 1 October 2014 to 30 September 2015 according to IFRS

		01/10/2014 - 30/09/2015 in T€	01/10/2013 - 30/09/2014 in T€
Consolidated net income		**10,320**	**6,495**
Other comprehensive income: Positions that may be subsequently reclassified to profit or loss			
- Difference from currency translation	(31)	355	187
- Other income/loss from hedging transactions	(46)	35	-103
- Income tax effects	(15)	-9	27
Positions that will not be reclassified to profit or loss			
Changes of actuarial profit/loss from pensions		231	-1.232
Deferred taxes from changes of actuarial profit/loss from pensions		-56	308
Other comprehensive income		556	-813
Total comprehensive income for the period		**10,877**	**5,682**
Thereof - Proportion of earnings attributable to non-controlling interest		188	239
- Proportion of earnings attributable to Dr. Hönle AG shareholders		10,689	5,443

Consolidated Statement of Financial Position

as at 30 September 2015 according to IFRS

A SSETS	Notes	30/09/2015 in T€	30/09/2014 in T€
Non-current assets			
Goodwill	(20)	18,849	18,849
Intangible assets	(20)	3,051	3,241
Property, plant and equipment	(20)	16,163	15,003
Investment property	(20)	0	1,124
Investments accounted for at equity	(22)	50	543
Financial assets	(20)	32	32
Other non-current assets	(21)	810	678
Deferred taxes	(23)	2,569	2,543
Total non-current assets		**41,524**	**42,013**
Current assets			
Inventories	(24)	25,055	22,408
Trade accounts receivable	(25)	13,513	12,243
Receivables from companies in which interests are held	(26)	224	265
Other current assets	(27)	2,233	2,597
Tax refund claims	(28)	631	384
Liquid assets	(29)	7,456	5,685
Total current assets		**49,112**	**43,582**
Non-current assets held for sale	(30)	376	0
Total assets		**91,012**	**85,595**

LIABILITIES AND SHAREHOLDERS´ EQUITY	Notes	30/09/2015 in T€	30/09/2014 in T€
Shareholders' equity	(31)		
Subscribed capital		5,513	5,513
Own shares		-8	-8
Additional paid-in capital (capital reserves)		16,596	16,596
Retained earnings		33,776	25,468
Equity attributable to Dr. Hönle AG's shareholders		**55,877**	**47,569**
Non-controlling interest		1,637	2,149
Total shareholders´ equity		**57,514**	**49,718**
Long-term liabilities			
Long-term loans (less current portion)	(32)	8,034	9,545
Non-current portion of finance lease obligation	(33)	8	11
Other long-term liabilities	(34)	416	537
Pension accruals	(35)	4,567	4,498
Accrued public investment grants	(36)	533	606
Deferred income tax liabilities	(23)	1,526	1,479
Total long-term liabilities		**15,084**	**16,676**
Short-term liabilities			
Trade accounts payable	(37)	4,990	4,846
Liabilities to companies, in which an equity interest is held	(26)	7	76
Prepayments received	(38)	622	694
Current portion of finance lease obligations	(33)	3	4
Short-term liabilities to banks and current portion of long-term loans	(39)	3,022	3,215
Other short-term liabilities	(40)	6,346	7,623
Other accruals	(41)	486	480
Liabilities from income taxes	(42)	2,938	2,263
Short-term liabilities, total		**18,414**	**19,201**
Total liabilities and shareholders' equity		**91,012**	**85,595**

Consolidated Statement of Changes in Equity

for the period from 1 October 2014 to 30 September 2015 according to IFRS

				Retained earnings				Equity		
	Subscribed capital in T€	Own shares in T€	Additional paid-in capital in T€	Legal and other reserve in T€	Reserve for hedging transactions in T€	Reserve for actuarial losses IAS 19 in T€	Reserve for currency differences in T€	Equity attributable to Dr. Hönle AG's shareholders in T€	Non-controlling interest in T€	Total in T€
As at 01/10/2013	**5,513**	**-8**	**16,596**	**22,003**	**-31**	**-646**	**1,456**	**44,883**	**1,989**	**46,872**
Consolidated net income for the year				6,256				6,256	239	6,495
Other comprehensive income					-76	-924	187	-813		-813
Total comprehensive income				**6,256**	**-76**	**-924**	**187**	**5,443**	**239**	**5,682**
Dividend distribution				-2,756				-2,756	-80	-2,836
As at 30/09/2014	**5,513**	**-8**	**16,596**	**25,502**	**-107**	**-1,570**	**1,643**	**47,569**	**2,149**	**49,718**
As at 01/10/2014	**5,513**	**-8**	**16,596**	**22,502**	**-107**	**-1,570**	**1,643**	**47,569**	**2,149**	**49,718**
Consolidated net income for the year				10,128				10,128	192	10,320
Other comprehensive income					26	175	355	556	-4	552
Total comprehensive income				**10,128**	**26**	**175**	**355**	**10,684**	**188**	**10,872**
Changes due to the purchase of non controlling interests				379				379	-736	-357
Changes of non controlling interests due to the purchase of company shares								0	185	185
Dividend distribution				-2,756				-2,756	-149	-2,905
As at 30/09/2015	**5,513**	**-8**	**16,596**	**33,253**	**-81**	**-1,395**	**1,999**	**55,877**	**1,637**	**57,514**

Statement of Consolidated Cash Flows

for the period from 1 October 2014 to 30 September 2015 according to IFRS

	01/10/2014-30/09/2015 in T€	01/10/2013-30/09/2014 in T€
Cash flows from operating activities:		
Net income for the year before non-controlling interest and taxes	14,023	8,967
Adjustments for:		
Amortisation/depreciation of fixed assets	2,638	2,551
Profit/loss from the disposal of non-current assets	-314	17
Financial income	-1,083	-62
Financial expenses	584	578
Other non-cash expenses/income	-1,026	-359
Operating result before changes to net current assets	**14,822**	**11,693**
Increase/decrease in accruals	247	108
Increase/decrease in trade accounts receivable	-876	-267
Increase/decrease in receivables from companies in which an investment is held	43	-37
Increase/decrease in other assets	362	-243
Changes in reinsurance policy	-50	-73
Increase/decrease in inventories	-1,778	-2,962
Increase/decrease in trade accounts payable	-21	195
Increase/decrease in liabilities to companies, in which interests are held	-69	36
Increase/decrease in advance payments received	-72	258
Increase/decrease in other short-term liabilities	245	297
Increase/decrease in accrued public investment grants	9	196
Cash from continuing business activities	**12,863**	**9,201**
Interest paid	-334	-351
Income tax paid	-3,371	-1,357
Net cash from operating activities	**9,159**	**7,492**
Cash flows from investing activities:		
Payments received from the sale of fixed assets	511	3
Purchase of subsidiaries minus purchased net cash	186	0
Payments for the purchase of non controlling shares	-357	0
Payments for the purchase of investments accounted for at equity	-39	-58
Purchase of property, plant and equipment and intangible assets	-2,136	-3,085
Changes due to acquisitions in the previous years	-603	-3,753
Payments received from long-term receivables	66	22
Payments for non current receivables	-150	0
Payments received from interest	29	27
Payments received from dividends	15	0
Net cash used for investing activities	**-2,478**	**-6,844**
Cash flows from financing activities:		
Payments received from loans and liabilities to banks	1,350	6,125
Payments relating to loans and liabilities to banks	-3,241	-2,352
Repayment of liabilities to shareholders	-279	-398
Dividends paid	-2,905	-2,836
Net cash from financing activities	**-5,075**	**539**
Currency differences	110	99
Currency-related changes in cash and cash equivalents	56	21
Net increase/decrease in cash and cash equivalents	**1,771**	**1,307**
Cash and cash equivalents at the beginning of the reporting period	**5,685**	**4,378**
Cash and cash equivalents at the end of the reporting period	**7,456**	**5,685**

The cash flow statement is explained in the Notes (47).

Notes to the IFRS Consolidated Financial Statements

for the Financial Year 2014/2015 of Dr. Hönle AG, Gräfelfing

GENERAL INFORMATION

1. Accounting Basis

Dr. Hönle AG is a listed corporation. It is registered in the Commercial Register of the Munich (Germany) local court under HR B No. 127507. The company's head office is located at Gräfelfing near Munich, Germany.

The Hönle Group is split into the following three business segments: Equipment & Systems, Glass & Lamps and Adhesives. The equipment and systems are used for drying inks and coatings, for curing adhesives and plastics, for disinfecting surfaces and for sunlight simulation. The Glass & Lamps segment comprises quartz glass tubing and rods for the lamp, automotive, semiconductor and fibre cable industries as well as lamps for water sterilization and the drying of coatings and adhesives. The Adhesives segment includes industrial adhesives designed for a broad spectrum of applications such as electronics, medical technology, optics and glass processing.

The present consolidated financial statements of Dr. Hönle AG and its subsidiaries have been prepared in accordance with Section 315a HGB [German Commercial Code] ("Consolidated financial statements in accordance with international accounting standards"), in conformity with the International Financial Reporting Standards (IFRS) and the pertaining interpretations of the International Accounting Standards Board (IASB) to be applied pursuant to Directive No. 1606/2002 of the European Parliament and the European Council governing the application of international accounting standards within the EU.

The consolidated financial statements include the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in consolidated equity, the cash flow statement and the notes to the financial statements (Notes). The consolidated financial statements are supplemented by the combined management report of Dr. Hönle AG and the group.

The present consolidated financial statements were prepared in full compliance with relevant IFRS standards as approved by the EU, and therefore present a true and fair view of the Hönle Group's net assets, financial condition and results of operations and cash flows.

The consolidated financial statements are prepared in euro currency. Unless otherwise stated, the amounts quoted are shown as T€ (thousand euros). The consolidated financial statements are generally based on historical purchase and production costs, unless stated otherwise under section 5 (Accounting and Valuation Methods).

The consolidated financial statements are prepared on the basis of the going concern assumption.

The Dr. Hönle AG Management Board prepared the consolidated financial statements on 23 December 2015.

2. Estimates and Assumptions

The preparation of the consolidated financial statements requires estimates and assumptions to be made that impact on the amounts shown and on related disclosures. As a consequence, management has some scope of discretion respecting the preparation of the consolidated financial statements, which was exercised to the best of management's knowledge. However, actual results may deviate from these estimates and assumptions.

The most significant future-related assumptions and other significant sources of estimation uncertainties as at the reporting date, which involve a considerable risk of major adjustments to the carrying amounts of assets and debts becoming necessary within the next financial year, are listed in the respective explanations of the individual items. Estimates and assessments within the Hönle Group relate, to a large extent, to assessing the value of goodwill (cf. paragraph 20), the valuation of pension accruals (cf. paragraph 35) and other accruals (cf. paragraph 41) and the determination of deferred taxes (cf. paragraph 23).

3. Consolidation

Consolidated Group

The consolidated financial statements as of 30 September 2015 include the parent company, Dr. Hönle AG, and the following subsidiaries:

	Name	Head office	Participation quote reporting year	Participation quote prior year	Held via
Direct participations					
(1)	Aladin GmbH, Gräfelfing/München	Germany	60,00%	60,00%	
(2)	Honle UV France S.à.r.l., Bron/Lyon	France	100,00%	100,00%	
(3)	Honle UV (UK) Ltd., Luton	UK	0,00%	100,00%	
(4)	Honle Spain S.A.U., Olesa de Bonesvalls/Barcelona	Spain	100,00%	100,00%	
(5)	PrintConcept UV-Systeme GmbH, Kohlberg	Germany	100,00%	100,00%	
(6)	Eltosch Grafix GmbH, Pinneberg	Germany	100,00%	100,00%	
(7)	AGITA Holding AG, Regensdorf/Zürich	Switzerland	100,00%	100,00%	
(8)	UV-Technik Speziallampen GmbH, Wümbach	Germany	81,00%	51,00%	
(9)	Mitronic GmbH, Gräfelfing/München	Germany	100,00%	51,00%	
(10)	Hoenle UV Technology (Shanghai) Trading Ltd., Shanghai	China	100,00%	100,00%	
(11)	Raesch Quarz (Germany) GmbH, Langewiesen	Germany	80,00%	80,00%	
(12)	Raesch Quarz (Malta) Ltd., Mosta, Malta	Malta	100,00%	80,00%	
(13)	Honle US Real Estate LLC, Torrington	USA	100,00%	100,00%	
Indirect participations					
(14)	Panacol AG, Regensdorf/Zürich	Switzerland	100,00%	100,00%	(7)
(15)	Panacol-Elosol GmbH, Steinbach/Frankfurt/M.	Germany	100,00%	100,00%	(14)
(16)	Eleco Produits EFD, SAS, Gennevilliers/Paris	France	99,96%	99,96%	(14)
(17)	Eltosch Grafix America Inc., Batavia/Chicago	USA	100,00%	100,00%	(6)
(18)	SKC - Panacol Co., Ltd, Suwon-si	South Korea	51,00%	0,00%	(15)
(19)	Tangent Industries, Inc., Torrington	USA	57,59%	38,00%	(14)
Associated companies					
(20)	Metamorphic Materials Inc., Winsted	USA	30,00%	30,00%	(14)
(21)	TECINVENT GmbH, Schömberg	Germany	35,00%	35,00%	

The investment quotas for all direct and indirect participations (equity investments) also represent the voting rights quotas.

The above-mentioned companies listed under direct and indirect participations are fully consolidated due to the existing possibility of control through the majority of voting rights. Control is achieved when the parent company is in a position to determine a company’s financial and business policy in order to derive benefits from the company’s activities.

Associated companies pursuant to IAS 28 are accounted for using the equity method. An associated company is a company on which the group can exert influence through involvement in the financial and business policy without, however, exerting control over the company. Decisive influence is assumed when the parent company holds at least 20 % of voting rights (associated company).

Although Solitec Gesellschaft für technischen Produktvertrieb mbH (Solitec GmbH) with registered head office in Gräfelfing, is a 100 % participation (equity investment), it was not included in consolidation as the company is immaterial for providing a true and fair view of the group’s net assets, financial position and results of operations. Solitec GmbH generated net income for the year 2014/2015 in the amount of T€ 2 (PY: T€ 2), and its equity capital amounts to T€ 39 (PY: T€ 37) as of September 30, 2015.

The business shares of PrintDesign Engineering GmbH - with registered head office in Kohlberg, Germany - in the amount of 20 % of nominal capital are disclosed in the consolidated financial statements under the balance sheet item: “Financial assets”. The business shares are not consolidated as Dr. Hönle AG does not exert decisive control over the company. The equity investment is classified as “available-for-sale financial asset”. Net income for the financial year 2014/2015 generated by PrintDesign Engineering GmbH is T€ 0 (PY: T€ 69) and equity capital stands at T€ 31 (PY: T€ 108) as of September 30, 2015.

The companies included in the consolidated group saw the following changes in comparison with the previous year:

The subsidiary, Honle UV (UK) Limited was dissolved in the second quarter of 2014/2015. Equipment and systems will be sold via local distribution partners in the future. Deconsolidation, which took place on 31 March 2015, has not led to any significant impact on the consolidated balance sheet and consolidated income statement.

Dr. Hönle AG's buying options respecting UV-Technik Speziallampen GmbH, Wolfsberg, were exercised in the third quarter 2014/2015. In this context, Dr. Hönle AG acquired a further 30% stake in UV-Technik Speziallampen GmbH and thus holds 81% of the shares in UV-Technik Speziallampen GmbH.

Dr. Hönle AG acquired a further 49 % stake in Mitronic GmbH, Gräfelfing in August 2015, and thus holds 100 % of the shares in Mitronic GmbH as at the balance sheet date.

A further 20 % stake in Quarz (Malta) Ltd., Mosta, was also acquired in August 2015. Dr. Hönle AG thus holds 100 % of the shares in Raesch Quarz (Malta) Ltd. as at the balance sheet date.

SKC-Panacol Co., Ltd, with registered head office in Suwon-si, South Korea, was founded in September 2015. The company's nominal capital amounts to 500 million Korean Won (KRW). The group subsidiary, Panacol-Elosol GmbH, holds 51 % of the shares in SKC-Panacol Co., Ltd. The company was initially included in the consolidated financial statements of the Hönle Group as at 30 September 2015.

Shares in Tangent Industries, Inc., Torrington, Connecticut, USA were acquired in July 2015 within the framework of a share deal, which led to an acquisition in stages ("step acquisition") in terms of IFRS 3, since a 41.26% stake in the company existed already before this transaction. The acquisition was carried out by Panacol AG, a wholly owned subsidiary of AGITA Holding AG, which, in turn, is a wholly owned subsidiary of Dr. Hönle AG, the group parent.

Tangent Industries, Inc. specialises in the manufacture and sale of and trading in various types of adhesives (adhesives cured through UV light, acrylate adhesives, epoxide adhesives) for various applications (bonding, coating, sealing, compressing, etc.) in a wide range of industrial sectors, such as medical, automotive, metal processing, and packaging. For the Hönle Group, Tangent Industries, Inc. constitutes a significant selling company in the adhesives segment for the North American market.

Upon acquisition of another stake of some 16.33 %, Panacol AG gained control over Tangent Industries, Inc. on 8 July 2015. Following the acquisition of the shares, the shareholding now amounts to 57.59 %. As a result of the increase in the shareholding from 41.26 % to 57.59 %, the provisions set forth in IFRS 3 concerning step acquisitions had to be observed correspondingly. The acquired business operations were included in the consolidated financial statements on the basis of preliminary accounting. Therefore, the assets and liabilities - and consequently also the determined difference - included in the consolidated financial statements may be adjusted within the measurement period of one year, as provided for under IFRS 3.45. Following the acquisition in July 2015, integration into the Hönle Group was started immediately, but has not yet been completed. Consequently, new information may arise within the scope of the data transfer that might have led to a different measurement as at the acquisition date.

The fair value of the entire consideration transferred in the context of the acquisition is composed of a cash component, the lost equity value measured at fair value, and the posting of a liability for the acquisition of the shares still outstanding. The cash component amounts to T€ 110. The lost equity value measured at fair value amounts to T€ 277. A loss in the amount of T€ 19 was recognised on the acquisition date in the context of the remeasurement which is included in the income statement under "Income/loss from investments accounted for using the equity method".

With respect to the shares still outstanding, a contractual arrangement was concluded with the two remaining shareholders, governing the acquisition of these shares in subsequent years up to the year 2024, when all shares are acquired. This regulation comprises identically structured put options of the sellers and purchase options of the acquirer concerning the purchase price determination, maturity and exercise periods. As a result of this contractual structure, a corresponding liability was reported in the consolidated financial statements whereas non-controlling interests were not disclosed in the income statement or in the balance sheet. As at the acquisition date, the fair value of the financial liability was calculated at the amount of T€ 261. The financial liabilities were initially measured at the present value of the exercise price payable when the option can be exercised for the first time. Maturity-specific interest rates on debt capital were used as the discounting interest rate.

The sum total of the entire consideration transferred thus amounts to T€ 648.
The acquired assets and debts were as follows as at the acquisition date:

Acquired assets and debts	Fair value in T€
Non-current assets	
Intangible assets	216
Property, plant and equipment	190
Current assets	
Inventories	207
Trade accounts receivables	251
Other receivables and assets	118
Cash and cash equivalents	113
Assets held for sale	376
Debts	
Loan liabilities	-183
Deferred tax liabilities	-98
Trade accounts payable	-97
Other short-term liabilities	-330
Net assets	763

The trade receivables and other receivables concern short-term receivables for which the fair value corresponds to the gross amounts. As at the acquisition date there are no indications of that the receivables transferred are non-recoverable.

The fair value of the entire consideration transferred in the amount of T€ 648 and the net assets acquired in the amount of T€ 763 result in a negative difference of T€ 115. Following a re-examination of the work performed, the negative difference was stated under "Other operating income" in the income statement. The negative difference results from the favourable purchase price for the Hönle Group in relation to the net assets acquired. As at the acquisition date and based on the available planning, it is not expected that the acquired company will impact negatively on earnings in the subsequent periods.

The acquired cash and cash equivalents amounted to T€ 113, which, on balance, led to a cash inflow in the amount of T€ 3.

The net loss for the year concerning the acquired company for the period from the acquisition date to 30 September 2015 amounted to T€ 41. Sales revenues for the period from the acquisition date to 30 September 2015 came to T€ 373. The net loss for the year concerning the acquired company for the period from 1 October 2014 to 30 September 2015 amounted to T€ 37. Sales revenues for the period from 1 October 2014 to 30 September 2015 came to T€ 1,725. If the acquisition had taken place at the beginning of the 2014/2015 financial year, the group's sales revenues would have been higher by T€ 1,352 and the profit would have been lower by T€ 4. No business segments were discontinued or sold in the context of the corporate acquisition.

Consolidation Methods
Business combinations are accounted for using the acquisition method. Asset-side differences between acquisition costs and the company's prorated revalued equity capital are reported as goodwill in the balance sheet. Debit-side differences are released and included in the operating result following another examination. Differences resulting from the acquisition of non-controlling interests are set off directly in equity capital.

Non-controlling interests are valued at the prorated fair value of the acquired assets and transferred debts. Following initial recognition, profits and losses are allocated without any limitations in accordance with the proportionate investment share, and this may result in a negative balance with respect to non-controlling interests.

All intra-group business transactions, balances, and intra-group results are fully eliminated within the scope of consolidation.

Currency Translation
The functional currency and the reporting currency of Dr. Hönle AG and most of its European subsidiaries is the euro (€).

The functional currency respecting the independent subsidiaries in the UK, Switzerland, the United States and South Korea, is the British pound (GBP), the Swiss franc (CHF), the US dollar (USD) and the Korean Won (KRW), respectively. The functional currency respecting the independent Chinese subsidiary is the Chinese renminbi (RMB). Assets and debts are translated at the rates applicable at the balance sheet date; equity capital, by contrast, is stated at historical rates.

The resulting currency differences were recorded with neutral effect on profit or loss in equity capital and in the statement of comprehensive income. Changes concerning this special item are reflected in the statement of changes in shareholders' equity. Income statement items are translated at the average rate during the financial year.

		Reporting date rate		Year to date rate	
		30/09/2015	30/09/2014	2014/2015	2013/2014
		in €	in €	in €	in €
1 British pound	GBP	1,3541	1,2865	1,3438	1,2206
1 Swiss franc	CHF	0,9060	0,8203	0,9117	0,8191
1 US dollar	USD	0,8926	0,7947	0,8710	0,7370
1 Chinese renminbi	RMB	0,1404	0,1294	0,1400	0,1199
1 Korean won	KRW	0,0008		0,0008	

Some of the Hönle Group companies make out their invoices in USD and YEN due to their respective customer structure. As a general rule, receivables and liabilities denominated in foreign currencies are valued at the mean rate of exchange as at the balance sheet date in accordance with IAS 21. The resulting translation differences are recorded as exchange rate gains or exchange rate expenses in the profit and loss account. No hedging transactions were concluded to hedge against currency risks.

4. Newly Published Accounting Provisions

The following new or revised IASB or IFRIC standards were to be applied for the first time in financial year 2014/2015. The comparative figures were adjusted as required.

- IFRS 10- Consolidated Financial Statements: This standard provides a new, comprehensive definition of 'control'. If an entity controls another entity, the parent company must consolidate the subsidiary. According to the new approach, control is deemed to exist if a potential parent company has the power of control over a potential subsidiary due to voting rights or other rights, if it participates in variable returns (positive or negative) from the subsidiary, and if it is able to use its power to control these returns. Dr. Hönle AG directly or indirectly holds the majority of the capital shares in its subsidiaries. As a general rule, the capital share corresponds to the voting share. Consequently, the first-time adoption of IFRS 10 has no impact on the future presentation of the consolidated financial statements.

- IFRS 11- Joint Arrangements: IFRS 11 redefines the recognition of joint arrangements. Under the new approach, companies must decide whether the arrangement is a joint operation or a joint venture. There are no joint arrangements in terms of IFRS 11 at the Hönle Group. Consequently, the first-time adoption of IFRS 11 has no impact on the future presentation of the consolidated financial statements.
- IFRS 12- Disclosure of Interests in Other Entities: This standard governs the disclosure requirements in relation to interests in other entities. The disclosures required are significantly more comprehensive than those previously required under IAS 27, IAS 28, IAS 31, and SIC-12. Consequently, the first-time adoption results in extended disclosures in the consolidated financial statements.

Other standards and revisions and interpretations that must be bindingly applied as from the 2014/2015 financial year have no significant impact on the Hönle Group's consolidated financial statements:

- IAS 32- Offsetting Financial Assets and Financial Liabilities: This supplement to IAS 32 clarifies the requirements for offsetting financial instruments.
- IAS 27- Separate Financial Statements: As a result of the publication of the new IFRS 10 pronouncement, the amendment now only contains rules respecting separate financial statements.
- IAS 28- Investments in Associates and Joint Ventures: The amendments are aimed at specifying the accounting treatment of investments in associated companies and to issue regulations governing application of the equity method if investments in associated companies are accounted for.
- IAS 36-Recoverable Amount Disclosures for Non-Financial Assets: As a result of this amendment, the unintentional disclosure requirements introduced by IFRS 13 are adjusted with respect to the recoverable amount concerning non-financial assets. Furthermore, the scope of the disclosures is extended insofar as an impairment loss or the reversal thereof was recognised for an individual asset or a cash-generating unit during the reporting period.
- IAS 39- Novation of Derivatives and Continuation of Hedge Accounting: Due to the amendment, despite novation, derivatives continue to be designated as hedging instruments in continuing hedging relationships. As a precondition, the novation must lead to the involvement of a central counterparty due to legal or regulatory requirements.
- IFRS 10, IFRS 11 and IFRS 12- Transition Guidance: The amendments include clarification of and additional exemptions during transition to IFRS 10, IFRS 11, and IFRS 12. For example, restated comparative information is only required for the preceding comparative period.
- IFRS 10, IFRS 12 and IAS 27- Investment Entities: The amendments include a definition of investment entities and remove companies of this type from the scope of IFRS 10 ‘Consolidated Financial Statements’. Certain subsidiaries are then measured at fair value through profit or loss pursuant to IFRS 9 and IAS 39, respectively.
- IFRIC 21- Levies: The Interpretation concerns the accounting treatment of levies imposed by governments. IFRIC 21 clarifies when such obligations are to be recognised as provisions or liabilities in the financial statements.

Furthermore, the IASB and IFRIC issued the following standards, interpretations and amendments to existing standards. Their application is not yet obligatory for Dr. Hönle AG, and their possible impact is currently being analysed by the group:

- IAS 19- Employee Contributions: Clarification and allocation of employee contributions or third-party contributions linked with the length of service as well as relief provisions if the amount of the contributions is independent of the number of years of service. (Effective date: 1 February 2015).
- Annual Improvements to IFRSs 2010-2012 Cycle: Amendments are applied to individual IFRSs within the scope of the annual improvements process of the IASB with a view to eliminating inconsistencies with other standards or to clarify their contents. The amendments concern the standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, and IAS 38. (Effective date: 1 February 2015).
- Annual Improvements to IFRSs 2011-2013 Cycle: Amendments are applied to individual IFRSs within the scope of the annual improvements process of the IASB with a view to eliminating inconsistencies with other standards or to clarify their contents. The amendments concern the standards IFRS 1, IFRS 3, IFRS 13, and IAS 40. (Effective date: 1 January 2015).

Furthermore, the IASB and IFRIC issued the following regulations which have not yet been adopted by the European Commission. Earlier application of this regulation is not permitted, and its possible impact is being analysed:

- IFRS 9- Financial Instruments: The standard, which replaces IAS 39, introduces a logical approach for the classification and measurement of financial assets driven by cash flow characteristics and the business model for managing the assets. Furthermore, IFRS 9 introduces a new impairment model and includes new regulations governing the application of hedge accounting. (Effective date: 1 January 2018).
- IFRS 14- Regulatory Deferral Accounts: This standard permits first-time adopters of International Financial Reporting Standards to account for regulatory deferral account balances that are recognised under national law also in the IFRS financial statements, provided that certain preconditions are met. (Effective date: 1 January 2016).
- IFRS 15- Revenue from Contracts with Customers: The standard sets out the requirements for recognising revenue that apply to contracts with customers. Consequently, IFRS 15 replaces the previously relevant standards (IAS 18, IAS 11 and IFRIC 13) on the recognition of revenue and relevant interpretations. Application of IFRS 15 is mandatory for all adopters and applies to almost all contracts with customers. Significant exceptions concern leases, financial instruments and insurance contracts. (Effective date: 1 January 2018).
- IFRS 10, IFRS 12 and IAS 28- Investment Entities: Applying the Consolidation Exception: The amendment specifies the consolidation requirement when the parent company constitutes an investment entity. In this context, the circumstances are listed under which there is no consolidation requirement for the respective subsidiary. (Effective date: 1 January 2016).
- Annual Improvements to IFRSs 2012-2014 Cycle: Amendments are applied to individual IFRSs within the scope of the annual improvements process of the IASB with a view to eliminating inconsistencies with other standards or to clarify their contents. The amendments concern the standards IFRS 1, IFRS 3, IFRS 13, and IAS 40. (Effective date: 1 January 2016).
- IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: The revision provides clarifications regarding transactions between investors and associates and joint ventures. The endorsement process was postponed in February 2015. (Effective date: 1 January 2016).
- IAS 27- Equity Method in Separate Financial Statements: As a consequence of these amendments, the equity method is again admitted as accounting option for shares in subsidiaries, joint ventures and associated companies in the separate financial statements of an investor. (Effective date: 1 January 2016).

- IAS 16 and IAS 41- Bearer Plants: The amendments bring bearer plants that are no longer subject to significant biological changes into the scope of IAS 16. Consequently, they are accounted for in the same way as property, plant and equipment. (Effective date: 1 January 2016).
- IAS 16 and IAS 38- Clarification of Acceptable Methods of Depreciation and Amortisation: These amendments provide for guidelines respecting the methods that can be used for depreciation/amortisation of property, plant and equipment and intangible assets and, in particular, revenue-based depreciation/amortisation methods. (Effective date: 1 January 2016).
- IFRS 11-Accounting for Acquisitions of Interests in Joint Operations: The acquirer of shares in joint arrangements that represent business operations as defined in IFRS 3 must apply all principles respecting the accounting for business combinations from IFRS 3 and other IFRSs as long as these do not conflict with the guidelines described in IFRS 11 (effective date: 1 January 2016).
- IAS 1- Disclosure Initiative: The amendment mainly clarifies that a disclosure requirement only applies when the contents of the amendment is not of immaterial nature. The amendment also provides clarifications on the aggregation and disaggregation of financial statement items in the statement of financial position and statement of comprehensive income, and on the presentation of other comprehensive income of consolidated companies accounted for at equity and on the structure of disclosures in the notes. (Effective date: 1 January 2016)

5. Accounting and Valuation Methods

The balance sheet, the income statement and the statement of comprehensive income of companies included in the consolidated financial statements were prepared in a uniform manner using the parent company's accounting policies presented below.

Goodwill

Goodwill is not subject to scheduled amortisation but is reviewed with regard to impairment at least once a year. A review is also carried out in the case of triggering events that indicate a possible impairment in value. Goodwill is stated at acquisition costs net of accumulated amortisation from impairments.

The goodwill impairment test is carried out at the level of cash generating units which represent the lowest level at which the goodwill is monitored for purposes of internal corporate management.

For purposes of the impairment test, the goodwill acquired within the context of a business combination is allocated to the cash generating unit which is expected to profit from the synergies of the business combination. If the carrying amount of the entity to which the goodwill is allocated is higher than its recoverable amount, the goodwill allocated to the cash-generating unit is amortised accordingly due to value impairment. The achievable amount is the higher of the two amounts from fair value less sales costs and the usage value of the unit.

The usage value is determined using the discounted cash flow method. In so doing, future expected cash flows from the most recent management planning are used as a basis, extrapolated on the basis of long-term growth rates and margin development assumptions and discounted with the capital costs of the unit to be measured.

No reinstatements of the original values of amortised goodwill are recorded in future periods if the achievable amount exceeds the book value of the cash generating unit or the group of cash generating units to which the goodwill is allocated.

For details on the assumptions used in impairment tests, please see paragraph 20.

Intangible Assets

Acquired intangible assets and internally developed intangible assets are stated at cost in accordance with IAS 38 and are amortised over their expected useful lives using the straight line method.

The useful lives are allocated as follows:

Brand names	15 years
Customer base and other rights	5 to 10 years
Software	1 to 15 years
Licenses	1 to 14 years
Copyrights, patents and other commercial property rights	7 to 10 years
Formulas, secret procedures, models, designs and prototypes	10 years

Property, Plant and Equipment

Property, plant and equipment are measured at acquisition or manufacturing costs net of accumulated depreciation in accordance with IAS 16. Depreciable fixed assets are written down according to schedule using the straight line method of depreciation.

Depending on the respective asset, the following useful lives are applied:

Buildings	3 to 50 years
Technical equipment and machines	1 to 20 years
Operating and business equipment	1 to 39 years

The item "Buildings" also includes leasehold improvements. Scheduled depreciation of leasehold improvements is defined according to the expected useful life.

Maintenance expenses are treated as expense for the period.

Investment Property

In the past financial year 2013/2014, this position disclosed property which, prior to the full consolidation of Tangent Industries, Inc. was not used for business purposes within the group and was exclusively held to earn rental income and generate profits from increases in value. The property was accounted for at depreciated acquisition costs. Scheduled depreciation respecting such property extended over a period of 33 years.

Participations Accounted for at Equity

Associated companies are accounted for using the equity method and disclosed in the balance sheet under "Investments accounted for at equity". A company on which the group exerts a decisive influence without, however, being able to control the company alone or jointly, qualifies as an associated company. IAS 28.6 assumes that a participation of more than 20 % of the voting shares indicates significant control.

Deferred Taxes

The liability method stipulated in IAS 12 is used to determine deferred taxes. In principle, this involves creating deferred tax assets and deferred tax liabilities for all temporary valuation differences between the values applied according to IFRS and the tax values of balance sheet items. Deferred tax assets were taken into account only where it is expected that taxable profits will be available in the future. Deductible temporary differences, unused tax losses as well as unused tax credit notes can be set off against these profits.

The tax rates applicable with respect to the German companies differ due to differing trade tax factors at the individual sites.

Deferred taxes are measured using the tax rate that is expected to be valid for the period in which the asset is realised or the liability is settled.

Inventories

In general, raw materials and supplies are stated at acquisition cost in accordance with IAS 2. Acquisition costs are determined using the weighted average cost method. Finished goods and work in progress are recorded at manufacturing costs, which also contain, in addition to directly allocable costs, fixed and variable manufacturing and material overheads.

Cost of debt is charged to expenditure at the full amount since these costs cannot be directly allocated to qualified assets.

Slow-moving items are written down at the lower of acquisition or manufacturing costs and the net realisable value. The net realisable value represents the estimated sales proceeds that are achievable in the normal course of business, net of estimated manufacturing and selling costs.

Financial Assets

The categorisation of financial assets is based on the following categories:

- Assets measured at fair value through profit or loss
- Held-to-maturity financial assets
- Financial assets available for sale
- Loans and receivables

The assets are allocated to a specific category upon addition, depending on the type and purpose of the financial asset. The classification is reviewed on each balance sheet date.

Dr. Hönle AG does not report assets measured at fair value through profit or loss and financial investments held to maturity. Financial instruments are accounted for as follows:

1. Assets measured at fair value through profit or loss

Financial assets allocated to this category are attributable to one of the following sub-categories:

- Financial assets held for trading from the beginning
- Financial assets measured at fair value through profit or loss from initial recognition

As a general rule, a financial asset is allocated to this category if it was acquired with the intention to sell the asset within the short-term or if it was designated accordingly by Management. Assets included in this category are disclosed as current assets if they are held for trading purposes or are expected to be realised within 12 months after the balance sheet date.

Derivative financial instruments are measured at fair value. Changes in the value of derivatives for which no qualified hedge can be created are deemed to be held for "trading purposes". Consequently they are recognised through profit or loss in the income statement. If the derivatives are included in a cash flow hedge, the fair value adjustments are disclosed directly in equity taking deferred taxes into account. If the derivative financial instruments are included in fair value hedges, the carrying amount of the underlying transaction is adjusted for the profit or loss from the derivative allocable to the risk to be hedged.

2. Loans and receivables

Loans and receivables include non-derivative financial assets under fixed or determinable payment terms that are not quoted on an active market. Excluded from this are financial assets held for trading as well as assets designated by Management for fair value measurement. Loans and receivables arise when the group provides a debtor directly with money, goods or services without the intention to resell these receivables. The receivables are allocated to current assets to the extent that the maturity of the loans and receivables does not exceed 12 months after the balance sheet date. Longer-term loans and receivables are disclosed as non-current assets.

3. Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payment terms and a fixed maturity where Management has the intention and the capability to hold these assets up to final maturity. Excluded are investments designated for accounting at fair value which are held for trading porpoises or are allocable to loans and receivables.

4. Held-for-sale financial assets

Held-for-sale financial assets are non-derivative financial assets classified as held for sale and which were not allocated to any of the other categories presented. They are allocated to non-current assets unless Management intends to sell them within 12 months after the balance sheet date.

Financial assets are measured at fair value plus transaction costs on the date they are first recognized.

Held-for-sale financial assets and assets of the category "measured at fair value through profit or loss“ are measured at the respective fair values following initial balance sheet recognition. Loans and receivables and financial investments held to maturity are accounted for at amortised costs using the effective interest rate method.

Realised and non-realised profits and losses arising from changes in the fair value of assets of the category "measured at fair value through profit or loss "are reported under profit or loss in the income statement in the period in which they arise. Unrealised profits and losses arising from changes in the fair value of non-monetary securities of the category "held-for-sale financial assets" are reported under other comprehensive income. If securities of the category "held-for-sale financial assets" are sold or value-adjusted, the fair value changes summarised in the other comprehensive income are reported in the income statement under profit or loss from financial assets.

Measurement of the fair values of financial assets that are quoted on an active market is based on the current bid price. In the absence of an active market for the financial assets or if non-quoted securities are concerned, the respective fair values are determined using suitable valuation methods. These include references to recent transactions between independent business partners, the use of current market prices of other comparable assets, discounted cash flow methods and special option price models.

The group reviews at each balance sheet date whether there are any indications of impairment respecting a financial assets or a group of financial assets. In the event of equity instruments classified as held-for-sale financial assets, a significant or permanent decline in fair value below the acquisition costs of these equity instruments is taken into account when determining the extent of impairment of the equity instruments. If such indication respecting held-for-sale assets exists, the accumulated loss (measured as the difference between acquisition costs and the current fair value) less the impairment reported for the respective financial asset is derecognized form equity and reported in the income statement. Impairment losses recognized in the income statement on equity instruments shall not be reversed through profit or loss.

Shares in affiliated companies are allocated to the “financial assets available for sale” category. As an exception, they are stated at acquisition costs as no active market exists for these shares and reliable determination of the fair values would require unreasonable efforts.

As a general rule, regular purchases and sales of financial assets are accounted for as at the settlement date.

Derecognition

A financial asset (or a portion of a financial asset or a portion of a group of similar financial assets) is derecognised when one of the following prerequisites is met:

- The contractual rights to the receipt of cash flows from a financial asset have expired.

- The group transferred the contractual rights to receive the cash flows of a financial asset to a third party or assumed a contractual obligation to immediately pay the cash flow to a third party within the scope of an agreement that meets the requirements stipulated under IAS 39.19 (so-called pass-through agreement), and, in doing so, either (a) transferred substantially all the risks and awards of ownership of the financial asset or (b) neither transferred nor retained substantially all risks and awards of the ownership of the financial asset, but transferred control of the asset.

When the group transfers the contractual rights to cash flows of an asset or enters into a pass-through agreement, it measures whether and if so to what extent the risks and rewards remain with the group. If the group neither transfers nor retains substantially all risks and rewards of the financial asset, and if it does not transfer control over the asset, the group states the asset at the amount of the respective ongoing commitment. In this case, the group also recognises a pertaining liability. The transferred asset and the associated liability are measured in such a way that the rights and obligations retained by the group are accounted for.

When the form of the ongoing commitment guarantees the asset transferred, the amount of the ongoing commitment corresponds to the lower of the original carrying amount of the asset and the maximum amount of the consideration received, which the group might have to repay.

Receivables and Other Assets

Trade receivables are allocated as financial assets to the category “Loans and Receivables”. They are stated at amortized acquisition costs since the respective payments are fixed and determinable and no active market exists. Impairment of trade receivables is reported if there are objective indications that not all of the outstanding amounts will be recovered. The amount of impairment is measured as the difference between the carrying amount of the receivable and the present value of the estimated future cash flows from this receivable, discounted by the effective interest rate. The impairment is recognized through profit or loss. Should the reasons for impairment recorded in earlier periods no longer exist, a corresponding reinstatement of the value is reported.

Other receivables and other assets are stated at nominal value or at the lower present value as of the effective date.

Current foreign currency receivables are translated at reporting date rates in accordance with IAS 21.

Non-current receivables were discounted. An interest rate based on general market terms was applied in the context of the repurchase value of the reinsurance for employees’ pension entitlements. The amount shown in the balance sheet corresponds to the present value of the receivable as of the balance sheet date.

Assets Held for Sale

Non-current assets are classified as assets held for sale when the related carrying amount is recovered mainly through a sale transaction rather than continuing use. This precondition is only regarded as being met when the non-current asset is immediately available for sale in its current state and if the sale is highly probable. The Management must have committed to the respective asset's sale. In this context it must be assumed that the sales process will be concluded within one year following such a classification.

Non-current assets that are classified as held for sale are measured at the lower of the assets' original carrying amount and the fair value, net of selling costs.

Liquid Assets

Cash on hand and bank balances are stated at nominal value. Credit balances denominated in foreign currencies are translated at the mean spot exchange rate applicable as of the balance sheet date.

Leasing

The determination as to whether an agreement contains a lease relationship is made on the basis of the economic content of the agreement at the date when the agreement is concluded. It also requires an assessment of whether performance of the contractual agreement depends on the utilisation of a certain asset or assets and whether the agreement grants a right to use that asset, even if this right is not explicitly stipulated in the agreement.

In accordance with the transitional provisions of IFRIC 4, the date of 1 January 2005 has been determined as the date for the conclusion of lease agreements that were concluded prior to 1 January 2005.

Finance leases where substantially all risks and awards associated with the ownership of the leased asset are transferred to the group lead to capitalisation of the leased asset at the beginning of the lease term. The leased asset is stated at the lower of fair value or present value of the minimum lease payments. Lease payments are allocated to financing expenses and the repayment portion of the residual debt such that a constant interest rate results for the remaining lease liability over the lease term. Financing expenses are reported in the financial result in the income statement.

Leased assets are written down over the respective asset's useful life. If the transfer of ownership to the group is not sufficiently certain at the end of the lease term, the leased asset is fully written off over the period of its expected useful life or, if shorter, over the term of the lease.

Lease payments concerning operating leases are recognised in the income statement as expenses for operating leases over the term of the lease using the straight-line method.

Own Shares (Treasury Stock)

Acquired own shares are deducted from equity capital as a special item at the amount of the acquisition costs pursuant to IAS 32.33. Only insignificant transaction costs were incurred.

Liabilities

Initial recognition and measurement
Financial liabilities in terms of IAS 39 are either classified as financial liabilities that are measured at fair value through profit or loss, or as other liabilities measured at amortised acquisition costs. The group determines the classification of financial liabilities upon initial recognition.

The group's financial liabilities include trade accounts payable and other liabilities, overdraft facilities, loans, financial guarantees, and derivative financial instruments.

In the event of initial recognition, all financial liabilities are measured at fair value. In the case of loans, directly allocable transaction costs are included in measurement.

Within the scope of **subsequent measurement**, with the exception of derivative financial instruments, they are stated at amortized acquisition cost in accordance with the effective interest rate method. Derivative financial instruments are reported at fair value.

Amortised acquisition costs of **short-term liabilities** generally correspond to the nominal amount or the repayment amount. **Long-term liabilities** are reported at the respective present value or, if interest-bearing, at the respective repayable amounts.

In accordance with IAS 32.23, purchase price liabilities from written put options on non-controlling interests are stated as a liability at the amount of the present value of the expected payment obligation. Since the options are based on execution prices that are influenced by the corporate development, a change in the cash flow that determines the value of the financial liability leads to a balance sheet adjustment which, in the opinion of the IASB, is to be reported in profit or loss in accordance with IAS 39.

Short-term liabilities denominated in foreign currencies are translated at reporting date rates in accordance with IAS 21.

Derecognition
A financial liability is derecognised if the obligation underlying the liability has been met, annulled or has expired.

If an existing financial liability is replaced with another financial liability of the same lender with substantially different contractual terms and conditions, or if the terms and conditions of an existing liability are subject to significant changes, the replacement or change is treated as derecognition of the original liability and recognition of a new liability. The difference between the respective carrying amounts is reported in profit/loss.

Derivative Financial Instruments and the Accounting Treatment of Hedging Relationships

Initial recognition and subsequent measurement
The group uses derivative financial instruments, such as interest rate swaps, to hedge against interest rate risks. These derivative financial instruments are stated at present value at the date of contract conclusion and are remeasured at fair value in the subsequent periods. Derivative financial instruments are recognised as financial assets if their present values are positive and as financial liabilities if their present values are negative.

Gains and losses from changes in the fair value of derivatives are immediately reported in profit/loss, with the exception of the effective portion of a cash flow hedge which is stated in the other profit/loss in the statement of comprehensive income.

Hedging instruments are classified as follows for hedge accounting purposes:

- As a fair value hedge if the hedge relates to the risk of a change in the fair value of a recognised asset or a recognised liability or an unrecognised firm commitment,
- As a cash flow hedge if the hedge relates to the risk of cash flow fluctuations that can be allocated to the risk associated with a recognised asset, a recognised liability or the risk of a highly probable future transaction or the currency risk of an unrecognised firm commitment,
- As a hedge of a net investment in a foreign operation.

The Hönle Group exclusively uses hedging instruments to hedge cash flows. When a hedge is entered into, both the hedging relationship and the group's risk management objectives and strategies with respect to the hedge are formally established and documented. The documentation contains the designation of the hedging instrument, the underlying transaction or the hedged transaction, the nature of the hedged risk, and a description of how the enterprise determines the effectiveness of changes in the fair value of the hedging instrument in compensating for the risk from changes in the cash flows of the hedged underlying transaction, which can be ascribed to the hedged risk. Such hedge relationships are deemed to be highly effective in compensating for risks arising from changes in cash flows. They are continuously evaluated to determine if they were actually highly effective during the entire reporting period for which the hedge relationship has been defined.

Hedging transactions that satisfy the strict criteria for hedge accounting are reported as follows:

Cash Flow Hedges

The effective portion of the gain or loss attributable to a hedging instrument is recognised in the reserves for hedging cash flows under other profit/loss in the statement of comprehensive income, while the ineffective portion is immediately reported in profit/loss under "Other operating expenses."

The Hönle Group uses interest rate swaps for hedging against interest rate risks associated with financial liabilities. For further information, please see paragraph 46.

The amounts recognised under other profit/loss in the statement of comprehensive income, are reclassified and reported in the income statement in the period in which the hedged transaction impacts on the period result, e.g., when hedged financial income or expenses are recognised or when an expected sale is carried out. If a hedge results in the recognition of a non-financial asset or a non-financial liability, the amounts reported under Other comprehensive income become part of acquisition costs at the acquisition date of the non-financial asset or non-financial liability.

If an expected transaction or a firm commitment is no longer expected to materialise, the accumulated gains and losses previously recognised in equity are reclassified and reported in the income statement. If the hedging instrument expires or is sold, terminated, or exercised and the hedging instrument is not replaced or rolled over to another hedging instrument, or if the criteria for hedge accounting are no longer met, the accumulated gains and losses continue to be recognised under Other comprehensive until the expected transaction or firm commitment impacts on profit or loss.

Classification as current and non-current
Derivative financial instruments that are not designated as hedging instruments and are effective as such, are classified as current or non-current, or are split up into a current and a non-current portion on the basis of an assessment of the facts and circumstances (i.e. the underlying contractual cash flows).

If the group holds a derivative for a period of more than twelve months after the balance sheet date in its portfolio for hedging purposes (and does not state the derivative as a hedge relationship), the derivative is classified as non-current (or is divided into a current and a non-current portion) in accordance with the classification of the underlying item.

Embedded derivatives that are not closely associated with the host contract are classified in accordance with the cash flows of the host contract.

Derivative financial instruments that were designated as hedging instruments and are effective as such, are classified in line with the classification of the underlying transaction.

The derivative financial instrument is split into a current and a non-current portion only when a reliable allocation is possible.

Accruals

Accruals for pensions are set up using the projected unit credit method pursuant to IAS 19 (Employee Benefits). Based on a prudent estimate of the relevant parameters, this method takes into account the pensions and vested pension benefits known as at the balance sheet date as well as expected future salary and pension increases. The calculation is carried out using actuarial reports on the basis of biometrical calculation assumptions.

Other accruals are reported in accordance with IAS 37 if a current legal or factual obligation exists as a result of a past event, if the outflow of resources with economic benefit concerning the settlement of this obligation is likely, and if the amount of the obligation can be assessed reliably. Other accruals take all recognisable risks into account. They are stated on the basis of their most probable amounts.

Government Grants

Government grants pursuant to IAS 20 are recognised when there is reasonable assurance that the requirements associated with them will be complied with and that the grants will be actually received. Grants earmarked for the purchase or manufacture of non-current assets (asset value-based grants) are stated using the gross method ("deferred income") at the initial recognition and are released and recognised in the income statement on a scheduled basis over the assets' useful lives. In accordance with IAS 20.20, grants for expenses or losses already incurred or that serve as immediate financial support without pertaining expenses in the future are recognised as income in the period in which the corresponding claim arises.

Liabilities from income taxes include obligations arising from current income taxes.

Sales Realisation

Sales are realised after conclusion of purchase contracts upon delivery of the goods concerned (passage of risk), and after conclusion of contracts for work upon acceptance by the ordering party. Sales from services are realised upon provision of the respective services.

Sales revenues are reported net of VAT, sales reductions and credit notes.

Cost of Debt

Borrowing costs are recorded and reflected in the income statement as they accrue unless they are allocable to a qualifying asset in accordance with IAS 23.

Measurement of fair value

On each balance sheet date, the group performs a fair value measurement respecting certain financial instruments (e.g., derivatives). The fair value is defined as the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Within the scope of a fair value measurement it is assumed that the respective transaction (the sale of an asset or transfer of a liability) takes place either

- in the principal market for the asset or the liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The group must be able to access the principal market or the most advantageous market.

A fair value measurement of an asset or a liability is based on the criteria which market participants would use when determining the prices for an asset or a liability, assuming that market participants act in their economic best interest.

The fair value of a non-financial asset is measured based on the assumption that the market participant is capable of generating economic benefits through the highest and best use of the asset concerned or the sale of this asset to another market participant who would find the best and highest use of the asset.

The group uses measurement techniques which are appropriate under the circumstances and for which sufficient data for measuring the fair value is available. In doing so, both observable and non-observable input factors are applied.

All assets and liabilities that are measured at fair value or which are recognised at fair value in the financial statements, are classified on the basis of the fair value hierarchy described below, based on the input parameters of the lowest level which is of overall significance for fair value measurement:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – measurement methods where the input parameter of the lowest level, which, overall, is significant for measuring fair value, is observable, either directly or indirectly.

Level 3 – measurement methods where the input parameter of the lowest level, which, overall, is significant for measuring fair value, is not unobservable on the market.

With respect to assets and liabilities that are reported in the financial statements on a recurring basis, the group determines whether they were reclassified within the hierarchy levels by reviewing classification (based on the lowest level input parameters which, overall, are of significance for fair value measurement) at the end of each reporting period.

The employees responsible for group accounting determine, together with Management, the guidelines and procedures governing the recurring and non-recurring measurement of fair value.

In order to meet the information requirements respecting fair value, the group defined groups of assets and groups of liabilities on the basis of type, specific features and risks as well as the levels of the above-stated fair value hierarchy.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

The consolidated income statement was prepared using the type of expenditure format.

6. Sales Revenues

Sales revenues of T€ 92,173 T€ include revenue from the sale of goods in the amount of T€ 89,235 (PY: T€ 79,309) and revenue from services provided in the amount of T€ 2,938 T€ (PY: T€ 2,780).

The amount of T€ 1 (PY: T€ 3) concerns sales generated within the scope of deliveries to Dr. Hönle Medizintechnik GmbH at regular market conditions.

7. Other Operating Income

	2014/2015 in T€	2013/2014 in T€
Income from exchange rate differences	421	186
Income from the sale of non-current assets	349	3
Income from receivables written down	240	0
Income from the liability-side difference	115	0
Income from the reversal of accruals	104	200
Subsidies / investment grants	102	247
Income from wage-replacement benefits	91	59
Other income	251	874
	1,673	1,569

	2014/2015 in T€	2013/2014 in T€
Off-period income	51	166
Other income from (compensatory) damages	48	55
Income from the reduction of IVA/GVA	30	77
Other income	123	575
Other income	251	874

Income from receivables written down (T€ 240) relates to payments received in connection with a receivable vis à vis insolvent manroland AG. The receivable had already been written down.

The income from the sale of non-current assets relates, in particular, to the sale of trademarks to a Spanish acquirer.

Income from the liability-side difference results from the purchase of further shares in Tangent Industries, Inc.. The fair value of the fully transferred equivalent value of T€ 648 and the acquired net assets amounting to T€ 763 results in a negative difference of T€ 115.

Income from subsidies/investment grants results from the grant notifications concerning research projects and measures taken by the European Union which are associated with the corresponding expenses. In addition, the item includes income from the release of deferred grants within the scope of acquisitions of fixed assets.

Currency differences from foreign currency translation in the amount of T€ 421 (PY: T€ 186) are disclosed as currency gains under the item “Other income“.

8. Cost of Materials/Cost of Purchased Services

	2014/2015 in T€	2013/2014 in T€
Cost of raw materials and supplies and of purchased merchandise	32,502	30,415
Cost of purchased services	1,025	851
	33,527	31,266

9. Personnel Expenses

	2014/2015 in T€	2013/2014 in T€
Wages and salaries	24,339	23,025
Social security and pension costs	5,056	4,832
	29,395	27,857

10. Depreciation/Amortisation of Property, Plant and Equipment and of Intangible Assets

The structure of depreciation/ amortisation of property, plant and equipment and of intangible assets is presented in the Schedule of Fixed Assets (paragraph 20).

The annual impairment tests did not lead to a need for non-scheduled goodwill amortization in financial years 2014/2015 and 2013/2014. Further details concerning impairment tests are provided in the comments on non-current assets (paragraph 20).

11. Other Operating Expenses

Other operating expenses are classified as follows:

	2014/2015 in T€	2013/2014 in T€
Cost of office space	3,226	3,272
Shipment, goods delivery, packaging	2,999	2,366
Travel expenses	1,570	1,301
Vehicle costs	1,150	1,236
thereof leasing	*583*	*564*
Consulting, bookkeeping, year-end closing costs	1,029	1,111
Maintenance and repair	437	287
Expenses from exchange rate differences	126	155
Other off-period expenses	0	24
Extraordinary expenses	4,578	4,480
Other expenses	15,115	14,232

	2014/2015 in T€	2013/2014 in T€
Maintenance and repair	715	827
Advertising and representation	700	667
Insurance, membership fees and charges	648	636
Other expenses	2,515	2,350
Other expenses	4,578	4,480

Expenses from operating lease agreements totalled T€ 733 (PY: T€ 709) in the 2014/2015 financial year. Thereof, the amount of T€ 583 (PY: T€ 564) is attributable to vehicles and T€ 150 (PY: T€ 145) included Other expenses are attributable to machines and to operating and business equipment.

Other expenses also include cost incurred for personnel recruitment and personnel training in the amount of T€ 233 (PY: T€ 217). In addition, the item includes expenses relating to equity holdings in the amount of T€ 139 (PY: T€ 166) and expenses within the scope of value adjustments in the amount of T€ 197 (PY: T€ 185) as well as IT expenses of T€ 213 (PY: T€ 164). Expenses relating to Supervisory Board compensation in the amount of T€ 114 (PY: T€ 72) were disclosed under Other expenses.

12. Income/Loss from Equity Investments Accounted for at Equity

This item includes the prorated result of T€ 2 (PY: T€ -3) concerning Metamorphic Materials Inc., Winsted, USA. Due to the increase in shares in Tangent Industries, Inc., Torrington, USA, from 38.0% as of 30 September 2014 to 57.59% as of 30 September 2015, Tangent Industries, Inc. has been included in the consolidated group as a fully consolidated company from July 2015. Until full consolidation, a prorated positive result of T€ 5 and a loss from adjusting the fair value of the shares upon acquisition in the amount of T€ 19. In the previous year the position disclosed a prorated Tangent Industries, Inc. result of T€ 31. More detailed information is provided under paragraph 22 "Equity investments Accounted for at Equity".

13. Financial Income

	2014/2015 in T€	2013/2014 in T€
Income from equity investments	15	0
Income from other securities and long-term financial investments	0	1
Other interest and similar income	1,079	33
	1,094	34

Other interest and similar income include interest from bank credit balances and deposits in the amount of T€ 18 (PY: T€ 21). The position also includes the amount of T€ 1,047 (PY: T€ 0) from the settlement of liabilities from written put options issued to non-controlling shareholders.

The position Other interest and similar income also includes interest income of T€ 3 (PY: T€ 3) from loan receivables vis à vis Dr. Hönle Medizintechnik.

14. Financial Expenses

	2014/2015 in T€	2013/2014 in T€
Write-down of financial assets and securities held as current assets	1	0
Interest and similar expenses	583	578
	584	578

The item includes interest expenses in the amount of T€ 328 (PY: T€ 345) which are attributable to long-term loan liabilities of the group.

The interest portion for finance leasing agreements included in interest expenses amounts to T€ 2 (PY: T€ 2).

Interest expenses also include the amount of T€ 7 (PY: T€ 8) which is attributable to the pension claim reported on the liabilities side and which concerns surviving dependents of former managing directors.

15. Taxes on Income

Current and deferred tax expenses and tax income are structured as follows:

	2014/2015 in T€	2013/2014 in T€
Current income tax expense and income		
Tax expense for the period	3,860	3,096
Deferred tax expense and income		
from a change in non-current assets	47	12
from a change in current assets	-6	-14
from a change in accruals	-66	-228
from a change in liabilities	-24	99
from a change in losses carried forward	-223	-540
from value adjustments on losses carried forward	222	174
from consolidation effects	-92	-124
from currency differences	-16	2
from other valuation differences	1	-6
	-157	-624
Total tax expense	3,703	2,472

The following overview represents the reconciliation between the tax expense which would notionally result when applying the current German tax rate of 24.58 % of the group parent (corporation tax, solidarity surcharge, trade tax), and the actual tax expense in the consolidated financial statements:

	2014/2015 in T€	2013/2014 in T€
Earnings before income taxes	14,023	8,967
Theoretical tax rate as a %	24,58%	24.58%
Computed tax expense	3,447	2,204
Changes in computed tax expense relative to the actual tax expense due to:		
- change in the value adjustment of deferred tax assets	223	174
- deviating tax base	-32	79
- distribution-related tax refunds	-319	0
- off-period effects	40	-196
- deviating local tax rates	344	199
- changes in tax rates	0	12
Total tax expense	3,703	2,472
Effective group tax rate	26.41%	27.58%

The list below reflects the tax rates applicable in the respective countries used for the calculation of deferred taxes. When calculating deferred taxes, the following tax rates were applied:

- Group companies in Germany: 24.58 % to 29.83 % (PY: 24.58 % to 30.52 %)
- Group companies in the UK: 20.0 % (PY: 20.0 %)
- Group companies in France: 33 1/3 % (PY: 33 1/3 %)
- Group companies in Spain: 25.0 % (PY: 25.0 %)
- Group companies in Switzerland: 26.1 % (PY: 26.1 %)
- Group companies in the US: 25.41% to 39.12 % (PY: 40.27 %)
- Group companies in China: 25.0 % (PY: 25.0 %)
- Group companies in Malta: 15.0% (PY: 19.0%)
- Group companies in South Korea: 10.0%

The income tax effects of T€ -65 (PY: T€ 335) disclosed in the statement of comprehensive income include the amount of T€ -9 (PY: T€ 27) which is attributable to a change in the present value of hedging transactions, and the amount of T€ -56 (PY: T€ 308) which is attributable to the change in actuarial gains and losses from pension obligations.

16. Profit/Loss Share Attributable to Non-Controlling Interests

Non-controlling interests in the result for the financial year consist of the following:

	2014/2015 in T€	2013/2014 in T€
Profit shares		
Aladin GmbH	75	105
UV-Technik Speziallampen GmbH	127	134
Loss shares		
SKC-Panacol Co., Ltd.	-10	0
	192	239

17. Off-Period Expenses and Income

The position “Other operating income” includes off-period income in the amount of T€ 51 (PY: T€ 166) and T€ 104 (PY: T€ 200) from the release of accruals.

The position “Other operating expenses” includes off-period expenses in the amount of T€ 126 (PY: T€ 155).

18. Research and Development Costs

Research costs are taken into account as expense as they accrue. Development costs are only capitalised when the Hönle Group meets the capitalisation requirements defined in IAS 38 “Intangible Assets". Although the other development costs are aimed at the further development of Hönle Group's products and processes, it is almost impossible to evaluate their technical feasibility or useful lives. There are also no reliable assessments respecting the expenses for further development of products and processes.

Expenses for research and development recorded as an expense during the reporting period amounted to T€ 4,108 (PY: T€ 4,001), of which expenses in the amount of T€ 248 (PY: T€ 124) were capitalised.

19. Earnings per Share

In accordance with IAS 33, earnings per share are determined by dividing the profit shares that are attributable to Dr. Hönle AG shareholders by the weighted average number of shares in circulation during the period.

The weighted average portfolio of own shares (treasury stock) as at the balance sheet date (1,076 shares of stock), is taken not into account in the undiluted earnings per share as well as in the diluted earnings per share.

	2014/2015	2013/2014
Profit share in T€ attributable to Dr. Hönle AG shareholders	10,128	6,256
Weighted average of ordinary shares in circulation during the period (shares of stock) **(undiluted)**	5,511,854	5,511,854
Weighted average of ordinary shares in circulation during the period (shares of stock) **(diluted)**	5,511,854	5,511,854
Undiluted earnings per share in €	**1.84**	**1.13**
Diluted earnings per share in €	**1.84**	**1.13**

NOTES TO THE CONSOLIDATED BALANCE SHEET

20. Non-current Assets

Non-current assets include the following balance sheet items:

- Goodwill
- Intangible assets
- Property, plant and equipment
- Equity investments accounted for at equity
- Financial assets

The development of acquisition costs, accumulated amortisation/depreciation, value adjustments neutral in their effect on profits, and the carrying amounts of fixed assets are shown in the Schedule of Non-Current Assets.

	Acquisition - / manufacturing costs						
	As at 01/10/2014 in T€	Change in consolidated group/corporate acquisition in T€	Addition in T€	Disposal in T€	Reclassifi-cation in T€	Currency parities in T€	As at 30/09/2015 in T€
GOODWILL	18.877	0	0	0	0	0	18.877
INTANGIBLE ASSETS							
Trademarks	129	0	0	129	0	0	0
Customer base and other rights	3.888	210	0	0	0	-4	4.094
Computer softw are	2.208	5	37	6	0	1	2.245
Patent, licenses and other commercial property rights	1.025	0	0	0	0	0	1.025
Procedures, methods, designs and proto-types	770	0	0	0	0	0	770
Prepayments made, intangible assets	0	0	6	0	0	0	6
Intangible assets under development	151	0	249	0	0	0	400
	8.171	215	292	135	0	-3	8.540
PROPERTY, PLANT AND EQUIPMENT							
Land and buildings	8.450	0	53	0	1.232	32	9.767
Technical equipment and machines	17.788	155	457	386	1.010	9	19.033
Other equipment, operating and office equipment	10.202	27	578	374	55	17	10.505
Prepayments made and assets under construction	542	0	757	0	-1.065	0	234
	36.982	182	1.845	760	1.232	58	39.539
INVESTMENT PROPERTY	1.132	0	0	0	-1.232	109	9
EQUITY INVESTMENTS ACCOUNTED FOR AT EQUITY	543	-649	149	0	0	7	50
FINANCIAL ASSETS							
Shares in affiliated companies	25	0	0	0	0	0	25
Long-term investments	0	0	0	0	0	0	0
Equity investments/other loans	7	0	0	0	0	0	7
	32	0	0	0	0	0	32
	65.738	-252	2.286	895	0	171	67.047

	Accumulated depreciation As at 01/10/2014 T€	Addition T€	Disposal T€	Currency parity T€	As at 30/09/2014 T€	Book value 30/09/2014 T€	Book value 30/09/2014 T€
GOODWILL	28	0	0	0	28	18.849	18.849
INTANGIBLE ASSETS							
Brand names	25	18	43	0	0	0	104
Customer base and other rights	1.594	375	0	0	1.969	2.125	2.294
Computer software	2.126	125	6	0	2.245	0	82
Patents, licenses and franchise agreements	614	72	0	0	686	339	411
Procedures, models, drafts and prototypes	571	18	0	0	589	181	199
Prepayments intangible assets	0	0	0	0	0	6	0
not finished intangible assets	0	0	0	0	0	400	151
	4.930	608	49	0	5.489	3.051	3.241
TANGIBLE ASSETS							
Land and buildings	2.273	263	2	2	2.536	7.231	6.177
Technical equipment and machines	12.426	1.048	279	4	13.199	5.834	5.362
Other equipment, factory and office equipment	7.280	719	369	11	7.641	2.864	2.922
Payments on account	0	0	0	0	0	234	542
	21.979	2.030	650	17	23.376	16.163	15.003
PROPERTY HELD AS INVESTMENT	9	0	0	0	9	0	1.124
INVESTMENTS ACCOUNTED FOR AT EQUITY	0	0	0	0	0	50	543
FINANCIAL ASSETS							
Shares in associated companies	0	0	0	0	0	25	25
Long term investments	0	0	0	0	0	0	0
Investments/other loans	0	0	0	0	0	7	7
	0	0	0	0	0	32	32
	26.946	2.638	699	17	28.902	38.145	38.792

	Acquisition - / manufacturing costs						
	As at 01/10/2013 in T€	Change in consolidated group/corporate acquisition in T€	Addition in T€	Disposal in T€	Reclassifi-cation in T€	Currency parities in T€	As at 30.09.2014 in T€
GOODWILL	18.877	0	0	0	0	0	18.877
INTANGIBLE ASSETS							
Brand names	129	0	0	0	0	0	129
Customer base and other rights	3.888	0	0	0	0	0	3.888
Computer software	2.108	0	160	0	-60	0	2.208
Patents, licenses and other commercial property rights	965	0	0	0	60	0	1.025
Procedures, models, drafts and proto-types	770	0	0	0	0	0	770
Intangible assets under development	0	0	151	0	0	0	151
	7.860	0	311	0	0	0	8.171
PROPERTY,PLANT AND EQUIPMENT							
Land and buildings	8.295	0	66	-19	70	0	8.450
Technical equipment and machines	17.231	0	603	305	259	0	17.788
Other equipment, operating and office equipment	9.860	0	416	109	28	8	10.202
Prepayments made and assets under construction	258	0	652	12	-356	0	542
	35.644	0	1.737	407	0	8	36.982
INVESTMENT PROPERTY	0	0	1.050	0	0	82	1.132
EQUITY INVESTMENTS ACCOUNTED FOR AT EQUITY	210	0	330	0	0	3	543
FINANCIAL ASSETS							
Shares in affiliated companies	25	0	0	0	0	0	25
Long-term investments	0	0	0	0	0	0	0
Beteiligungen/Sonstige Ausleihungen	7	0	0	0	0	0	7
	32	0	0	0	0	0	32
	62.623	0	3.428	407	0	93	65.738

	Accumulated depreciation						
	As at 01/10/2013 T€	Addition T€	Disposal T€	Currency parity T€	As at 30/09/2014 T€	Book value 30/09/2014 T€	Book value 30/09/2014 T€
GOODWILL	28	0	0	0	28	18.849	18.849
INTANGIBLE ASSETS							
Brand names	28	-3	0	0	25	104	101
Customer base and other rights	1.224	370	0	0	1.594	2.294	2.664
Computer software	1.966	160	0	0	2.126	82	142
Patents, licenses and franchise agreements	501	113	0	0	614	411	464
Procedures, models, drafts and prototypes	553	18	0	0	571	199	217
not finished intangible assets	0	0	0	0	0	151	0
	4.272	658	0	0	4.930	3.241	3.588
TANGIBLE ASSETS							
Land and buildings	2.018	244	-11	0	2.273	6.177	6.277
Technical equipment and machines	11.766	945	285	0	12.426	5.362	5.465
Other equipment, factory and office equipment	6.678	695	99	6	7.280	2.922	3.182
Payments on account	0	0	0	0	0	542	258
	20.462	1.884	373	6	21.979	15.003	15.182
PROPERTY HELD AS INVESTMENT	0	8	0	0	9	1.124	0
INVESTMENTS ACCOUNTED FOR AT EQUITY	0	0	0	0	0	543	210
FINANCIAL ASSETS							
Shares in associated companies	0	0	0	0	0	25	25
Long term investments	0	1	1	0	0	0	0
Investments/other loans	0	0	0	0	0	7	7
	0	1	1	0	0	32	32
	24.762	2.551	374	6	26.946	38.792	37.861

Goodwill

Goodwill values from business combinations are allocated to those cash-generating units that draw benefit from the combinations, irrespective of whether other assets or debts of the acquiring company have already been allocated to these units. Each unit or group of units to which goodwill has been allocated (a) is to represent the lowest level within the group where the goodwill is monitored for internal management purposes, and (b) may not be larger than a business segment in terms of IFRS 8. The Dr. Hönle Group accounted for goodwill in the amount of T€ 18,849 (PY: T€ 18,849). The goodwill values were allocated to cash-generating units which concern the UV equipment and systems and glass and lamps business segments. Goodwill is allocated as follows:

	2014/2015 in T€	2013/2014 in T€
Dr. Hönle AG	5,292	5,292
Eltosch Grafix GmbH	2,495	2,495
PrintConcept GmbH	460	460
UV-Technik Speziallampen GmbH	367	367
Mitronic GmbH	558	558
Raesch Quarz (Germany) GmbH	3,387	3,387
Raesch Quarz (Malta) Ltd.	6,290	6,290
	18,849	18,849

The above stated companies qualify as business segments in accordance with IFRS 8.5.

Hönle tests the goodwill for impairment at least once a year in accordance with the procedure presented under paragraph 5. The recoverable amount for these cash-generating units is determined in order to perform an impairment test pursuant to IAS 36. The achievable amount for cash-generating units was determined on the basis of the usage value.

The usage value is the present value of future cash flows that are expected from continued use of the cash-generating units and their disposal at the end of their useful life. The usage value is determined using the discounted cash flow method on the basis of current corporate planning data in accordance with IAS 36. The planning horizon is five years. A weighted average capital cost rate (WACC) is used to discount the cash flows.

The cash flow projection is based on the profits/losses of the individual group companies which are determined within the scope of a detailed planning process using internal historical values and external economic data. Planning is based, in particular, on assumptions concerning sales development, and on sales prices as well as purchase prices for materials and primary products. The assumptions take cost-reducing measures already taken as well as replacement investments into account. An average annual sales increase of between -0.9 % and 14.9 % is assumed in the planning period for the respective companies. In all, the average growth rate respecting revenues earned in the planning period of the respective companies is 5.2 %.

These growth rates are based on detailed revenue planning which includes the sales development relating to individual customers and a sales forecast relating to new customers, generally on the basis of current sales projects. The forecast also takes into account estimates and information provided by the customers as well as information and assumptions on emerging trends and development on the relevant markets (product-specific and regional).

A significant increase in the Hönle Group's goodwill is attributable to the companies, Raesch Quarz (Germany) GmbH und Raesch Quarz (Malta) Ltd., both of which were acquired on 1 January 2012.

Raesch Quarz (Germany) GmbH is expected to generate a 13.5 % increase in sales revenue in financial year 2015/2016. The planned sales and earnings increase is largely based on the assumption that the technical and organisational improvements implemented in the last two financial years and the upcoming commencement of operations of two melting furnaces for the semi-conductor industry will lead to an increase in sales and earnings. An average sales increase of 14.9 % up to financial year 2019/2020 is assumed. The coming financial years will be characterised by the strategic orientation on the lamps, semi-conductor and fibre optics markets.

Sales growth of ca. 10.3 % in financial year 2015/2016 is planned for Raesch Quarz (Malta) Ltd. The planned sales increase is mainly based on the assumption that current customer projects will contribute to sales realisation within the short term. The sales activities concerning the products of Raesch

Quarz (Malta) Ltd. were expanded and this will also impact positively on sales development in coming years. An average sales growth rate of 8.1 % is planned for the financial years up to 2019/2020.

A 3.3 % increase in sales is expected for Dr. Hönle AG in financial year 2015/2016 and an average sales increase of 3.1 % is planned up to financial year 2018/2019.

Following a strong financial year 2014/2015, a stable sales level is expected for Eltosch Grafix GmbH. Sales will be -1.0 % below the previous year's value. Sales are expected to increase by an average rate of 1.6 % up to financial year 2019/2020. This moderate rise in sales takes into account the rather modest forecast for the sheet offset market.

Following the five-year planning horizon, an annual sales increase of 1 % is projected for the subsequent years. The growth rate is not above the long-term sector growth in the industries in which the cash-generating units operate.

On the basis of these cash flow forecasts, the usage values of the cash generating units were determined using the segment-specific capital cost rates before income taxes. They were as follows: 8.22 % for Raesch Quarz (Germany) GmbH, 10.04 % for Raesch Quarz (Malta) Ltd., 8.42 % for Dr. Hönle AG, 8,69 %for PrintConcept GmbH, 9.28 % for Eltosch Grafix GmbH, 8.43 % for Mitronic GmbH and 8.75 % for UV-Technik Speziallampen GmbH. The discount rates used in the prior year were between 7.46 % and 9.64 %.

The impairment test carried out did not indicate a need for downward adjustment, as the recoverable amounts exceed the carrying amounts of cash-generating units significantly.

The calculation of usage values is based on assumptions that are subject to uncertainties. This relates, in particular, to sales expectations, the development of gross profit margins, the discount rates and the growth rates, which is set to extrapolate cash flow projections beyond the detailed planning period.

The discount rates represent current market assessments respecting the risks attributable to the cash-generating units. The determination of the discount rates is based on the weighted average cost of capital (WACC). The weighted average cost of capital accounts for both the equity capital and debt capital. Equity capital costs are derived from the expected return on investments of typical market participants. Borrowing costs are based on the borrowing rate of typical market participants. The segment-specific risk is taken into account by using individual beta factors. The beta factors are calculated annually on the basis of publicly available market data.

The estimation of growth rates is based on the expected general inflation.

The Management calculated scenarios involving a 10 % increase in Weighted Average Cost of Capital (WACC) and a reduction in growth rates of 0.5 % after the detail planning period. The calculations would not lead to impairment losses concerning the reported goodwill of the individual cash-generating units (CGUs), neither individually nor as a combination of the disadvantageous developments.

Intangible Assets

Within the scope of business acquisitions in financial years 2007/2008, 2010/2011, 2011/2012, 2012/2013 and in 2014/2015 (Tangent Industrie, Inc.) brands, customer bases, and also manufacturing technology were acquired and capitalised as intangible assets in non-current assets.

The item also includes externally acquired development services and subsequent acquisition costs concerning ERP software.
Intangible assets include capitalised development costs amounting to T€ 400 (PY: T€ 151) which relate to a customer-specific development project which qualifies for capitalisation pursuant to IAS 38.

Intangible assets with limited useful lives are stated at cost and are amortised over a period of between 1 and 15 years, depending on their estimated useful life using the straight line method. Intangible assets with unlimited useful lives are reviewed with regard to impairment at annual intervals.

Property, Plant and Equipment

Property, plant and equipment items subject to wear and tear are stated at cost and subsequently measured using the acquisition cost model. Property, plant and equipment items are depreciated according to schedule over their respective expected useful lives.

- *Land and Buildings*

This position includes the group's own land and buildings concerning the following companies:

- Aladin GmbH
- UV-Technik Speziallampen GmbH
- Raesch Quarz (Germany) GmbH
- Eltosch Grafix GmbH
- Eleco Produits EFD, SAS
- Honle US Real Estate LLC.

The buildings are written down over useful lives of between 20 and 50 years. The land of Aladin GmbH, UV-Technik Speziallampen GmbH and Eltosch Grafix GmbH also serves to collateralise bank loans totalling T€ 3,065. The land and commercial property of Honle US Real Estate LLC, Torrington, was reclassified in financial year 2014/2015 from the position "Investment property“ to the position "Land and buildings". From the date of full consolidation of Tangent Industries, Inc. in July 2015, the land and building have qualified as property used by the group itself.

- *Technical Equipment and Machines*

The assets disclosed under this position are depreciated over their useful lives of between 1 to 20 years applying the straight line method.

The assets under technical equipment and machines include machines that were purchased within the scope of a finance lease agreement. The carrying amount of the technical equipment amounts to T€ 12 as of 30 September 2015 (PY: T€ 25). A corresponding finance lease liability was reported on the liabilities side (cf. paragraph 33). Due to the existing lease relationships, availability of the equipment is limited.

- *Operating and Business Equipment*

Assets shown under this position are depreciated over their regular useful lives of between 1 to 39 years applying the straight-line method of depreciation.

Investment Property

Dr. Hönle AG held a commercial property in Torrington, USA, in the last financial year which qualifies as investment property in terms of IAS 40.The carrying amount of this investment was disclosed under non-current assets at a value of T€ 1,124. The fair values totalling T€ 1,156 resulted from a value appraisal report drawn up in 2013, and take building improvements following the acquisition in financial year 2013/2014 into account. The total proceeds from this investment property amounted to T€ 116 in financial year 2014/2015. (PY: T€ 66) and the pertaining expenses came to T€ 51 (T€ 59) in financial year 2014/2015. The investment property was reclassified and reported under property, plant and equipment as at 30 June 2015.

Financial Assets

This item includes shares in affiliated companies in the amount of T€ 32 (PY: T€ 32) which mainly relate to the 100 % investment in Solitec GmbH and the 20% investment in PrintDesign Engineering GmbH. Solitec GmbH is not included in the consolidated group due to its insignificance for the group. PrintDesign Engineering GmbH is not consolidated, since a decisive influence or joint control cannot be exercised.

21. Other Non-Current Assets

	30/09/2015 in T€	30/09/2014 in T€
Loans granted to related parties	81	0
Asset values, employers' pension liability insurance	708	658
Other	21	20
	810	678

With respect to loans extended to related parties reference is made to paragraph 49.

22. Equity Investments Accounted for at Equity

This item includes the balance sheet recognition of the investments in Metamorphic Materials Inc., and TECINVENT GmbH which were accounted for at equity. The carrying amount of the investments accounted for under the equity method amounts to T€ 50 (PY: T€ 543 T€) as at 30 September 2015. Due to the increase in the share in Tangent Industries, Inc. from 38.0% as of 30 September 2014 to 57.59% as of 30 September 2015, Tangent Industries, Inc. is fully consolidated and has been included in the consolidated group from July 2015. In the previous year, the carrying amount of Tangent Industries, Inc. reported under this position came to T€ 503.

The following disclosures are based in the most recent financial statements, respectively, prior to conversion to the investment quota held by Dr. Hönle AG. TECINVENT GmbH develops and sells products in the segment of electronic circuits, components, equipment and systems. Metamorphic Material Inc. develops, produces and sells oligomers and polymers.

in T€	TECINVENT GmbH 2014/2015	TECINVENT GmbH 2013/2014	Metamorphic Materials Inc. 2014/2015	Metamorphic Materials Inc. 2013/2014
Shares in %	35%	35%	30%	30%
non current assets	0	0	40	35
current assets	103	83	141	117
non current liabilities	0	0	170	159
current liabilities	101	85	67	58
net assets	2	-2	-56	-65
shares held of the asiciated company	1	0	-17	-20
Elemination of not realised profits	0	0	-4	-4
plus existing hidden reserves	0	0	71	64
At-Equity book value at the associated company	1	0	50	40
Revenues	239	235	272	171
Profit from continuing operations (100%)	5	12	13	-21
Total profit (100%)	5	12	13	-21
Total profit (based on interest concern)	2	4	4	-6

23. Deferred Tax Assets and Deferred Tax Liabilities

The tax deferrals recorded are to be allocated to the following balance sheet items or tax issues:

	30.09.2015 Asset in T€	Liability in T€	30.09.2014 Asset in T€	Liability in T€
Fixed assets	255	304	259	261
Current assets	18	13	20	22
Non-current assets held for sale	0	42	0	0
Accruals	699	8	687	7
Liabilities	136	376	112	367
Tax losses carried forward	1.354	0	1.353	0
- deferred tax assets	*1.750*	*0*	*1.527*	*0*
- value adjustments	*-396*	*0*	*-174*	*0*
Consolidation effects	108	783	111	823
Total	2.569	1.526	2.543	1.479

The deferred tax liabilities as of 30 September 2015 include the amount of T€ 42 which relates to non-current assets held for sale and T€ 55 relating to consolidation effects resulting from the acquisition and initial full consolidation of Tangent Industries, Inc..

In accordance with IAS 12, deferred tax assets to be offset against unused tax losses carried forward are accounted for to the extent that future taxable income is likely to be available against which the unused tax losses can be offset.

The companies Honle Spain S.A.U., Mitronic GmbH, Agita Holding AG, Honle UV Technology (Shanghai) Trading Ltd., Tangent Industries, Inc., SKC-Panacol Co., Ltd. and Raesch Quarz (Germany) GmbH report tax losses carried forward as of 30 September 2015.

Value estimates are based on annual planning from which predictions concerning the use of future tax losses can be derived. In accordance with planning, only those losses that can be used within a period of five years are reported.

Deferred tax assets from losses carried forward in the amount of T€ 1,246 are attributable to Raesch Quarz (Germany) GmbH, that reported losses in the last two financial years. The material indications respecting recognition are derived from budget accounting and pertaining underlying assumptions. Reference in this respect is made to the explanations under paragraph 20.

Eltosch Grafix GmbH recognised deferred tax assets only with respect to those losses carried forward that resulted from the former Eltosch Torsten Schmidt GmbH after 15 May 2008 (acquisition date). The deferred taxes were used up at Eltosch Grafix GmbH in financial year 2014/2015.

24. Inventories

Inventories include the following items:

	30/09/2015 in T€	30/09/2014 in T€
Raw materials and supplies incl. descriptive material (at acquisition costs)	15,806	13,746
less depreciation	836	1,341
	14,970	12,405
Unfinished goods and services (at acquisition or manufacturing costs)	185	158
less deprecation	0	0
	185	158
Finished goods and merchandise (at acquisition or manufacturing costs)		
less devaluation	10,279	10,397
	435	593
	9,844	9,804
Prepayments made	55	41
	25,055	22,408

The carrying amount of inventories stated at net sales price (fair value) amounts to T€ 1,193 (PY: T€ 1,762). In the 2014/2015 reporting period, inventories amounting to T€ 33,773 (PY: T€ 31,388) were reported under cost of materials and T€ 246 (PY: 122) were posted as income reflecting an increase in the value of value of inventories.

The values disclosed under inventories are subject to retention of title only as is usual within the scope of purchase contracts.

25. Trade Accounts Receivable

Trade accounts receivable are broken down as follows:

	30/09/2015 in T€	30/09/2014 in T€
Total trade receivables	14,087	12,911
less value adjustments	574	668
	13,513	12,243

The value adjustment includes both individual value adjustments and general valuation allowances. The standard individual value adjustment amounts to T€ 151 (PY: T€ 124) at the end of the financial year under review.

The fair values of trade accounts receivable correspond to the book values. Value adjustments concern receivables which most probably cannot be collected. The residual term of trade accounts receivable is less than one year.

Individual value adjustments concerning trade accounts receivable developed as follows:

	2014/2015 in T€	2013/2014 in T€
As at 01/10	545	548
- Utilisation	-183	-83
- Release - (without utilisation)	-48	-19
- Addition	105	98
- Exchange rate differences	5	1
As at 30/09	423	545

26. Receivables from and Liabilities to Companies in which an Equity Investment is Held

The receivables include trade accounts receivable and other receivables from equity investments in the amount of T€ 224 (PY: T€ 265). The position mainly consists of loan receivables vis à vis Metamorphic Materials Inc. in the amount of T€ 169 (PY: T€ 158) and TECINVENT GmbH in the amount of T€ 50 (PY: T€ 50). In the previous year, this position included receivables from Tangent Industries, Inc. in the amount of T€ 52.

The liabilities to equity investments mainly include trade payables.

27. Other Current Assets

	30/09/2015 in T€	30/09/2014 in T€
Expenses paid in advance	413	419
Other current assets	1,820	2,178
	2,233	2,597

The item "Expenses paid in advance“ is classified as follows:

	30/09/2015 in T€	30/09/2014 in T€
Insurance	26	155
Maintenance agreements	18	22
Trade fairs	63	33
Other	306	209
	413	419

Other current assets are structured as follows:

	30/09/2015 in T€	30/09/2014 in T€
Receivables from related parties	96	28
Receivables from minority shareholders	0	100
VAT	914	835
Receivables from employees	91	66
Other	719	1,149
	1,820	2,178

The disclosed carrying amounts correspond to the fair values. The residual term is less than one year. With respect to receivables from related parties reference is made to paragraph 49.
The position "Other“ includes creditors with debit balances in the amount of T€ 161 (PY: T€ 151).
Disclosed other assets are not subject to ownership restrictions or restraints on disposal.

28. Tax Refund Claims

Tax refund claims consist of the following:

	30/09/2015 in T€	30/09/2014 in T€
Dr. Hönle AG	341	43
PrintConcept GmbH	78	22
Eltosch Grafix GmbH	31	40
Panacol AG	19	13
Aladin GmbH	18	136
UV-Technik Speziallampen GmbH	49	103
Raesch Quarz (Germany) GmbH	27	27
Honle US Real Estate LLC	5	0
Tangent Industries, Inc.	63	0
	631	384

The tax refund claims include receivables of T€ 343 (PY: T€ 63) from capitalisation of a claim for payment of a corporation tax credit pursuant to Section 37 KStG n.v., concerning Dr. Hönle AG, Eltosch Grafix GmbH and Raesch Quarz (Germany) GmbH.

29. Liquid Assets

Liquid assets include cheques, cash in hand and bank balances. The position also represents cash and cash equivalents relevant to the cash flow statement within the meaning of IAS 7. The reported liquid assets are not subject to disposal restrictions.

Bank credit balances are held with various banks at annual interest rates of approximately 0.05 % to 1.75 % p.a.

30. Non-Current Assets Held for Sale

The group plans to sell an unused piece of land within the next twelve months. The land was used by Tangent Industries, Inc. prior to the move to Torrington. The search for a purchaser has already been initiated. The land was not held for sale as at the date of reclassification and impairments were not recorded as at 30 September 2015 since the management assumes that the fair value (measured on the basis of the most recent market prices for similar land at similar locations) net of selling costs is above the carrying amount. The value is included in the assets of the Adhesives segment. The fair value less costs to sell is 376 T€. This property is therefore not included in the illustrated fixed assets schedule above (para. 20).

31. Shareholders‘ Equity

Equity Capital Management

In addition to achieving adequate interest on the equity capital utilised, the Hönle Group aims at keeping the equity capital ratio and pertaining liquidity reserves at a continuously high level to enable further growth and to increase the corporate value.

With respect to changes in equity capital in financial year 2014/2015 reference is made to the Statement of Changes in Consolidated Equity.

Subscribed Capital

The subscribed capital (share capital) amounts to € 5,512,930. Accordingly, one share of stock grants a notional share of € 1.00 in corporate capital. The no par shares of stock are made out to the bearer.

As at the respective balance sheet date, shares issued and in circulation were as follows:

	30/09/2015 Shares of stock	30/09/2014 Shares of stock
Number of shares issued	5,512,930	5,512,930
less own shares	1,076	1,076
Shares in circulation	5,511,854	5,511,854

Own Shares (Treasury Stock)

The shareholders' meetings held in previous years authorised Dr. Hönle AG to acquire up to 10 % of the respective nominal capital pursuant to Section 71 (1) No. 8 AktG.

Effective 22 March 2014, the Annual General Meeting resolved to authorise the Management Board and Supervisory Board of Dr. Hönle AG to acquire treasury stock up to a total of 10 % of the share capital at the nominal capital of € 5,512,930 up to 31 December 2018 pursuant to Section 71 (1) No. 8, AktG. The company may not use the authorisation to trade in own shares. Dr. Hönle AG did not make use of the authorisation in financial year 2014/2015.

In previous years, the company acquired shares or issued shares in the current financial year with a view to purchasing additional subsidiaries as follows:

Financial year	As at 30/09/2014	Change	As of 30/09/2015
Number of treasury shares	1,076	0	1,076
Acquisition costs in T€	8	0	8
Average acquisition costs per share in €	7.77	0	7.77

In accordance with IAS 32, own shares are deducted from equity and disclosed as a separate item at acquisition costs of T€ 8. The average share price of all treasury stock held amounts to € 7.77. The stock exchange price amounted to € 23.15 as at the balance sheet date.

Pursuant to Section 71b AktG, Dr. Hönle AG is not entitled to any rights arising from own shares; in particular, these shares do not entitled to dividends.

Additional Paid-in Capital

Additional paid-in capital includes mainly the premiums from the capital increase in the context of the stock flotation in financial year 2000/2001.

Nature and Purpose of Reserves

Legal and other Reserves

The legal reserve was set up in accordance with Section 150 AktG [German Stock Corporation Act]. Unless distributed, the respective result for the year is transferred to the revenue reserve.

Reserve for Hedging Transactions

This reserve includes changes in the fair value of effective hedging transactions after accounting for deferred taxes. As of 30 September 2015, the reserve amounted to T€ 81 (PY: T€ 107) after deferred taxes.

Reserve for Actuarial Gains and Losses pursuant to IAS 19

The reserve for actuarial gains and losses pursuant to IAS 19 includes the actuarial losses from the measurement of pension obligations pursuant to IAS 19 after accounting for deferred taxes. They are reported with neutral effect on profit or loss.

Reserve for Exchange Rate Differences

The reserve for exchange rate differences is used for the recording of exchange rate differences arising from currency translation if the financial statements of foreign subsidiaries.

Proposed Dividend

Due to the positive business development, the Dr. Hönle AG Management Board and Supervisory Board will propose to the Annual General Meeting 2016 that a dividend amounting to € 0.55 per share be paid out for financial year 2014/2015. This corresponds to the amount of T€ 3,032. In the preceding financial year the dividend paid per share came to € 0.50 and translated into the amount of T€ 2,756.

Authorised Capital 2015

In accordance with a resolution passed by the Annual General Meeting on 20 March 2015, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital by up to T€ 2,750 through one or several issues of new, no-par shares (ordinary shares), made out to the bearer, by 19 March 2020, in exchange for cash contributions and/or contributions in kind. With the approval of the Supervisory Board, the Management Board is authorised to wholly or partly exclude shareholders' subscription rights in certain instances.

Non-Controlling Interests

The non-controlling interests are structured as follows:

Financial year 2014/2015

in T€	Aladin	Eleco	UV Technik	SKC	Total
Non controlling interests in %	40%	0,04%	19%	49%	
Non current assets	413	1.112	2.038	0	3.563
Current assets	2.399	2.674	2.356	376	7.805
Non current liabilities	4	237	501	0	742
Current liabilities	387	2.104	1.282	24	3.797
Net assets	2.421	1.445	2.611	352	6.829
Book value non controlling assets	968	-1	495	175	1.637
Revenues	3.543	7.684	5.402	0	16.629
Profit	188	488	365	-21	1.020
Other income	0	2	-4	0	-2
Total income	188	490	361	-21	1.018
Income from non controlling interests	75	0	127	-10	192
Other income from non controlling interests	0	0	-4	0	-4
Dividends towards non controlling associates	0	0	-149	0	-149
Cash flow from operating activities	571	523	1.084	0	2.177
Cash flow from investing activities	-82	-40	-34	0	-156
Cash flow from financing activities	-442	-663	-1.197	376	-1.926
Net increase/decrease in cash and cash equivalents	47	-180	-147	376	96

Financial year 2013/2014

in T€	Aladin	Eleco	UV Technik	Total
Non controlling interests in %	40%	0,04%	49%	
Non current assets	435	1.090	2.219	3.744
Current assets	2.139	2.909	2.646	7.694
Non current liabilities	4	230	471	705
Current liabilities	337	2.164	1.849	4.350
Net assets	2.233	1.605	2.546	6.384
Book value non controlling assets	893	-1	1.257	2.149
Revenues	3.573	7.795	5.267	16.635
Profit	264	461	273	998
Other income	0	-33	0	-33
Total income	264	428	273	17.818
Income from non controlling interests	105	0	134	239
Other income from non controlling interests	0	0	0	0
Dividends to non controlling shareholders	80	0	0	80
Cash flow from operating activities	40	330	147	517
Cash flow from investing activities	-70	-46	-140	-256
Cash flow from finencing activities	5	-409	73	-331
Net increase/decrease in cash and cash equivalents	-25	-125	80	-70

32. Long-term loans (less current portion)

The item includes the long-term portion of the following bank loans:

	Loan mount in T€	effektive	Term up to	Redemption in T€	Carrying in T€
Loan Dr. Hönle AG	494	1,65%	30.01.2025	50	465
Loan Dr. Hönle AG	700	2,90%	31.08.2023	66	575
Loan Dr. Hönle AG	400	1,69%	30.06.2022	50	338
Loan Dr. Hönle AG	3.000	3,18%	31.03.2017	600	900
Loan Dr. Hönle AG	3.500	2,29%	31.03.2021	500	2.750
Loan Dr. Hönle AG	205	2,15%	31.03.2019	51	179
Loan Dr. Hönle AG	4.500	2,64%	29.12.2017	900	2.025
Loan Dr. Hönle AG	350	0,85%	31.05.2022	67	350
Loan Mitronic GmbH	878	4,45%	31.12.2018	55	189
Loan UV-Technik Speziall.	221	5,50%	30.06.2019	24	91
Loan UV-Technik Speziall.	300	6,25%	31.07.2019	33	127
Loan Raesch Quarz (Germany) GmbH	2.000	1,65%	31.03.2019	500	1.750
Loan Raesch Quarz (Germany) GmbH	500	1,25%	31.12.2018	50	175
Loan Raesch Quarz (Germany) GmbH	1.000	1,74%	30.06.2022	192	1.000

The long-term and short-term portions of the above-stated loans are as follows:

	Current portion in T€	Non-current portion in T€	Payer-interest rate sw ap in T€	Collateral
Loan Dr. Hönle AG	50	415	no	Property charge
Loan Dr. Hönle AG	66	509	no	Property charge building UV Technik
Loan Dr. Hönle AG	50	288	400	none
Loan Dr. Hönle AG	600	300	3.000	none
Loan Dr. Hönle AG	500	2.250	3.500	none
Loan Dr. Hönle AG	51	128	no	Tranfer of title
Loan Dr. Hönle AG	900	1.125	4.500	Property charge Unterlüß
Loan Dr. Hönle AG	0	350	no	none
Loan Mitronic GmbH	55	134	no	Guaranty
Loan UV-Technik Speziall.	24	67	no	none
Loan UV-Technik Speziall.	33	94	no	none
Loan Raesch Quarz (Germany) GmbH	500	1.250	no	Guaranty Dr. Hönle AG
Loan Raesch Quarz (Germany) GmbH	50	125	no	Guaranty Property charge
Loan Raesch Quarz (Germany) GmbH	0	1.000	no	Guaranty Dr. Hönle AG

33. Non-Current and Current Finance Lease Obligations

Finance lease obligations include the present values of minimum lease instalments for machines and vehicles. The portions that fall due within one year are disclosed in the balance sheet as short-term lease obligations. The present values of minimum lease instalments due after one year are reflected under long-term finance lease obligations.

The liabilities arising from the finance lease relationship have developed as follows:

As at 30/09/2015	Residual term of up to 1 year in T€	Residual term of between 1 and 5 years in T€	Residual term of more than 5 years in T€
Present value of minimum lease payment	3	8	0
Interest portion (included in present value)	1	1	0

As at 30/09/2014	Residual term of up to 1 year in T€	Residual term of between 1 and 5 years in T€	Residual term of more than 5 years in T€
Present value of minimum lease payment	4	11	0
Interest portion (included in present value)	1	1	0

34. Other Long-Term Liabilities

This position includes the market value of derivatives amounting to T€ 108 (PY: T€ 143) and purchase price liabilities from written put options in the amount of T€ 257 (PY: T€ 244).

Other long-term liabilities also include loan liabilities in the amount of T€ 50 (PY: T€ 150) vis à vis a non-controlling shareholder. The loan liabilities are structured as follows:

Loan amount in T€	Interest rate	Term	Repayment p.a. in T€	Carrying amount in T€
450	4.00%	30/03/2017	100	50

35. Pension Accruals

Pension accruals for pension obligations are set up in connection with pension plans and pertaining old age, invalidity, and surviving dependents' commitments.

Pension accruals concerning defined benefit plans are determined in accordance with IAS 19 (2011) applying the projected unit credit method; i.e., future commitments are measured on the basis of prorated pension benefits accrued as of the balance sheet date. Trend assumptions concerning the relevant parameters that have an impact on future commitments are taken into account. This relates, in particular, to fluctuation, future salary trends and the respective applicable interest rate.

Pension accruals concern pension commitments to employees of group companies in Germany and to employees of the French subsidiaries.

The pension obligations were as follows as at the balance sheet date:

	30/09/2015 in T€	30/09/2014 in T€
Present value of pension obligation at the beginning of the year	5,512	3,849
plus service costs	493	370
plus interest costs	131	138
plus/net of actuarial gains/losses	-248	1,189
plus/net of payments re fund assets	-6	6
net of pension payments	-55	-40
Value of pension obligation at year-end	**5,827**	**5,512**

The company assumes that the pension obligation in the amount of T€ 5,777 (PY: T€ 5,471) will be settled after more than 12 months.

Actuarial gains and losses arising in financial year 2014/2015 were transferred to or netted with equity capital with neutral effect on profit or loss, leading to the stated change in pension accruals with neutral effect on profit/loss.

The following actuarial assumptions are used for determining the balance sheet value of the pension obligation:

	01/10/2015	01/10/2014	01/10/2013
Discounting rate	2.40%	2.40%	3.60%
Income from fund assets	2.40%	2.40%	3.60%
Growth rate of pension payments	2.00%	2.00%	2.00%

The amount of T€ 1,260 (PY: T€ 1,013) of the reported pension obligation is covered by plan assets in the form of independently managed funds.

Sensitivity analyses performed with respect to the actuarial reports as of 30 September 2015 indicated the following results concerning pension obligations:

Amount of pension obligation in the event of changed parameters		in T€
Discounting rate	+0.5%	5,262
Discounting rate	-0.5%	6,481

Amount of pension obligation in the event of changed parameters		in T€
Growth rate of pension payments	+0.25%	6,024
Growth rate of pension payments	-0.25%	5,513

Amount of pension obligation in the event of changed parameters		in T€
Life expectancy	+10,00%	5,983

The above stated sensitivity analyses were performed using an actuarial approach which extrapolates the impact of realistic changes of the major assumptions at the end of the reporting period to the obligation arising from the defined benefit plans.

The company monitors the development of the above-stated parameters precisely and adjusts the existing reinsurance contracts as required.

The plan assets developed as follows in the financial year 2014/2015:

	30/09/2015 in T€	30/09/2014 in T€
Fair value of plan assets at beginning of the year	1,013	771
Expected income from plan assets	27	32
Employer's contributions paid	247	247
Benefits paid	-6	-6
Plus/net of profits/losses	-21	-31
Fair value of plan assets at year-end	**1,260**	**1,013**

The expected total income arising from plan assets is calculated using the market prices prevailing at that time for the period during which the obligation is met. These market prices are reflected in the basic assumptions.

The expected development of plan assets for financial year 2015/2016 is as follows:

	30/09/2016 in T€
Fair value of plan assets at beginning of the year	1,260
Expected income from plan assets	33
Employer's contributions paid	247
Benefits paid	-6
Fair value of plan assets at year-end	**1,533**

The income statement for the financial year includes the following pension obligation expenses:

	2014/2015 in T€	2013/2014 in T€
Current service costs	493	370
Interest costs	131	138
Return on plan assets	-27	-32
	597	**476**

Of the interest expense, T€ 7 (PY: T€ 8) is attributable to pension benefits concerning surviving dependents of former managing directors.

Movements within the balance sheet position "Pension accruals" were as follows in the reporting year:

	30/09/2015 in T€	30/09/2014 in T€
Carrying value of pension accrual at beginning of the year	4,498	3,078
plus pension cost	597	476
less contributions paid	-247	-247
less payments/pension payments	-54	-40
Changes with neutral effect on profit/loss	-227	1,232
thereof from adjusted historical values	74	36
thereof from biometric assumptions	1	-5
thereof from financial assumptions	-302	1,201
Carrying value of pension accrual at year-end	**4,567**	**4,498**

With respect to pension obligations concerning current or former board members and managing directors, reference is made to paragraph 50.

36. Deferred Public Investment Grants

	2014/2015 in T€	2013/2014 in T€
As at 1 October 2014	606	680
Applied for in the financial year	0	0
Recognised/reversed through profit/ loss	-73	-74
As at 30 September 2015	533	606

The public grants relate largely to the acquisition of a building, melting furnaces and annealing furnaces of Raesch Quarz (Germany) GmbH, and the new construction of the production facilities of UV-Technik Speziallampen GmbH. It is expected that all conditions linked to these grants were fulfilled. There are no significant uncertainties.

37. Trade Accounts Payable

Trade accounts payable are stated at the settlement amount. The carrying amount of trade accounts payable as at the balance sheet date is T€ 4,990 (PY: T€ 4,846). Given the short payment periods concerning these liabilities, this amount is in line with the fair value of the liabilities.

38. Prepayments Received

Prepayments received on account of orders relate to payments from customers for services not yet provided by the company. The amounts are shown in net form, i.e., without VAT.

39. Short-Term Bank Liabilities and Short-Term Portion of Long-Term Loans

Liabilities to banks are stated at the respective settlement amounts.

Short-term liabilities to banks amounted to T€ 3,022 (PY: T€ 3,215) at the end of the reporting period. This position mainly relates to the loan in the amount of T€ 900 (PY: T€ 900) taken out to finance the Grafix GmbH acquisition, the loan in the amount of T€ 1,100 (PY: T€ 1,100) taken out to finance the Raesch Group acquisition and to an operating loan in the amount of T€ 500 (PY: T€ 250). Reference is made to paragraph 32. The position also includes short-term credit facilities drawn down in the amount of T€ 143 (PY: T€ 614).

The current account credit lines granted by banks totalled T€ 2,660 (PY: T€ 2,660) as at 30 September 2015. If utilised, they would be subject to regular market interest rates. Of the total, the amount of T€ 504 (PY: T€ 931) is utilised through overdraft facilities and credits by way of guaranty.

40. Other Short-term Liabilities

	30/09/2015 in T€	30/09/2014 in T€
Wage tax and VAT	1,018	951
Social security contributions	378	391
Profit sharing bonus and other bonuses	1,575	1,327
Christmas bonus	780	760
Holidays not taken	505	466
Flexi-time surpluses	383	311
Other personnel-related liabilities	574	541
Purchase price obligations	0	1,505
Liabilities to minority shareholders	100	797
Other	1,033	574
	6,346	7,623

Liabilities concerning **profit sharing bonuses and other bonuses** relate to variable remuneration components and profit sharing bonuses vis à vis the management boards, managing directors and employees of individual consolidated group companies.

Christmas bonus liabilities were set up to account for appropriate allocation of the Christmas allowance.

Liabilities for **holidays not taken** were determined on a pro rata temporis basis due to the deviating financial year.

The liabilities respecting **flexi-time surpluses** relate to employees' overtime account credits.

Liabilities for Supervisory Board compensation, included in the "**Others**". They amount to T€ 114 (PY: T€ 72).

41. Other Accruals

Other accruals developed as follows:

	As at 01/10/2014 in T€	Utilisation in T€	Release in T€	Addition in T€	As at 30/09/2015 in T€
Contractual obligations vis à vis third parties:					
Warranties and guaranties	375	0	50	50	375
Obligations from rental agreements	105	0	0	6	111
Total	480	0	50	56	486

Accruals for **warranties and guaranties** relate to warranties provided with or without a legal obligation to do so, and to the cost of reworking as a result of returns. The accrual is usually calculated at 0.5 % of the risk-prone revenue. The percentage rate is derived from historical values.

The expected **outflow of cash** concerning the above-mentioned accruals is as follows:

	30/09/2015 in %	30/09/2014 in %
In the following year	82	83
In the following 2 - 5 years	6	8
In the following 6 - 10 years	12	9
	100	100

The expected cash outflow in the following two to ten years relates primarily to obligations from rental agreements concluded with respect to the rented buildings up to the end of the contract term.

42. Liabilities from Income Taxes

Liabilities from income taxes were stated at the amount of the expected actual payment obligations resulting from income taxes for both the financial year and previous years.

OTHER DISCLOSURES

43. Contingent Liabilities

In addition to the existing liabilities which are covered by accruals, no significant obligations currently exist that may occur as a consequence of future uncontrollable events.

No guaranties were extended to parties outside the group.

44. Contingent Receivables

There are no contingent receivables as defined under IAS 37.

45. Other Financial Obligations

Other financial obligations of the group are as follows:

As at 30/09/2015	due within 1 year in T€	due within 1 to 5 years in T€	due in more than 5 years in T€	Total obligation in T€
Equipment lease agreements	99	72	0	171
Room rental contracts	1,993	6,671	440	9,104
Motor vehicle rental agreements	423	241	0	664
	2,515	6,984	440	9,939

As at 30/09/2014	due within 1 year in T€	due in 1 to 5 years in T€	due in more than 5 years in T€	Total obligation in T€
Equipment lease agreements	93	128	2	223
Room rental contracts	1,952	6,619	1,993	10,564
Motor vehicle rental agreements	483	444	0	927
	2,528	7,191	1,995	11,714

46. Management of Financial Risks

Risk Management Principles

Within the scope of its operative activities, the Dr. Hönle Group is exposed to risks that are also dealt with in the Risk Report section of the Management Report.

Dr. Hönle AG has introduced a formalised risk management system in order to monitor risks. The governing principles are documented in a manual. In measuring the probability of a damage occurring and the probability of a damage amount (and taking into account any potential opportunities for the group), a decision is made as to whether the pertaining risk is to be avoided, reduced, transferred or accepted. The risk situations are analysed and counter measures are defined and taken whenever necessary. The Dr. Hönle AG Management Board is informed at regular intervals about the group's current risk situation and is also informed immediately if new risks should occur.

Significant risks associated with financial assets and debts are allocated to liquidity, credit, and market risks.

Liquidity Risks

Basically, liquidity risks relate to the risk that the Hönle Group might not be in a position to comply with the obligations that result from financial liabilities.

One of the Hönle Group's management targets is a sustained increase in the operative cash flow. In this context, the liquidity situation is permanently and intensively monitored. The Dr. Hönle AG Management Board is informed at weekly intervals about the group's liquidity situation. In particular, utilisation of the cash pooling account by Hönle Group subsidiaries is monitored and the Management Board is informed accordingly on a weekly basis by the Accounting Department. Moreover, all account balances of Hönle Group's bank accounts are reported in detail to the management. The group monitors the risk associated with possible liquidity bottlenecks on an ongoing basis and assesses the liquidity development of all Hönle Group companies, based on the respective liquidity status in combination with the earnings forecast and intended financial and investing transactions.

According to our current planning, no liquidity bottlenecks are recognisable within the Hönle Group at present.

The following tables reflect the contractually agreed interest and repayments concerning all liabilities:

As at 30/09/2015	Residual term of up to 1 year		Residual term of between 1 and 5 years		Residual term of more than 5 years		Total amount	
	Interest in T€	Repayment in T€	Interest in T€	Repayment in T€	Interest in T€	Repayment in T€	Interest in T€	Repayment in T€
Liabilities to banks	238	3,022	380	6,807	44	1,227	661	11,056
Trade accounts payable	0	4,990	0	0	0	0	0	4,990
Financing lease	1	3	1	7	0	0	1	10
Liabilities to companies in which an equity investment is held	0	7	0	0	0	0	0	7
Other financial liabilities	5	5,063	1	416	0	0	5	5,479
Total	243	13,084	381	7,230	44	1,227	668	21,541

As at 30/09/2014	Residual term of up to 1 year		Residual term of between 1 and 5 years		Residual term of more than 5 years		Total amount	
	Interest in T€	Repayment in T€	Interest in T€	Repayment in T€	Interest in T€	Repayment in T€	Interest in T€	Repayment in T€
Liabilities to banks	286	3,215	435	8,098	63	1,447	784	12,761
Trade accounts payable	0	4,846	0	0	0	0	0	4,846
Financing lease	1	3	1	10	0	0	2	13
Liabilities to companies in which an equity investment is held	0	76	0	0	0	0	0	76
Other financial liabilities	11	6,589	5	537	0	0	16	7,126
Total	297	14,730	442	8,645	63	1,447	802	24,822

Credit Risks

The credit risk refers to the default risk concerning financial assets.

The Accounting and Sales/Marketing departments assess the customer receivables default risk at regular intervals. Outstanding receivables from customers are monitored, in particular, by analysing the age structure lists with respect to the maturity of outstanding receivables. Supplies to key account customers, in particular customers from abroad, are generally covered by letters of credit or other hedging instruments. The age structure list indicated that T€ 2,489 (PY: T€ 2,583) were due in less than 90 days as at 30 September 2015, which corresponds to 18.2 % (PY: 20.6 %) of the total amount of receivables outstanding. In all, T€ 367 or 2.7 %, (PY: T€ 130 or 1.0 %) and T€ 453 or 3.3%, (PY: T€ 282 or 2.3 %) were due in 90 to 180 days, or in more than 180 days, respectively. The amount of value adjustment requirements is analysed individually for all customers at monthly intervals.

The Dr. Hönle Group Management is informed at monthly intervals about the age structure statistics of open receivables respecting all customers with special attention being paid to customer receivables involving amounts of more than T€ 10 where the maturity date is exceeded by more than 90 days.

The financial performance of specific customers or key account customers, respectively, is monitored permanently by external service providers or information that arises from the customers’ payment pattern. In addition, market information is used in the assessment of customers’ ability to comply with their payment obligations. The risk involved in larger-sale contracts, in particular, is hedged on the basis of credit information and instalment plans. As a general rule, credit information is obtained with respect to new customers or when a change in customers’ payment pattern is observed.

The group assesses the risk concentration with respect to trade receivables as low. This assessment is supported by the fact that Hönle Group customers are allocated to three different segments (Systems & Equipment, Adhesives and Glass & Lamps). Furthermore, the customers are located around the globe and are active in various sectors of industry and largely independent markets, in particular in the Adhesives and Glass & Lamps segments.

The carrying values of financial assets represent the maximum default risk in the event that contracting partners should fail to meet their payment obligations.

In the event that internal indications such as delayed payments or external information (indicating serious financial difficulties of the contracting party) become apparent in the group, respective value adjustments are recorded.

The age structure of non-value-adjusted trade accounts receivables is as follows:

Age structure of overdue receivables (As at: 30/09/2015)	net in T€	thereof not yet due in T€	thereof due but not value-adjusted < 90 days in T€	90 to 180 days in T€	>180 in T€
Trade accounts receivable (net of individual value adjustments)	13,679	10,370	2,489	367	453

Age structure of overdue receivables (as at: 30/09/2014)	net in T€	thereof not yet due in T€	thereof due but not value-adjusted < 90 days in T€	90 to 180 days in T€	>180 in T€
Trade accounts receivable (net of individual value adjustments)	12,556	9,562	2,583	130	282

The Hönle Group assumes recoverability of all non-value adjusted trade accounts receivable. The other assets do not include any overdue items.

Risk concentrations arise when several business partners are engaged in similar activities in the same region or when, due to their economic features, their ability to meet their contractual obligations is impaired in the event of changes in the economic or political situation. In order to avoid disproportionately high risk concentrations, the Adhesives segment and the Glass & Lamps segment, in particular, are being expanded in addition to the Equipment & Systems segment. Identified default concentrations are continuously monitored and controlled. Selected hedging transactions are used within the group with a view to avoiding risks at the level of individual business relationships.

Market Risks

The market risk is split up into currency- and interest rate risks.

Currency Risks

The Hönle Group is exposed to currency risks in as much as some of its purchases are made in foreign currencies and are not sold in the respective foreign currencies to the same extent.

Risks resulting from fluctuations in foreign currency receivables, liabilities, and from pending contracts and accrued and deferred items are largely associated with foreign currency transactions in US Dollars, Swiss Francs, Korean Won and Chinese Renminbi.

As at the balance sheet date, no rate hedging transactions were reported with respect to these foreign currency positions.

If the euro had been stronger by 10% relative to the Swiss Franc, this would have improved the consolidated result by T€ 4 (PY: decrease by T€ 268). A 10 % weakening of the euro in comparison with the Swiss franc would have lowered the consolidated result by T€ 5 (PY: increase by T€ 327).

If, relative to the British pound, the euro had been stronger by 10%, the consolidated result would have improved by T€ 0.1 (PY: T€ 0.2). A weakening of the euro in comparison with the British pound would have led to a decrease in the consolidated result by T€ 0.1 (PY: T€ 0.3).

If the euro had been stronger by 10% relative to the US Dollar, this would have led to a decrease in the consolidated result by T€ 9 (PY: increase T€ 96) whereas a 10 % weakening would have improved earnings by T€ 11 (PY: decrease T€ 117).

If the euro had been stronger by 10% relative to the Chinese Renminbi, this would have led to an improvement in the consolidated result by T€ 3 (PY: increase by T€ 14). A corresponding weakening of the euro in comparison with the Chinese renminbi would have led to a decrease in the consolidated result by T€ 4 (PY: decrease by T€ 17).

Interest Rate Risks

Interest rate risks are associated with variable interest-bearing financial instruments vis à vis banks.

In the 2014/2015 financial year and in prior years, derivative financial instruments were used to hedge against the interest rate risks to which the Hönle Group is exposed.

In financial year 2012/2013, Dr. Hönle AG took out a five-year loan in the amount of T€ 4,500 to finance the acquisition of assets of the former Grafix GmbH. The loan matures on 29 December 2017. Interest on the principal loan amount is subject to 3-month EURIBOR plus a margin of 1.95 percentage points.

The interest rate is fixed for a rollover period of three months at each rollover date. The agreed interest rate is determined on the basis of the EURIBOR (European Interbank Offered Rate) applicable for the corresponding term on the trade date, plus a nominal spread of 1.95 percentage points. It is fixed until 29 December 2017 (which corresponds to the term of the loan). The PAYER interest rate swap concluded in this context in the nominal amount of T€ 4,500 serves as hedging transaction. The IRS has a term of five years (from 28 March 2013 to 29 December 2017) and results in an effective fixed interest rate of 2.64 %.

In the 2011/2012 financial year, an agreement was concluded respecting a bank loan in the amount of T€ 3,000. The loan has a term of five years and matures on 31 March 2017. The interest rate is fixed for a rollover period of three months at each rollover date. The agreed interest rate is determined on the basis of the EURIBOR applicable for the corresponding term on the trade date, plus a nominal spread of 1.80 percentage points. It is fixed until 31 March 2017 (which corresponds to the term of the loan). The PAYER interest rate swap concluded in this context in the nominal amount of T€ 3,000 serves as hedging transaction. The IRS has a term of five years (from 30 March 2012 to 31 March 2017) and results in an effective fixed interest rate of 3.18 %.

In the 2013/2014 financial year, an agreement was concluded respecting a bank loan in the amount of T€ 400. The loan has a term of eight years and matures on 30 June 2022. The interest rate is fixed for a rollover period of three months at each rollover date. The agreed interest rate is calculated using the EURIBOR applicable on the trading day for the respective term, plus a nominal spread of 0.80 percentage points. It is fixed until 30 June 2022 (which corresponds to the term of the loan). The PAYER interest rate swap concluded in this context in the nominal amount of T€ 400 serves as hedging transaction. The term is eight years (from 1 July 2014 to 30 June 2022) and results in an effective fixed interest rate of 1.69 %.

Also in the financial year 2013/2014, an agreement was concluded respecting a bank loan in the amount of T€ 3,500. The loan has a term of seven years and matures on 31 March 2021. The interest rate is fixed for a rollover period of three months at each rollover date. The agreed interest rate is determined on the basis of the EURIBOR applicable for the corresponding term on the trade date, plus a nominal spread of 1.30 percentage points. It is fixed until 31 March 2021 (which corresponds to the term of the loan). The PAYER interest rate swap concluded in this context in the nominal amount of T€ 3,500 serves as hedging transaction. The term is seven years (from 31 March 2014 to 31 March 2021) and results in an effective fixed interest rate of 2.29 %.

The interest rate swaps are treated as cash flow hedges. The interest rate swaps (variable to fixed interest rates) serve to hedge against rising interest rates concerning the bank loans carrying variable interest rates. The fair value (= market value) corresponds to the value the respective company would receive or would have to pay at the cancellation of the transaction as of the balance sheet date.

The fair values are determined by discounting the future cash flows from variable payments on the basis of generally accepted financial models. Interbank rates are used in the valuation.

The changes in the fair values of derivatives that qualify as effective hedge in the amount of T€ 35 (PY: T€ - 103) were recognized directly in equity under the reserve for hedging transactions, taking deferred taxes of T€ -9 (PY: T€ 27) into account.

All other loans are subject to fixed interest agreements. The loans are measured at amortised acquisition costs using the effective interest rate method. Consequently, a change in market interest rates does not impact on measurement. Current overdrafts and credit balances on current accounts bear variable interest rates. If an average 2 % increase in the interest level respecting current account loans were to be assumed, the additional interest expense would amount to T€ 3 (PY: T€ 12), assuming that the average negative balance on current accounts corresponds to the value of T€ 142 (PY: T€ 614) at the end of the 2014/2015 financial year. According to current information, market price changes concerning these financial instruments would not have any further significant impact on the Hönle Group results.

Other Disclosures regarding Financial Assets and Debts

The following table provides an overview of the transition of financial assets and debts included in the balance sheet items pursuant to the IAS 39 categories as well as impairment losses recorded in the respective financial year under profit or loss, net profits/losses as well as the total interest expense and income:

Carrying amounts as at 30/09/2015	Measurement category pursuant to IAS 39	Amortized acquisition costs in T€	Fair value with neutral effect on profit/loss in T€
Equity investments	AfS	32	0
Other non-current assets	LaR	102	0
Trade accounts receivable	LaR	13,737	0
Other current assets	LaR	1,319	0
Liquid assets	LaR	7,456	0
Total		**22,646**	**0**
Liabilities to banks	FLAC	11,056	0
Trade accounts payable	FLAC	4,996	0
Other long-term financial liabilities	FLAC	315	0
Other short-term financial liabilities	FLAC	5,066	0
Derivate in conj. with effective CF hedge	CF hedge	0	108
Total		**21,432**	**108**

thereof aggregated pursuant to IAS 39 measurement categories		
Loans and Receivables (LaR)	22,614	0
Available-for-Sale Financial Assets (AfS)	32	0
Financial Liabilities Measured at Amortised Cost (FLAC)	21,432	0
Amount of impairments recorded under profit/loss	-167	0
Net profit/loss	0	35
Total interest expense	-478	0
Total interest income	1,078	0

Carrying amounts as at 30/09/2014	Measurement category pursuant to IAS 39	Amortised acquisition costs in T€	Fair value with neutral effect on profit/loss in T€
Equity investments	AfS	32	0
Other non-current assets	LaR	20	0
Trade accounts receivable	LaR	12,508	0
Other current assets	LaR	1,762	0
Liquid assets	LaR	5,685	0
Total		**20,007**	**0**
Liabilities to banks	FLAC	12,759	0
Trade accounts payable	FLAC	4,923	0
Other non-current financial liabilities	FLAC	404	0
Other current liabilities	FLAC	6,593	0
Derivate in conn. with effective CF hedge	CF-Hedge	0	143
Total		**24,678**	**143**
thereof aggregated pursuant to IAS 39 measurement categories			
Loans and Receivables (LaR)		19,974	0
Available-for-Sale Financial Assets (AfS)		32	0
Financial Liabilities Measured at Amortised Cost (FLAC)		24,678	0
Amount of impairments recorded under profit/loss		-107	0
Net profit/loss		0	-103
Total interest expense		-470	0
Total interest income		31	0

The carrying amounts of financial assets (trade accounts receivable, other current assets and liquid assets) correspond to market values.

Other non-current assets include fixed-interest bearing receivables. Market values are determined in consideration of interest rates, corresponding impairment of value, and individual criteria. Book values correspond to market values as at the 30 September 2015 balance sheet date.

The carrying amounts of financial liabilities (short-term financial liabilities and trade accounts payable) correspond to market values. All positions are due within one year.

Long-term financial liabilities include fixed-interest bearing liabilities and liabilities with floating interest rates as well as recognised leasing liabilities. The measurement of long-term financial liabilities at market values is based on the discounting of future cash flows over the contract term of the respective financial instruments, using the issuer's borrowing rate at the end of the reporting period. Management established that the carrying amounts of financial liabilities almost correspond to their fair values due to short terms to maturity or interest rates in line with market conditions.

The method used for measuring interest rate swaps (derivatives with effective hedge relationship) uses input parameters that are observable in the market. The measurement methods most frequently applied include option price- and swap models using present value calculations. The models make reference to various parameters such as the credit standing of business partners, spot and futures prices/rates and yield curves. As of 30 September 2015, the derivative items are measured at market value ("marked-to-market"). Both the default risk of the group as well as that of the bank are classified as low.

The following table reflects the financial liabilities accounted for at fair values on the basis of hierarchy levels:

Category of liabilities	**Reporting date**	**Total**	**Price quoted on active markets (Level 1)**	**Significant observable input parameter (Level 2)**	**Significant non-observable input parameter (Level 3)**
		in T€	in T€	in T€	in T€
Interest rate swap in conn. with effective CF hedge	30/09/2015	108	-	108	-
Interest rate swap in conn. with effective CF hedge	30/09/2014	143	-	143	-

47. Statement of Consolidated Cash Flows

The cash flow statement indicates changes in the group's cash and cash equivalents and the respective changes resulting from an inflow and outflow of funds. In accordance with IAS 7 (Cash Flow Statements), cash flows are split into operating, investing, and financing activities. The cash and cash equivalents under review encompass the liquid assets disclosed in the balance sheet.

Additions to/disposals of cash and cash equivalents are presented using the indirect determination method.

Cash from operating activity amounts to T€ 12,863 (PY: T€ 9,201). It results from the consolidated net income for the year before non-controlling interests and taxes of T€ 14,023 (PY: T€ 8,967) and largely from adjustments relating to non-cash effects in the amount of T€ 799 (PY: T€ 2,726) and changes in net working capital. The position of other non-cash expenses and income mainly includes depreciation/amortisation of property, plant and equipment, intangible assets and non-cash financial income.

Cash used for investing activity results from the payment of purchase prices concerning outstanding shares at the Mitronic GmbH and Raesch Quarz (Malta) GmbH subsidiaries in the amount of T€ 603. In addition, the stake in UV-Technik Speziallampen GmbH was increased to 81% which lead to an outflow of liquid funds in the amount of T€ 357. Moreover, investments in property, plant and equipment and in intangible assets resulted in an outflow of funds in the amount of T€ 2,136 (PY: T€ 3,085).

The dividend distribution for financial year 2013/2014 in the amount of T€ 2,756 (PY: T€ 2,756) is to be mentioned within the scope of financing activities. Cash provided by financing activity related, in particular, to the taking out of bank loans, in particular a short-term operating credit line concerning Raesch Quarz (Germany) GmbH. Cash used for financing activity in the financial year under review related mainly to the repayment of liabilities to banks and lease liabilities in the amount of T€ 3,241 (PY: T€ 2,352).

In all, liquid assets increased from T€ 5,685 to T€ 7,456 in the financial year 2014/2015.

48. Segment Reporting

Segment reporting was prepared in conformity with IFRS.

The Hönle Group companies are combined into segment if they operate in similar markets, they manufacture the same products and their structures are similar.
At the Hönle Group, the parent company's Management Board is responsible for allocating resources and for assessing the segments' earnings power. The relevant segments were identified using the management approach in accordance with the Management Board's management information system.

The following business segments have been defined:

- Equipment & Systems
- Adhesives
- Glass & Lamps

The Equipment & Systems segment encompasses the development, production and sale of equipment and systems.
The Adhesives segment comprises the development, production and sale of adhesives.
The Glass & Lamps segment includes the development, production and sale of tubing and semi-finished goods made of quartz glass as well as the manufacture of UV medium-pressure and low-pressure lamps.

Other activities and other segments were not defined.
Segmentation is based on the data provided by the accounting departments of the included legal entities.

The segment reporting accounting principles generally correspond to the accounting and valuation methods applied at the Hönle Group, as described in paragraph 5.

Segment report financial year 2014/2015

	Equipment & systems in T€	Adhesives in T€	Glass & lamps in T€	Total in T€	Elimina-tions in T€	Consolidated in T€
Sales revenues:						
External customers	50,999	23,780	17,395	92,173	0	92,173
Sales with other business units	1,390	326	1,732	3,448	-3,448	0
Total sales	52,389	24,106	19,127	95,621	-3,448	92,173
RESULT:						
Segment result (operating result)	**7,545**	**5,951**	**307**	**13,802**	**-279**	**13,524**
Interest income	220	42	113	375	720	1,094
Interest expenses	712	17	366	1,095	-511	584
Equity investments accounted for at equity				-11		-11
Write-downs on securities				1		1
Earnings before taxes and non-controlling interests						**14,023**
Income taxes	1,625	1,898	336	3,860	0	3,860
Deferred taxes	250	-93	-222	-65	-92	-157
Earnings before taxes and non-controlling interests						**10,320**
OTHER INFORMATION:						
Segment assets:	**56,095**	**15,366**	**23,512**	**94,972**	**-8,052**	**86,920**
Non-allocated assets:						
Equity investments accounted for at equity				50		50
Financial assets				32		32
Long-term receivables				810		810
Tax refund claims				631		631
Deferred tax assets				2,569		2,569
Consolidated assets						**91,012**
Segment debt	**27,047**	**4,845**	**16,603**	**48,494**	**-27.506**	**20,988**
Deferred tax liabilities				1,526		1,526
Liabilities from income taxes				2,938		2,938
Long-term loans				8,045		8,045
Consolidated liabilities (short-term and long-term):						**33,498**
Investments	824	425	887	2,136	0	2,136
Segment write-downs	1,048	409	1,181	2,638	0	2,638
Non-cash expenses of the segment	621	5	7	634	0	634

Segment report financial year 2013/2014

	Equipment & systems in T€	Adhesives in T€	Glass & lamps in T€	Total in T€	Elimina-tions in T€	Consolidated in T€
Sales revenues:						
External customers	46,062	19,693	16,335	82,090	0	82,090
Sales with other business units	390	571	1,651	2,612	-2,612	0
Total sales	46,452	20,264	17,986	84,702	-2,612	82,090
RESULT:						
Segment result (operating result)	**6,156**	**4,480**	**-648**	**9,988**	**-504**	**9,483**
Interest income	143	104	124	371	-338	33
Interest expenses	830	18	315	1,163	-586	577
Equity investments accounted for at equity				28		
Write-downs on securities				0		0
Earnings before taxes and non-controlling interests						**8,967**
Income taxes	1,379	1,362	355	3,096	0	3,096
Deferred taxes	196	-22	-676	-502	-123	-625
Earnings before non-controlling interests						**6,495**
OTHER INFORMATION:						
Segment assets:	**50,867**	**16,138**	**24,699**	**91,704**	**-10,287**	**81,417**
Non-allocated assets:						
Equity investments accounted for at equity				542		542
Financial assets				32		32
Long-term receivables				677		677
Tax refund claims				384		384
Deferred tax assets				2,543		2,543
Consolidated assets						**85,595**
Segment debt	**30,291**	**4,659**	**16,034**	**50,984**	**-28,406**	**22,578**
Deferred tax liabilities				1,479		1,479
Liabilities form income taxes				2,263		2,263
Long-term loans				9,556		9,556
Consolidated liabilities (short-term and long-term):						**35,876**
Investments	1,894	309	895	3,098	0	3,098
Segment write-downs	1,071	358	1,122	2,551	0	2,551
Non-cash expenses of the segment	210	22	0	232	0	232

Geographical Information

Sales revenues generated with external customers are allocated on the basis of customer location.

Regional allocation of sales revenues is as follows:

	2014/2015 in T€	2013/2014 in T€
Total sales revenues	92,173	82,090
Germany	32,353	31,169
Other countries	59,820	50,921

In financial year 2014/2015, none of the countries outside Germany generated sales in excess of 10% of total sales. Sales revenues of T€ 9,716, corresponding to a portion of 11.8% of total sales were earned in France in the previous year whereas the People's Republic of China generated sales of T€ 8,573 which corresponds to a portion of 10.4 % in total sales.

Non-current assets are allocated as follows:

Germany:	T€ 26,968 (PY: T€ 27,583)
Other countries:	T€ 11,095 (PY: T€ 10,633)

Segment assets are defined as the sum total of intangible assets, property, plant and equipment, inventories, short-term receivables and liquid assets. Segment debt includes long-term and short-term obligations. Non-cash segment expenses relate to changes in pension accruals and other accruals.

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.

49. Related Party Disclosures

Related parties within the meaning of IAS 24 are named below.

In accordance with IAS 24, a party is related to an entity if it is controlled by the reporting company or can have a significant influence over the company, such as

- the members of the Management Board or Supervisory Board of Dr. Hönle AG
- associated companies
- non-consolidated subsidiaries.

With respect to disclosures relating to the Board of Management and the Supervisory Board, reference is made to our comments in paragraph 50.

Regarding the reportable business relationships, reference is made to our comments on individual balance sheet and income statement items. Costs are passed on mainly between Solitec GmbH and Dr. Hönle AG within the scope of advertising. The respective amounts are immaterial with respect to the results of operations, however.

- ***Controlled companies not included in the consolidated financial statements due to insignificance***

  Solitec Gesellschaft für technischen Produktvertrieb mbH, Gräfelfing

- **Companies under significant influence of a Supervisory Board of the group*:***

  Dr. Hönle Medizintechnik GmbH, Kaufering

A loan amounting to T€ 100 was extended to Dr. Hönle Medizintechnik GmbH in the 2010/2011 financial year. It was converted into an annuity loan in the 2011/2012 financial year and matured on 31 July 2015. The loan was repaid in full in financial year 2014/2015 in accordance with the agreed annuities.

A further loan of T€ 150 was extended to Dr. Hönle Medizintechnik GmbH in the 2014/2015 financial year which matures on 30 April 2018. The loan is repaid on the basis of agreed annuities of T€ 54 per year. The carrying amount was T€ 130 (PY: T€ 0) as at 30 September 2015. The long-term portion, which amounts to T€ 81 (PY: T€ 0), is disclosed under "Other non-current assets" (cf. paragraph 21), the short-term portion of T€ 49 (PY: T€ 0) is reported under the position "Other current assets" (cf. paragraph 27). The interest income (cf. paragraph 13) in the amount of T€ 3 (PY: T€ 0) results from the agreed annual interest rate of 4.5 %.

The loan is collateralised by an absolute guarantee of an equivalent amount provided by Prof. Dr. Hönle.

See also paragraphs 13, 21, 27.

50. Disclosures regarding Corporate Bodies

Management Board

- Norbert Haimerl, Diplom-Betriebswirt (FH),
  CEO, Commercial Unit, Investor Relations, Logistics, Quality Management

- Heiko Runge, Diplom-Ingenieur (FH),
  CEO, Distribution, Marketing, Public Relations, Technology

The company is represented by the two Management Board members. Both members hold sole power of representation.

The Management Board members are authorised to represent the company without limitation when carrying out legal transactions where they themselves act as third party representatives.

Total remuneration for the Management Board members in financial year 2014/2015 amounted to:

Mr Norbert Haimerl	550 T€ (PY: T€ 430)
Mr Heiko Runge	539 T€ (PY: T€ 421)

The remuneration structure is based on the assumption of sustained corporate development. The monetary remuneration components include fixed and variable components based on the Hönle Group's performance.
The criteria used in evaluating the suitability of remuneration are as follows: The tasks of the respective Management Board member, personal performance, the economic situation, earnings, and future outlook of the company, standard practice in the industry and the company's general remuneration structure. The Supervisory Board regularly reviews the structure and amount of the remuneration for Management Board members.

Pension commitments were granted to the Management Board members, Mr Haimerl and Mr Runge. Annual pension modules have been and are acquired since 1 January 2012 within the course of a conversion of pension commitments for Management Board members. The amount of the pension module acquired in a given financial year results from the pension expense which is converted to an annuity on the basis of age-dependent conversion factors. The pension expense corresponds to a fixed percentage of annual fixed remuneration (excluding bonus payments). The benefit types include retirement pension (from the age of 60), disability pension benefits and survivors' pension (widow's/life partner's and orphan's pension). The amount of the disability pension and retirement pension corresponds to the total of vested rights and the pension modules acquired up the date when the benefits fall due. The widow's and life partner's pension corresponds to 60 % of disability pension or retirement benefits acquired or paid out at the time of death. The full orphan's pension allowance is 20% of the respective pension entitlement, the reduced ("half-allowance") orphan's pension is 12 % of the respective pension entitlement. Reinsurance pension agreements were concluded to cover the pension commitments.

Fixed remuneration

in T€	Salary		other remuneration		Total	
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014
Norbert Haimerl	225	212	25	23	250	235
Heiko Runge	224	211	15	15	239	226
Total	449	423	40	38	489	461

Performance-based remuneration

in T€	Profit sharing bonuses	
	2014/2015	2013/2014
Norbert Haimerl	300	195
Heiko Runge	300	195
Total	600	390

Pensions

in T€	Pension expenses pursuant to IAS 19	
	2014/2015	2013/2014
Norbert Haimerl	205	206
Heiko Runge	177	178
Total	382	384

Pensions

in T€	Defined benefit obligations	
	As at 30/09/2015	As at 30/09/2014
Norbert Haimerl	1,171	1,028
Heiko Runge	1,059	940
Total	2,230	1,968

Benefits on Termination of Board of Directors Activity
The Supervisory Board appoints members of the Dr. Hönle AG Management Board for a maximum term of office of five years, respectively.

A transitional remuneration agreement was concluded with the Management Board of the company. According to this agreement, in the event of a departure from the Board after reaching the age of 50 and before reaching the age of 60, the fixed remuneration provided for in the service agreement will continue to be paid for 12 months, followed by continued payments ranging between 40% and a maximum of 50% of the fixed remuneration until the effective date of the pension plan of the member of the Board of Directors. However, the transitional remuneration agreement only enters into effect if the respective individual was a member of the Management Board for at least ten years and did not leave the Management Board upon his own responsibility. Any income derived from other sources is deducted from the transitional remuneration. This can lead to a reduction or a complete loss of the transitional remuneration. In addition, the Supervisory Board is entitled to reduce the transitional remuneration in the event of a deterioration of the company's situation. In the event of unjustified payments or subsequent reductions by the Supervisory Board, the benefits granted must be refunded to the company.

In the event of change of control at Dr. Hönle AG, the Management Board member is entitled to terminate the management board service agreement within a period of three months after obtaining knowledge of the change of control. The notice period is three months to the end of the month and the Management Board member can resign from office as of that date. A change of control is considered to be any direct or indirect acquisition of control over Dr. Hönle AG by a third party within the meaning of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetzes (WpÜG)). If the Management Board member leaves the company, said member is entitled to a severance payment in the amount of two annual gross salaries (including profit-sharing remuneration), up to a maximum of T€ 400. The calculation of the gross annual salary is based on the average annual gross salary earned in the last three financial years prior to the departure.

Compensation of Supervisory Board Members
The compensation contains only fixed payments which are oriented towards the duties and responsibilities of the respective Supervisory Board member. No other compensation, for example from advisory or brokerage services, is granted.

Supervisory Board Compensation

in T€		**Total**
	2014/2015	2013/2014
Prof. Dr. Karl Hönle	43	24
Günther Henrich	21	0
Dr. Bernhard Gimple	14	0
Dr. Hans-Joachim Vits	24	32
Eckhard Pergande	12	16
Total	114	72

Pension payments of T€ 12 (PY: T€ 12) were made to the surviving dependents of former Managing Directors. These pension claims are covered by pension accruals in the amount of T€ 231 (PY: T€ 263). (cf. paragraph 35). Interest expense contains a portion of T€ 7 (PY: T€ 8) to this end.

Supervisory Board

- Prof. Dr. Karl Hönle, Dachau – Chairman (from 20/03/2015)
  Physicist, Professor of Technical Optics and Laser Technology at the Munich University for Applied Sciences (emeritus status), Managing Director of Dr. Hönle Medizintechnik GmbH

- Günther Henrich, Schäftlarn – Vice Chairman (from 20/03/2015)
  Lawyer, independent
  Advisory Board Chairman at Pfeifer Holding GmbH & Co. KG, Memmingen

- Dr. Bernhard Gimple, Munich (from 20/03/2015)
  Lawyer, independent

- Dr. Hans-Joachim Vits, Wuppertal (until 20/03/2015)
  Lawyer, independent

- Eckhard Pergande, Seefeld – (until 20/03/2015)
  Banker

Total compensation for the Supervisory Board amounted to T€ 114 (PY: T€ 72) in financial year 2014/2015.

For more details concerning Management Board and Supervisory Board remuneration, please see the Remuneration Report, which is an integral part of the Management Report.

51. Corporate Governance Compliance Declaration pursuant to Section 161 AktG

In December 2015, the Management Board and the Supervisory Board of Dr. Hönle AG issued a Compliance Declaration as required under Section 161 AktG, and have provided shareholders with permanent access to it on the company's Internet page at (www.hoenle.de).

52. Annual Auditor's Fees

The annual auditor, S&P GmbH Wirtschaftsprüfungsgesellschaft, Munich, charged the following fees for financial year 2014/2015:

	in T€
Financial statements audit (individual and consolidated)	183
Tax consulting services	48
Other auditor's services	4
Total	235

53. Employees

The average number of staff in the group (excluding the Management Board), allocated according to functions, was as follows:

	2014/2015	2013/2014
Sales & Marketing	87	86
Research & Development	58	60
Production, Service	261	241
Logistics	60	57
Administration	71	69
Total	537	513

54. Consolidated Financial Statements - Signatures

Gräfelfing, 23 December 2015

Norbert Haimerl (Management Board)   Heiko Runge (Management Board)

Glossary of Terms

EBT
Earnings Before Taxes

EBIT
Earnings Before Interest and Taxes

EBIT Margin
The EBIT margin represents the relationship between profits before interest and taxes and aggregate operating performance,

EnMS
The Energy management system (EnMS) pursuant to DIN EN ISO 50001 ensures the continuous and systematic improvement of an entity's energy-related performance.

IAS, IFRS
International Financial Reporting Standards – international accounting guidelines issued by the International Accounting Standards Board (IASB).

IASB
International Accounting Standards Board – an international independent panel of accounting experts that develops and revises the International Financial Reporting Standards (IFRS).

NEC Directive
The NEC Directive defines national emission ceilings.

Net Profit on Sales
The net profit on sales represents the ratio of consolidated earnings for the year to sales revenues.

Cost of Materials Ratio
The cost of materials ratio represents the ratio of cost of materials to aggregate operating performance.

Personnel expense ratio
The personnel expense ratio represents the ratio of personnel expense to aggregate operating performance.

Ratio of Other Operating Expenses
The ratio of other operating expenses represents the relationship between other operating expenses and aggregate operating performance.

VOC
Volatile Organic Compounds – organic chemicals that evaporate easily or, at low temperatures, act as reactive organic gases. German Emission Law (Bundes-Immissionsschutz-verordnung) limits the emission of volatile organic compounds. The use of UV paints and lacquers provides for the possibility of complying with the regulations stipulated in the German Emission Law.

Financial Calendar

29 January 2016

Present Annual Report 2014/2015

26 February 2016

3 Month Interim Report 2015/2016

16 March 2016

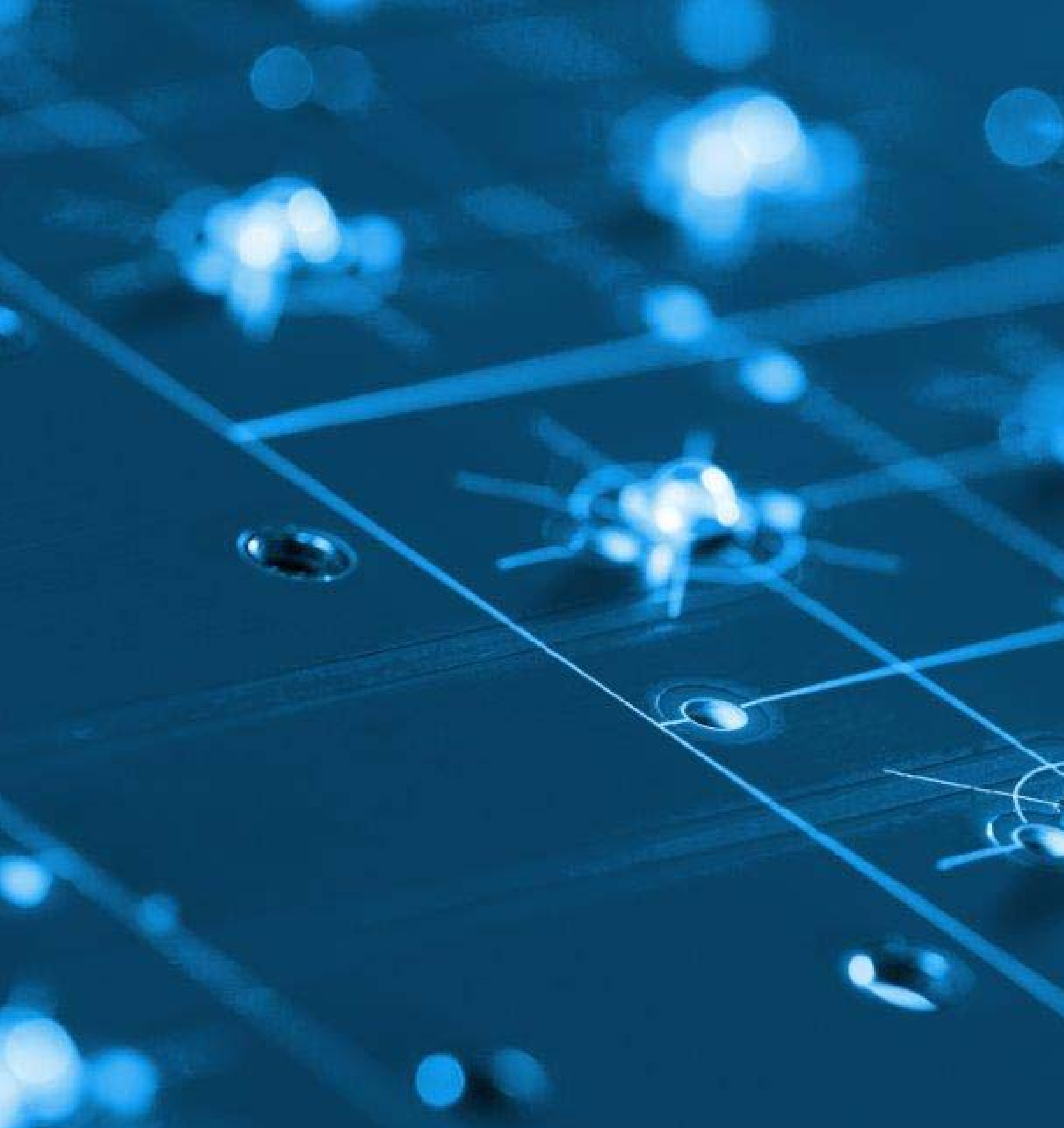
Shareholders Meeting in Munich

20 May 2016

6 Month Report 2015/2016

19 August 2016

9 Month Interim Report 2015/2016



hönle group

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