



2008

9 MONTHS REPORT

2009

hönlegroup

Hönle at a Glance

Hönle Group Figures	2008/2009 9 Months	2007/2008 9 Months	Changes
Income Statement	T €	T €	in %
Revenue	33,611	32,887	2.2
EBITDA	- 1,189	5,543	- 121.5
EBIT	- 2,065	4,808	- 142.9
EBT	- 2,120	5,117	- 141.4
Consolidated net income	- 1,655	3,949	- 141.9
Share			
Earnings per share	- 0.30	0.69	- 143.5
Number of shares	5,512,930	5,512,930	0.0
Cashflow			
Operating Cashflow ¹⁾	- 2,220	2,543	- 187.3
Balance Sheet ²⁾			
Non-current assets	17,443	16,569	5.3
Current assets	23,361	31,945	- 26.9
Shareholder's equity	27,730	30,579	- 9.3
Non-current liabilities	3,903	4,108	- 5.0
Current liabilities	8,380	12,986	- 35.5
Total assets	40,804	48,514	- 15.9
Capital ratio in %	69.9	64.8	7.9
Staff			
at the end of the quarter	258	297	-13.1

1) Cash from continuing business activities

2) as of 30/06/2009 and 30/09/2008

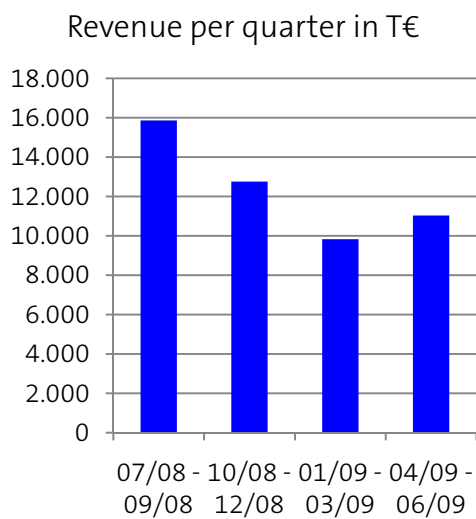
Group Management Report

for the nine-month period from 1 October 2008 to 30 June 2009

Overview

The global economy was in a severe depression which affected almost all countries worldwide. The demand for capital goods collapsed and this hit the German economy particularly hard.

The printing industry, in particular, felt the impact of the economic crisis. Due to low capacity utilisation at the printing firms, printing machine manufacturers had to cope with a perceptible drop in sales. However, there are first clear signs of the economic situation stabilising.



Looking at the development over the recent quarters, an improvement of the business development can also be observed at Hönle. Sales revenue increased again for the first time from T€ 9,829 in the previous quarter to T€ 11,031 in the last quarter. The operating

result too was positive in the third quarter of the year and stood at T€ 115.

In total, the Hönle Group's sales revenue achieved in the first nine months of the financial year increased by 2.2 % to T€ 33,611, which is due to the companies acquired in the last year. By contrast, the operating result dropped from T€ 4,808 in the previous year to T€ -2,065 in the current financial year.

Eltosch GmbH, in particular, was responsible for the significant fall in consolidated net income for the past nine months. Sales generated by this company dropped substantially below the previous year's level as a result of the crisis in the printing industry. Comprehensive measures aimed at ensuring future corporate success were therefore implemented. The measures included a sharp decrease in personnel expenses, the transfer of Eltosch production activities to Dr. Hönle AG, and the development of identical assembly groups for Eltosch and Hönle systems.

The significant reduction in personnel expenses at Eltosch GmbH is based on short-time working hours as well as on staff cuts of almost 50 % by the end of the financial year. This dramatic step became necessary in order to adapt work capacities to the present orders situation.

In the course of this restructuring process, Eltosch Service GmbH was merged with

Eltosch Torsten Schmidt GmbH – both having their registered head office in Hamburg – in June of 2009. The merger was made retrospective as at 1 October 2008.

Another central element of the package of measures is the transfer of Eltosch production and final inspection of Eltosch systems to Dr. Höhle AG. This is to lead to a significant improvement in the gross profit margin of Eltosch GmbH and, consequently, to a considerable increase in the earnings power of both companies. Höhle is well on track to reach its defined targets: All Eltosch GmbH UV and IR systems are to be produced at Dr. Höhle AG by 30 September 2009.

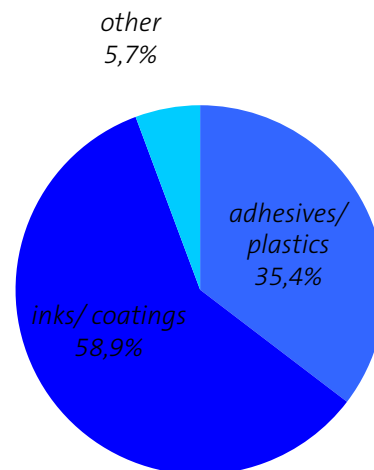
The standardisation of assembly groups will also contribute to the Company's economic success. A uniform modular process control concept is presently being developed for Höhle and Eltosch systems. By this means and in conjunction with uniform infinitely variable power electronics, unit costs will be reduced and the service simplified in the future. Moreover, centralised purchasing activities will also translate into further cost savings potential.

Furthermore restructuring of the Panacol Group has been completed. Panacol GmbH, significant sections of Panacol AG and Wellomer GmbH are pooled at one location. The new head office for the adhesives segment is located in Steinbach, near Frankfurt.

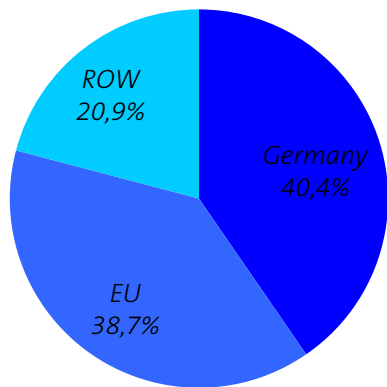
Results of Operations

Sales revenue increased to T€ 33,611 (previous year: T€ 32,887) in the first nine months of financial year 2008/2009 as a result of acquisition activities.

The Höhle Group's major business segment, 'Inks and Coatings', generated 58.9 % of Höhle's total sales, compared to 57.9 % in the previous year. The proportion in total sales earned by the other business segments also remained relatively stable: Sales contributed by the 'Adhesives and Plastics' segment was down 1 %-point to 35.4 %, while the 'Other' segment was unchanged 5.7%.



With a share of 40.4 % (previous year: 41.0 %) in total sales, the domestic market continued to be the most important sales region for Höhle. Sales revenue achieved within the European Union came to 38.7 % (previous year: 36.1 %), while sales revenue achieved outside Europe dropped slightly from 22.9 % to 20.9 %.



The operating result dropped from T€ 4,808 in the first three quarters of the previous year to T€ -2,065 in the current financial year. The consolidated result decreased from T€ 3,949 to T€ -1,655 in the same period.

The cost of materials ratio increased from 41.3 % to 44.1 % as a result of the Eltosch GmbH acquisition in May of last year. The personnel expense ratio climbed from 28.1 % to 38.8 % due to the low sales volume, while the ratio of other operating expenses rose from 18.0 % to 26.5 % in the current financial year.

Financial Position

The operating cash flow amounted to T€ -2,220 in the first nine months of the current financial year. Looking only at the third quarter, the operating cash flow was only T€ -61. In all, cash provided by operating activities decreased by T€ 2,713 in the current financial year.

The cash flow from investing activities decreased by T€ 1,159. Most of the cash invested related to the acquisition of property, plant and equipment for the new head office of Panacol GmbH in Steinbach, near Frankfurt.

Cash used for financing activity amounted to T€ 1,292 and concerned mainly the payment of dividends.

Overall, liquid assets decreased by T€ 5,031 in the first nine months of the year.

Net Assets

The Höhle Group's liquid assets amounted to T€ 3,896 as at 30 June 2009. In all, the Group's liquid assets, securities and treasury stock inventory (market value as at 30 June 2009) totalled T€ 5,619. The equity capital ratio stood at 69.9 %.

Short-term liabilities dropped by T€ 2,070 to T€ 8,380 in the last quarter.

Research and Development

The Höhle Group employed a staff of 41 (PY: 35) in its Research and Development department as at 30 June 2009. Order-independent R&D expenses amounted to T€ 647 (PY: T€ 650) in the first nine months.

Personnel

As at 30 June 2009, the Höhle Group had 258 employees, which is twenty people less than three months ago. A year ago, the number of staff was 297.

Höhle also provides vocational training with a view to covering the potential future demand for qualified personnel: Presently, Dr. Höhle AG employs ten apprentices, i.e. four more than in the previous year.

Outlook

The economic situation appears to be gradually stabilising. There are many indicators that both the German and the global economy will stabilise on a low level. The business climate has improved considerably in the manufacturing industry, in particular.

The downwards trend also appears to have ended in the printing industry. First signs of recovery are noted in certain segments such as the digital printing segment.

The economic situation also stabilised perceptibly at the Höhle Group. Sales revenues in the third quarter were again above the previous quarter's level. It is particularly satisfactory that a slightly positive operating result was achieved, despite the still historically low sales level. This success is due to the prompt counter-measures taken at the onset of the economic crisis. As a result of these measures, the Höhle Group will already become profitable in the coming financial year if sales revenue of ca. € 42 million are achieved.

The integration of Eltosch GmbH systems – which up to now have been manufactured externally – into Dr. Höhle AG is making good progress and will probably be completed by the end of the financial year. Both the Höhle and Eltosch systems can be produced more efficiently and at lower costs internally.

The planned move of Eltosch GmbH to new, smaller company premises will also contribute significantly to reducing expenses.

Höhle established a new production site in Steinbach, near Frankfurt, for the international activities of the adhesives segment. Several old sites were closed down and sales, purchasing and development activities were centralised at the new head office. The two adhesives specialists, Panacol and Wellomer, were pooled in the course of the restructuring process. The new structure optimises the business processes and contributes to increasing the earnings power of the adhesives segment. Moreover, additional staff is to be recruited for the sales division and, in particular, the very dynamic Asian market is to be opened up further. By bundling its adhesives competency, Höhle laid a solid basis for the future growth of the adhesives segment.

Following a third quarter that showed significantly improved results, the Management Board expects, in all, that the Höhle Group's situation will stabilise. Excluding the effects that primarily concern the Höhle Group's restructuring process, the Management Board expects sales revenue and the operating result in the fourth quarter to be almost at the same level as in the previous quarter.

Consolidated Income Statement

for the period 1 October 2008 until 30 June 2009 according IFRS

	01.04.2009 - 30.06.2009 in T€	01.04.2008 30.06.2008 in T€	01.10.2008 - 30.06.2009 in T€	01.10.2007 - 30.06.2008 in T€
Revenue	11,031	14,851	33,611	32,887
Changes in inventories of finished goods and work in progress	- 106	424	- 1,360	448
Other operating income	648	266	1,820	1,303
Cost of purchased materials and services	4,623	7,273	14,210	13,754
Personnel expenses	4,078	4,065	12,509	9,354
Depreciation and amortization including goodwill	304	290	876	735
Other operating expenses	2,453	2,520	8,541	5,987
Operating result/EBIT	115	1,393	- 2,065	4,808
Interest income	14	116	98	488
Interest expense	45	94	153	179
Financial result	- 31	22	- 55	309
Earnings before tax and minority interest/EBT	84	1,415	- 2,120	5,117
Income tax	- 53	- 309	465	- 1,168
Consolidated net income	31	1,106	- 1,655	3,949
Share in earnings attributable to minority interest	- 19	79	- 5	137
Share in earnings attributable to Dr. Höhle AG shareholders	50	1,027	- 1,650	3,812
Earnings per share (basic) in €			- 0.32	0.73
Earnings per share (diluted) in €			- 0.31	0.71
Weighted average shares outstanding (basic)			5,187,091	5,194,640
Weighted average shares outstanding (diluted)			5,342,791	5,351,933

Consolidated Balance Sheet

as of 30 June 2009 according IFRS

ASSETS	30.06.2009	30.09.2008
	in T€	in T€
LONG-TERM ASSETS		
Intangible assets	1,958	2,086
Property, plant and equipment	6,593	6,045
Goodwill	6,927	6,927
Financial assets	208	244
Other non current assets	682	730
Deferred taxes	1,075	537
Total non-current assets	17,443	16,569
CURRENT ASSETS		
Inventories	10,141	11,039
Trade accounts receivable	7,495	10,390
Amounts owed by associated companies	1	0
Other current assets	1,388	1,032
Tax refund claims	440	557
Liquid assets	3,896	8,927
Total current assets	23,361	31,945
TOTAL ASSETS	40,804	48,514

LIABILITIES AND SHAREHOLDERS' EQUITY	30.06.2009 in T€	30.09.2008 in T€
SHAREHOLDERS' EQUITY		
Subscribed capital	5,513	5,513
Own shares	- 2,531	- 2,531
Additional paid-in capital (capital reserves)	16,916	16,916
Legal reserve	49	49
Special item revaluation	- 298	- 262
Retained earnings	7,658	10,605
Currency differences	423	289
Equity attributable to Dr. Hönle AG's shareholders	27,730	30,579
Minority interest	791	841
Total Shareholders' Equity	28,521	31,420
NON-CURRENT DEBTS		
Non-current loans (less current portion)	706	743
Non-current portion of finance lease obligation	199	280
Other non-current liabilities	310	332
Pension accruals	1,848	1,765
Deferred taxes	840	988
Non-current liabilities	3,903	4,108
CURRENT LIABILITIES		
Trade accounts payable	2,645	5,427
Liabilities to associated companies	7	4
Advance payments received	419	512
Current portion of finance lease obligation	106	104
Current loans towards banks and current portion of non-current loans	469	279
Other current liabilities	2,998	4,520
Other accruals	1,437	1,605
Tax accruals	299	535
Total current liabilities	8,380	12,986
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	40,804	48,514

Consolidated Statement of Changes in Equity

for the period 1 October 2008 until 30 June 2009 according to IFRS

	sub- scribed capital in T€	own shares in T€	Addi- tional paid-in capital in T€	legal reserve in T€	Special item revalu- ation in T€	Consolid. retained earnings/ loss in T€	Cur- ency differ- ences in T€	Equity attribu- table to Dr. Hönle AG's shareholders in T€	Minority interest in T€	Total in T€
As at 01.10.2007	5,513	-2,219	16,778	49	-160	8,320	45	28,326	587	28,913
Purchase of own shares		-312						-312		-312
Change of additional paid in capital due to IFRS 2			13					13		13
Valuation of investments due to IAS 39 not effecting net income					-96			-96		-96
Dividend distribution						-2,075		-2,075		-2,075
Currency differences							172	172		172
Change of minority interest affecting net income								0	137	137
Change of minority interest due to acquisitions								0	394	394
Share in earnings attributable to minority interest						3,812		3,812		3,812
As at 30.06.2008	5,513	-2,531	16,791	49	-256	10,057	217	29,840	1,118	30,958
As at 01.10.2008	5,513	-2,531	16,916	49	-262	10,605	289	30,579	841	31,420
Purchase of own shares								0		0
Change of additional paid in capital due to IFRS 2								0		0
Valuation of investments due to IAS 39 not effecting net income					-36			-36		-36
Dividend distribution						-1,297		-1,297	-45	-1,342
Currency differences							134	134		134
Change of minority interest effecting net income								0	-5	-5
Share in earnings attributable to minority interest						-1,650		-1,650		-1,650
As at 30.06.2009	5,513	-2,531	16,916	49	-298	7,658	423	27,730	791	28,521

Consolidated Cash Flow Statement

for the period 1 October 2008 until 30 June 2009 according to IFRS

	01.10.2008- 30.06.2009 in T€	01.10.2007- 30.06.2008 in T€
Cashflows from operating activities:		
Net income for the year before minority interest and taxes	-2,120	5,117
Adjustments for:		
Depreciation of fixed assets	876	735
Exchange rate gains/losses	10	0
Financial income	-98	-488
Interest expenses	153	179
Income due to the release of the debit difference Panacol	0	-619
Other non-cash expenses/income	63	85
Non-cash change in additional paid-in capital due to IFRS 2	0	13
Operating result before changes to net current assets	-1,116	5,022
Increase/decrease in accruals	-85	-11
Increase/decrease of trade accounts receivable	2,895	596
Increase/decrease of other assets	-357	37
Increase/decrease in inventories	835	-1,519
Increase/decrease in trade accounts payable	-2,782	-1,610
Increase/decrease in liabilities to associated companies	3	-1
Increase/decrease in advance payments received	-93	134
Increase/decrease in other liabilities	-1,520	-25
Increase/decrease in deferred revenues	0	-48
Cash from continuing business activities	-2,220	2,575
Interest paid	-153	-179
Income tax paid	-340	-1,936
Net cash from operating activities	-2,713	460
Cashflows from investing activities:		
Purchases of company shares	0	-7,247
Purchase of property, plant and equipment and intangible assets	-1,305	-557
Payments received from non-current receivables	76	217
Payments for non-current receivables	-28	-62
Payments received from interest	88	469
Payments received from dividends	10	19
Net cash used for investing activities	-1,159	-7,161
Cashflows from financing activities:		
Payments received from / paid for loans and liabilities to banks	50	-991
Dividends paid	-1,342	-2,075
Purchase of own shares	0	-312
Net cash from financing activities	-1,292	-3,378
Currency differences	59	140
Exchange rate differences of liquid assets	74	32
Net increase/decrease in cash	-5,031	-9,907
Cash at the beginning of the reporting period	8,927	17,755
Cash at the end of the reporting period	3,896	7,848
Changes in liquid assets	-5,031	-9,907

Explanatory Notes

to the 9-Month Report of the Financial Year 2008/2009

Hönle prepares the consolidated interim financial statement in accordance with International Financial Reporting Standards (IFRS) published by the International Financial Reporting Standards Board (IFRIC) and their interpretations, to be applied in the European Union (EU). Hönle prepares and publishes the consolidated interim financial statements in euro currency (€).

The consolidated interim financial statement as at 30 June 2009, as well as the consolidated statement of changes in equity, the statement of cash flows and the explanatory notes for the periods ending as at 30 June 2009 and 2008 have not been provided with an audit certificate. It has been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in the context of the consolidated financial statement prepared by the company for the 2007/2008 financial year. The significant accounting, valuation and consolidation methods have not undergone any significant change compared with the Annual Report 2007/2008.

The shares which were valued according to IAS standard 39 for the first time in financial year 2001/2002 and which are held as financial investments were adjusted to the fair value as at 30 June 2009 and treated with neutral effect on profits. The value of these shares amounted to T€ 182 at the end of the quarter, compared to T€ 218 as at 30 September 2008. The difference amounting to T€ -36 was recorded in the special item revaluation in the equity capital with neutral effect on profits.

In the first quarter of the 2008/2009 financial year, Dr. Hönle AG paid the amount of T€ 540 for a subsequent (minimum) purchase price instalment within the scope of the acquisition of shares in the Panacol Group. A liability concerning this purchase price instalment was booked in the annual financial statements 2007/2008, which was released at the end of the first quarter. The last purchase price instalment amounts to T€ 233 and was settled in the third quarter. The purchase price for the shares of the Panacol Group reaches to the total of T€ 5,449. The difference relative to the originally reported purchase price liability in the amount of T€ 212 was recognised in the income statement as other operating income.

The second quarter of the 2008/2009 financial year saw the establishment of Eltosch America Inc. with registered head office in Chicago, Illinois. The company's nominal capital amounts to US\$ 1,000. The shares are held to 100% by Eltosch Torsten Schmidt GmbH. The company was initially included in the consolidated financial statements of the Hönle Group as of 31 March 2009.

In the first half of the financial year, Dr. Hönle AG sold the business shares in Wellomer GmbH to Panacol Elosol GmbH: the merger of the two companies with retrospective effect as at 1 October 2008 was the reason for selling the shares.

By the end of the third quarter Eltosch Service GmbH merged with Eltosch Torsten Schmidt GmbH. The merger was made retrospective as at 1 October 2008.

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

	Germany		Europe		Rest of the world		Elimina- tions		Consolidated	
	as at 06/09	as at 06/08	as at 06/09	as at 06/08	as at 06/09	as at 06/08	as at 06/09	as at 06/08	as at 06/09	as at 06/08
INCOME:										
External sales	13,592	13,491	13,007	11,860	7,012	7,536			33,611	32,887
Intra-group sales	5,270	2,029	1,880	1,605	260	123	-7,410	-3,757	0	0
Total sales	18,862	15,520	14,887	13,465	7,272	7,659	-7,410	-3,757	33,611	32,887
NET EARNINGS:										
Segment result (operating result)	-1,268	1,887	-280	1,349	-437	1,088	-80	484	-2,065	4,408
Interest income									88	469
Interest expense									-153	-179
Income from securities									10	19
Earnings before tax and minority interest									-2,120	5,117
Income taxes									465	-1,168
Earnings before minority interest									-1,655	3,949
OTHER INFORMATION:										
Segment assets:										
- by sales region	15,328	16,758	12,488	13,282	6,330	8,108	357	189	34,503	38,337
- by assets location	25,794	30,049	5,941	6,122	2,411	1,977	357	189	34,503	38,337
Non-allocated assets:										
- Financial assets									208	250
- Non-current receivables									682	703
- Tax refund claims									440	673
- Deferred tax assets									1,075	497
- Cash and cash equivalents									3,896	7,848
Consolidated assets									40,804	48,308
Segment debt										
(by sales areas)	7,995	12,355	7,141	8,567	3,159	3,404	-8,162	-9,642	10,133	14,684
Deferred tax liabilities									840	1,222
Tax accruals									299	403
Non-current loans									1,011	1,041
Consolidated liabilities									12,283	17,350
(current and non-current)										
Investments:										
- by sales region	711	6,294	313	2,216	281	525	0	0	1,305	9,035
- by assets location	1,241	8,358	19	677	45	0	0	0	1,305	9,035
Segment amortisation/depreciation										
(by sales region)	489	372	251	226	136	137	0	0	876	735
Non-cash expenses of the segment										
(by sales region)	474	327	206	226	176	172	0	0	856	725

The parameters to be segmented by sales areas are allocated using an allocation formula derived in a uniform manner from revenues.

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

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

The Group figures to be segmented are allocated to individual secondary segments as follows (unaudited):

	Adhesives/ plastics ¹⁾		Inks/ coatings ²⁾		Other ³⁾		Eliminia- tions		Consolidated	
	as at 06/09 T€	as at 06/08 T€	as at 06/09 T€	as at 06/08 T€	as at 06/09 T€	as at 06/08 T€	as at 06/09 T€	as at 06/08 T€	as at 06/09 T€	as at 06/08 T€
INCOME:										
External sales	11,907	11,969	19,777	19,058	1,927	1,860	0	0	33,611	32,887
Intra-group sales	2,407	1,461	4,398	2,122	605	174	-7,410	-3,757	0	0
Total sales	14,314	13,430	24,175	21,180	2,532	2,034	-7,410	-3,757	33,611	32,877
Segment assets:										
- by business segments	14,048	13,391	17,248	22,994	2,850	1,763	357	189	34,503	38,337
Investments:										
- by business segments	896	995	374	8,001	35	39	0	0	1,305	9,035

Allocation of the figures to be segmented according to sales areas is based on an allocation key that is uniformly derived from sales revenues.

The segmental assets are defined as the sum total of intangible assets, property, plant and equipment, inventories and current receivables.

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

¹⁾ The adhesives/plastics segment includes amongst others adhesives and UV-units for curing adhesives and plastics

²⁾ The segment inks/coatings includes amongst others UV- and IR-driers for printing machineries and coatings

³⁾ The segment others includes amongst others UV-disinfection units and sun simulation units

Shareholdings and Option Rights of the Corporate Bodies

Securities portfolio as at 31 March 2009:

	Number of shares	Shares as percentage of nominal capital	Number of options
Board of Management			
Norbert Haimerl	25,000	0.45	10,000
Heiko Runge	16,100	0.29	10,000
Supervisory Board			
Dr. Hans-Joachim Vits	353,444	6.41	0
Prof. Dr. Karl Hönle	221,000	4.01	0
Eckhard Pergande	4,200	0.07	0
Dr. Hönle AG	325,839	5.91	
Sum	945,583	17.15	20,000
Shares total	5,512.930	100.00	

Statement of the Company's Management

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

Gräfelfing, 28 August 2009

Dr. Hönle AG
The Board of Management

Note

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

Financial Calendar

09 - 11 November 2009

German Equity Forum 2009

10 December 2009

Preliminary figures for the financial year 2008/2009

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