



2006

3 MONTHS REPORT

2007



Hönle at a Glance

Hönle Group Figures ¹⁾	2006/2007 3 months	2005/2006 3 months	Changes
Income Statement	T €	T €	in %
Revenues	5,598	5,569	0.5
EBITDA	788	953	- 17.3
EBIT	633	821	- 22.9
EBT	787	968	- 18.7
Net income	469	573	- 18.2
Share			
Earnings per share	0.09	0.11	- 18.2
Number of shares	5,432,500	5,349,740	1.5
Cashflow			
Operating Cashflow ²⁾	- 678	170	-
Balance Sheet ³⁾			
Long-term assets	12,386	12,385	0.0
Current assets	19,750	19,948	- 1.0
Shareholders' equity	27,637	27,143	1.8
Long-term debts	2,181	2,156	1.1
Current liabilities	2,318	3,034	- 23.6
Total assets	32,136	32,333	- 0.6
Capital ratio in %	86.0	83.9	2.4
Staff			
at the end of the financial year ⁴⁾	126	119	5.9

1) unaudited

2) Cashflow from operating activities reported in the cashflow statement

3) as of 31/12/2006 and 30/09/2006

4) without board of management



Dear Shareholders,

Hönle Group sales revenues were at the same level as in the previous year during the first three months of financial year 2006/2007. This sales development is due to project-related quarterly fluctuations and by the postponement of delivery dates to the following quarter. By contrast, incoming orders were very satisfactory, and the number of orders on hand at the end of the quarter is significantly above the previous year's level. We expect that this will lead to a future positive course of business and, consequently, we are holding to the announced sales and earnings targets for financial year 2006/2007.

As planned, we extended our sales team strongly at the end of the financial year with a view to implementing the growth we are aiming for. We assume that this will lead to additional earnings contributions as from the second half of the year.

In the past financial year, we focused strongly on the successful reorientation of Wellomer GmbH and Honle Spain S.A.. This required extensive measures to be implemented at both companies, and the success of these measures has already been demonstrated by the balanced results generated by both companies in the first quarter.

Wellomer GmbH acquired new orders during the first three months of the financial year and also managed to further expand its customer base. Moreover, existing products underwent further successful development, and new products were launched on the market. Due to a significant increase in the number of orders compared with last year, we expect the company to contribute positively to earnings as early as in the current financial year.

Honle Spain transferred production from Spain to Dr. Hönle AG in Germany during the past financial year. This enables us to improve earnings contributions in the Hönle Group, and will impact positively on the course of the financial year.

Dear Shareholders, both the overall economy and the printing segment, which is very important to us, are extremely stable at present and the outlook for further development is also positive. In this environment, Hönle is well positioned with highly performing products and a strengthened sales team. We are convinced that we are on the right way to achieving strong, profitable growth, and we look forward to having you share this course with us in the future.

Yours sincerely

Norbert Haimerl
Board of Management

Heiko Runge
Board of Management

Hönle Group Report

for the three months from 1 October 2006 to 31 December 2006

Results of Operations

The Hönle Group achieved sales revenues of T€ 5,598 (PY: T€ 5,569) in the first three months of the 2006/2007 financial year.

Whereas domestic sales increased from T€ 2,629 to T€ 2,749, sales in the other European countries as well as abroad were slightly retrograde. Exports accounted for 50.9 % (PY: 52.8 %) of total sales.

Sales in the inks and coatings segment came to T€ 3,885 (PY: T€ 3,998) in the first quarter. Adhesives and plastics sales totalled T€ 1,276 (PY: T€ 1,259), and in the "Other" segment, which encompasses disinfection plants and sun simulation plants, amounted to T€ 437 (PY: T€ 312).

The cost of materials ratio rose from 34.0 % in the first quarter of the previous year to 34.6 % in the first quarter of the current financial year. Personnel expenses climbed during the same period from 31.4 % to 31.8 %. The ratio of other operating expenses increased from 19.7 % to 21.1 %.

The operating result (EBIT) declined from T€ 821 in the previous year to T€ 633 in the first quarter of the current year. Earnings before taxes (EBT) were T€ 787 (PY: T€ 968), and net income for the period amounted to T€ 469 T€ (T€ 573). Earnings per share amounted to € 0.09 in comparison with € 0.11 in the previous year's period.

The EBIT margin was 11.3 % (PY: 14.7 %) in the first quarter of the 2006/2007 financial

year, and net profit on sales was 8.4 % (PY: 10.3 %).

Financial Position

The Hönle Group's financial position is characterised by a low level of liabilities, and by the high level of its assets portfolio. Short term and long term liabilities together totalled T€ 4,499, liquid assets amounted to T€ 9,544, and financial assets were T€ 6,478. Cash provided by operating activities declined from T€ 170 in the previous year's quarter to T€ - 678 in the first quarter of the current financial year. The main reason therefore is the increase in the raw materials and supplies and finished goods inventory which, in turn, results from the perceptible growth in the backlog of orders in comparison with the previous year.

Net Assets

Dr. Hönle AG bought back 5,000 of its own shares over the stock exchange during the period from 1 October 2006 to 31 December 2006. Overall, the Company holds 290,289 shares of stock, which corresponds to a proportion of 5.3 % in nominal capital.

Liquid assets declined in the first quarter by T€ 909 to T€ 9,544. Liquid assets, financial assets and own shares now amount to T€ 18,241 or a cash proportion of € 3.36 per share.

Research and Development

The activities of the eighteen employees in our R&D department form the basis for the Hönle Group's successful business development. Expenses independent of orders in the R&D segment amounted to T€ 139, after T€ 120 in the previous year's quarter.

Personnel

The number of staff employed by the Hönle Group (excluding the Board), rose from 119 as at 31 December 2005 to 126 as at 31 December 2006. Personnel were increased at Dr. Hönle AG in the selling, production and service areas, in particular.

Outlook

As already mentioned, we are in a stable market environment. This is also reflected in the higher number of incoming orders for the Hönle Group. At the end of the reporting period, orders on hand were also significantly above the previous year's level; consequently, we are holding to the announced 10 % sales growth and 25 % growth in the operative result (EBIT) for financial year 2006/2007.

In order to achieve our sales targets, we have further extended our sales capacities. New sales staff has been employed in all segments of the company.

For the current financial year, we plan to further expand our vertical range of production in sectors that are important to us through investments. In so doing, we increase our gross profit margin and our independence vis à vis suppliers.

We have placed the first UV equipment in our new rotary offset printing segment, and have thus succeeded in establishing a sound basis for achieving further sales revenues in this interesting business field.

All Group companies generated a balanced or positive result in the first quarter. Aladin GmbH, where the operating result rose by 42.7 % in the first quarter, deserves special mention in this respect. For the rest of the financial year, we expect a continued positive course of business for all Group companies, and in particular for Aladin GmbH and the recently restructured Wellomer GmbH and Hönle Spain S.A..

Consolidated Balance Sheet (unaudited)

as of 31 December 2006 according IFRS

ASSETS	31/12/2006 in T€	30/09/2006 in T€
LONG-TERM ASSETS		
Intangible assets	871	890
Tangible assets	3,757	3,736
Goodwill	153	153
Financial assets	6,478	6,454
Long term portion of prepaid expenses and other long term assets	863	886
Deferred taxes	264	266
Total long-term assets	12,386	12,385
CURRENT ASSETS		
Inventories	5,209	4,559
Trade accounts receivable	3,824	3,945
Current portion of prepaid expenses and other current assets	1,059	905
Tax refund claims	114	86
Cash and cash equivalents	9,544	10,453
Total current assets	19,750	19,948
TOTAL ASSETS	32,136	32,333

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2006 in T€	30/09/2006 in T€
SHAREHOLDERS' EQUITY		
Share capital	5,433	5,433
Own shares	- 2,219	- 2,178
Additional paid in capital	16,731	16,721
Legal reserve	49	49
Special item revaluation	- 169	- 193
Retained earnings	7,319	6,850
Currency disparities	23	28
Minority interest	470	433
Total Shareholders' Equity	27,637	27,143
LONG-TERM DEBTS		
Long-term debts, less current portion	800	800
Long-term portion of finance lease obligation	9	9
Other long-term debts	176	178
Pension accruals	1,140	1,113
Deferred taxes	56	56
Total long term debts	2,181	2,156
CURRENT LIABILITIES		
Trade accounts payable	323	892
Liabilities to associated companies	1	0
Advance payments received	318	181
Current portion of finance lease obligation	5	5
Other current liabilities	207	233
Other accrued expenses	1,184	1,494
Income tax payable	280	229
Total current liabilities	2,318	3,034
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	32,136	32,333

Consolidated Income Statement (unaudited)

For the period 1 October 2006 until 31 December 2006 according IFRS

	01/10/2006 – 31/12/2006 in T€	01/10/2005 – 31/12/2005 in T€
Revenues	5,598	5,569
Other operating income	62	125
Changes in inventories of finished goods and work in progress	199	- 33
Cost of purchased materials and services	- 2,006	- 1,882
Personnel expenses	- 1,843	- 1,736
Depreciation and amortization inclusive goodwill	- 155	- 132
Other operating expenses	- 1,222	- 1,090
Operating income/EBIT	633	821
Interest income	177	173
Interest expense	- 23	- 26
Financial result	154	147
Result before income taxes (and minority interest)/EBT	787	968
Income tax	- 281	- 395
Result before minority interest	506	573
Minority interest	- 37	0
Net income	469	573
Accumulated income brought forward	6,850	5,618
Accumulated net income	7,319	6,191
Net income per share (basic) in €	0.09	0.11
Net income per share (diluted) in €	0.09	0.10
Weighted average shares outstanding (basic)	5,145,193	5,206,701
Weighted average shares outstanding (diluted)	5,403,373	5,555,361

Consolidated Statement of Changes in Equity (unaudited)

for the period 1 October 2006 until 31 December 2006

	Share capital in T€	Own shares in T€	Additional paid-in capital in T€	Legal reserve in T€	Special item revalu- ation in T€	Consolidated retained earnings/ loss in T€	Currency dispari- ties in T€	Minority interest in T€	Total in T€
As at 01/10/2005	5,350	-943	16,626	49	-167	5,618	31	476	27,040
Dividend disbursement									0
Conditional capital increase									0
Purchase of own shares									0
Currency disparities							2		2
Change of minority interest									0
effecting net income									0
Valuation of investments due to IAS 39 not effecting net income					68				68
Change of additional paid in capital due to IFRS 2			24						24
Net income						573			573
As at 31/12/2005	5,350	-943	16,650	49	-99	6,191	33	476	27,707
As at 01/10/2006	5,433	-2,178	16,721	49	-193	6,850	28	433	27,143
Dividend disbursement						0			0
Conditional capital increase									0
Purchase of own shares		-41							-41
Currency disparities							-5		-5
Change of minority interest									37
effecting net income								37	37
Valuation of investments due to IAS 39 not effecting net income					24				24
Change of additional paid in capital due to IFRS 2			10						10
Net income						469			469
As at 31/12/2006	5,433	-2,219	16,731	49	-169	7,319	23	470	27,637

Consolidated Statement of Cashflows (unaudited)

for the period 1 October 2006 until 31 December 2006 according to IFRS

	01/10/2006- 31/12/2006 in T€	01/10/2005- 31/12/2005 in T€
Cashflows from operating activities:		
Net income for the year before minority interest and taxes	787	968
Adjustments for:		
Depreciation of fixed assets	155	132
Interest income	- 177	- 173
Interest expenses	23	26
Other expenses/income not relating payments	7	6
Change of additional paid-in capital due to IFRS 2 not relating payments	10	24
Operating result before changes to net current assets	805	983
Increase/decrease of accrued expenses	- 283	- 269
Increase/decrease of trade accounts receivable	121	259
Increase/decrease of other assets and the prepaid expenses (without premiums on participation certificates)	- 214	- 253
Increase/decrease in inventories	- 650	- 50
Increase/decrease in trade accounts payable	- 569	- 333
Increase/decrease in liabilities to associated companies	1	1
Increase/decrease in advance payments received	137	46
Increase/decrease in other liabilities	- 26	- 214
Cash from ongoing business activities	- 678	170
Interest paid	- 23	- 26
Tax paid from income	- 256	- 64
Net cash from operating activities	- 957	80
Cashflows from investment:		
Purchase of tangible assets and intangible assets	- 157	- 666
Receipt of payments from long-term demands	27	13
Payments for long-term demands	- 11	0
Interest and dividend received	237	254
Net cash used for investment	96	- 399
Cashflows from financing activities:		
Receipt of payments from conditional capital surplus	0	0
Change in debts and liabilities towards banks	- 2	9
Dividends paid	0	0
Purchase of own shares	- 41	0
Net cash from financing activities	- 43	9
Currency disparities	- 5	2
Net increase/decrease in cash	- 909	- 308
Cash at the beginning of the period under review	10,453	8,376
Cash at the end of the period under review	9,544	8,068

Explanatory Notes

to the 3-Month Report of the Financial Year 2006/2007

The significant accounting, valuation and consolidation measures have remained unchanged in comparison with the Annual Report 2005/2006.

The consolidated balance sheet as of 31 December 2006, the consolidated income statement, the statement of changes in consolidated equity and the consolidated cash flow statement for the periods ending on December 2006 and 2005 as well as the Notes have not been attested.

Shares held as financial assets which had been valued pursuant to IAS Standard 39 for the first time in financial year 2001/2002, were again adjusted to fair value as at 31 December 2006 and treated with neutral effect on profits. At the end of the quarter, the value of these shares amounted to T€ 430 compared to T€ 406 as at 30 September 2006. The difference of T€ 24 was netted with the special item, Revaluation, in equity with neutral effect on profits.

Dr. Höhle AG acquired 5,000 own shares to the amount of T€ 41 in the first quarter of 2006/2007. The average price amounted to € 8.05. The total portfolio of treasury stock held by Dr. Höhle AG increased from 285,289 shares at the end of the last financial year to 290,289 shares of stock as of 31. December 2006. The total value changed from T€ 2,178 to T€ 2,219 at the end of the quarter.

In the first quarter of the 2006/2007 financial year, interest amounting to T€ 149 was received concerning participating certificates that had been acquired during the 2003/2004 financial year to a total amount of T€ 6,022. The corresponding premium amounting to T€ 60 was credited to income.

Note

This quarterly report contains statements and information concerning the Höhle 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 Höhle Group, changes to exchange and interest rates, the integration of acquired businesses, and also to other factors. Höhle is not obligated to adjust or update future-oriented statements.

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 12/06 T€	as at 12/05 T€	as at 12/06 T€	as at 12/05 T€	as at 12/06 T€	as at 12/05 T€	as at 12/06 T€	as at 12/05 T€	as at 12/06 T€	as at 12/05 T€
INCOME:										
External sales	2,749	2,629	1,697	1,706	1,152	1,234			5,598	5,569
Intra-group sales	184	118	542	344			- 726	- 462		
Total sales	2,933	2,747	2,239	2,050	1,152	1,234	- 726	- 462	5,598	5,569
RESULTS:										
Segment result (operating result)	322	352	174	277	119	190	18	2	633	821
Interest received									87	56
Interest paid									- 23	- 26
Income from securities									90	117
Results from operating activities									787	968
Taxes on income									- 281	- 395
Net income before minority interest									506	573
OTHER INFORMATION										
Segment assets:										
- by sales areas	8,035	7,145	4,986	4,414	3,134	3,136	- 1,282	- 939	14,873	13,756
- by location of assets	14,839	13,400	1,316	1,295			- 1,282	- 939	14,873	13,756
Non-allocated assets:										
- Financial assets									6,478	8,936
- Long term receivables									863	1,043
- Tax refund claims									114	103
- Deferred tax assets									264	193
- cash and cash equivalents									9,544	8,068
Consolidated assets									32,136	32,099
Segment liabilities (by sales areas)										
	2,822	2,849	2,816	2,701	999	1,104	- 2,194	- 2,307	4,443	4,347
Non-allocated liabilities:										
Deferred tax liabilities (on investments)									56	46
Consolidated liabilities (current and long term portion)									5,190	5,040
Investments:										
- by sales areas	98	338	30	160	29	168			157	666
- by location of assets	157	666							157	666
Segment depreciation (by sales areas)										
	86	76	40	31	29	25			155	132
Non-cash segment expenses (by sales areas)										
	348	293	207	181	140	129			694	603

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		Inks/ coatings		Other		Elimina- tions		Consolidated	
	as at 12/06 T€	as at 12/05 T€	as at 12/06 T€	as at 12/05 T€	as at 12/06 T€	as at 12/05 T€	as at 12/06 T€	as at 12/05 T€	as at 12/06 T€	as at 12/05 T€
Income:										
External sales	1,276	1,259	3,885	3,998	437	312			5,598	5,569
Intra-group sales	118	106	569	338	39	18	- 726	- 462		
Total sales	1,394	1,365	4,454	4,336	476	330	- 726	- 462	5,598	5,569
Segment assets:										
- by business segments	3,772	3,522	11,184	10,352	1,199	821	- 1,282	- 939	14,873	13,756
Investments:										
- by business segments	38	146	107	479	12	41			157	666

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.

Shareholdings and Option Rights of the Corporate Bodies

Securities portfolio as at 31 December 2006:

	Number of shares	Shares as percentage of nominal capital	Number of options
Board of Management			
Norbert Haimerl	25,000	0.46	18,250
Heiko Runge	16,100	0.30	18,250
Supervisory Board			
Dr. Hans-Joachim Vits	353,444	6.51	-
Prof. Dr. Karl Hönle	219,000	4.03	-
Eckhard Pergande	4,200	0.08	-
Dr. Hönle AG	290,289	5.34	-
Total	908,033	16.71	36,500

Financial Calendar

14 February 2007

3 - Month Report

27 March 2007

Shareholders' Meeting in Munich

28 March 2007

Dividend Payment

- subject to the agreement of the shareholders meeting

15 May 2007

6 - Month Report

14 August 2007

9 - Month Report

Imprint

Editor: Dr. Hönle AG

Photos: Atelier Schrader, Stefan Braun

Contact:

Investor Relations

Peter Weinert

Tel. +49 (0) 89 85 60 8-173

E-Mail: ir@hoenle.de



Dr. Hönle AG • UV Technology
Lochhamer Schlag 1 • D- 82166 Gräfelfing/München
Telephon: +49 (0)89/8 56 08-0 • Fax: +49 (0)89/8 56 08-148
E-Mail: ir@hoenle.de • Internet: www.hoenle.de