



2009

6 MONTHS REPORT

2010

**hönle**group

## Hönle Group – at a Glance

	<b>01.10.2009 - 31.03.2010</b>	01.10.2008 - 31.03.2009	Changes
<b><i>Statement of Comprehensive Income</i></b>	<b>T€</b>	<b>T€</b>	<b>%</b>
Revenue	<b>25,056</b>	22,580	11.0
EBITDA	<b>2,673</b>	-1,608	266.2
EBIT	<b>2,098</b>	-2,180	196.2
EBT	<b>1,981</b>	-2,204	189.9
Consolidated net income	<b>1,282</b>	-1,686	176.0
<b><i>Share</i></b>			
Earnings per share	<b>0.22</b>	-0.33	166.7
Number of shares	<b>5,512,930</b>	5,512,930	0.0
<b><i>Cashflow</i></b>	<b>T€</b>	<b>T€</b>	
Operating Cashflow <sup>1)</sup>	<b>1,439</b>	-2,159	166.7
<b><i>Staff</i></b>			
Average number of employees	<b>253</b>	293	-13.7

	<b>31.03.2010</b>	30.09.2009	Changes
<b><i>Statement of Financial Position</i></b>	<b>T€</b>	<b>T€</b>	<b>%</b>
Non-current assets	<b>16,292</b>	16,747	-2.7
Current assets	<b>23,414</b>	21,780	7.5
Shareholder's equity	<b>27,052</b>	25,624	5.6
Non-current liabilities	<b>3,805</b>	4,084	-6.8
Current liabilities	<b>8,849</b>	8,819	0.3
Total assets	<b>39,706</b>	38,527	3.1
Capital ratio in %	<b>68.1</b>	66.5	2.4

1) Cash from continuing business activities

# Hönle Group Report

for the six months from 1 October 2009 to 31 March 2010

## Overview

The global economy continued on its recovery trend in the spring of 2010. Regionally, however, significant differences were noted in the course of the upturn: While the economy expanded strongly in some emerging markets – in particular in Asia –, the utilisation of the macroeconomic capacities remained at a low level in the industrialised countries.

The German companies increasingly assess their present business situation as positive. The Ifo Business Climate Index improved strongly in March, in particular. The brightening of the business climate is evident in all sectors. The upswing was in particular noticeable in the technology sector. In the last few days, many technology companies were able to report a positive course of business.

Hönle Group's business development reflects this positive trend: Since April of 2009, revenues have started to increase again.

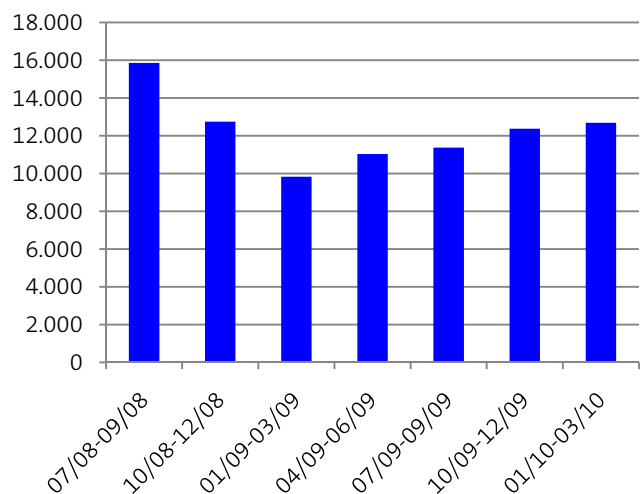
Foreign business proved to be the growth engine. Following a sharp decline in the last financial year, revenues achieved in the American market rebounded significantly in the period under review. Demand from Asia also picked up: Incoming orders and sales revenues increased significantly compared to the previous year.

The market mood also continued to brighten in the printing industry. The offset and digital printing segments both saw an increase in

incoming orders. However, sales revenues are still at a historically low level. Printing machine manufacturers also report increased demand from emerging markets. In contrast, demand from Europe and America remained subdued. A similar development was observed in the adhesives segment. Sales revenues generated in the adhesives and casting compounds segments increased due to the strong Asian market, in particular. A growth driver here was the smart card segment, in which the Panacol Group expanded its market position further.

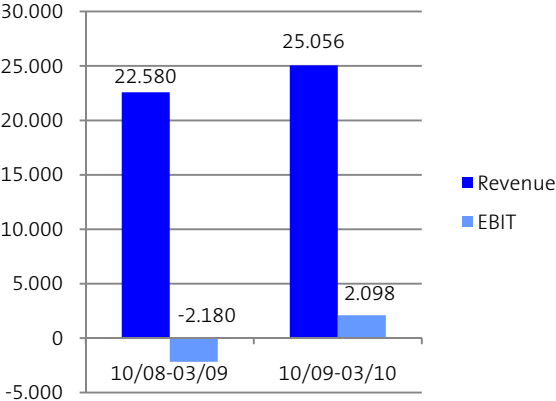
The following graph describes the development of the quarterly sales revenues since expansion of the consolidated group as a result of the corporate acquisitions in 2008.

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



The results achieved in the second quarter confirm the success of the restructuring measures implemented at the Höhle Group. With an operating result of T€ 868 achieved in the second quarter, the operating result climbed to T€ 2,098 in the first six months of the financial year, which is higher than expected.

In the past financial year, Höhle implemented a comprehensive package of measures aimed at significantly reducing the cost structure. The focus was on the reduction of personnel expenses, the optimisation of production processes and on reducing procurement costs. The success attributable to the package of measures is demonstrated by the sales revenue and income development of the current and the previous year's six-month period, which is reflected in the following table:



Dr. Höhle AG increased its participation in Print-Concept GmbH from formerly 80% to 90% in the second quarter. The expenses incurred for acquiring those additional 10% in the shares amounted to T€ 263.

**Annual General Meeting**

The Annual General Meeting of Dr. Höhle AG was held on 23 March 2010. About 200 shareholders came together at the conference centre in Munich and listened to the report presented by the Management Board, asked questions and voted on a total of ten agenda items. The Annual General Meeting adopted all resolution proposals with the required majority consent. Among other things, the Annual General Meeting resolved not to distribute dividends to Dr. Höhle AG's shareholders as a result of the net loss reported in the previous year.

### **Results of Operations**

Hönle Group's sales revenues increased by 11.0% to T€ 25,056 in the first six months of the 2009/2010 financial year.

Hönle achieved sales revenues of T€ 17,402 in the business segment 'equipment and systems', which corresponds to 69.5% of the Group's sales revenues. The previous year's sales revenues achieved in this segment amounted to T€ 16,305. The growth drivers were the digital and rotary offset printing segments, while the sheet-fed offset printing segment was still suffering from low demand. Sales revenues also increased in the first six months of the financial year as a result of the economic recovery experienced in the sun simulation and surface disinfection segments. Sales revenues achieved in the 'adhesives' segment amounted to T€ 7,654, which corresponds to 30.5% of the Group's sales revenues. The encouraging 22.0% increase in sales revenues generated in the adhesives segment is attributable to the strong Asian market, in particular.

Looking at the regional sales distribution, the economic recovery in Asia becomes evident. Sales revenues achieved outside Europe increased from T€ 4,562 to T€ 6,086 and thus contributed significantly to the increase in sales revenues generated at the Hönle Group.

In Germany, sales revenues climbed from T€ 9,385 to T€ 9,996. In the rest of Europe, sales revenues increased from T€ 8,633 to T€ 8,974 in the six-month period under review.

Hönle Group's proportion of exports thus stood at 60.1% (PY: 58.4%).

As a result of the positive sales development and the successful restructuring process, the operating result (EBIT) improved from T€ -2,180 to T€ 2,098 in the first six months of the current financial year. Earnings before tax (EBT) rose from T€ -2,204 to T€ 1,960 in the same period, while the consolidated result increased from T€ -1,686 to T€ 1,282.

The improved results also led to a significant change in margins: The EBIT margin increased from -9.7% in the previous year to 8.4% in the current financial year, while net profit on sales improved from -7.5% to 5.1%.

The successful restructuring process is also reflected in improved expense ratios:

The cost of materials ratio dropped from 45.0% to 38.8%. The personnel expense ratio decreased from 39.5% to 33.0%, while the ratio of other operating expenses fell from 28.5% to 19.7%.

### **Financial Position**

The implementation of the cost reduction measures and the commencing economic recovery contributed to the strengthening of Hönle Group's financial position. The operating cash flow, i.e. cash earned from ordinary activities, increased from T€ -2,159 to T€ 1,439.

Cash used for the acquisition of property, plant and equipment and intangible assets in the amount of T€ 314 concern mainly expenses relating to software and reconstruction measures.

Dr. Hönle AG took out a money market loan in the amount of T€ 750 in the first quarter. The loan

was repaid in the second quarter. In all, loans and liabilities to banks decreased by T€ 715 in the first six months of the current financial year.

Exchange rate changes concerning the British Pound, Swiss Franc and U.S. Dollar led to gains from exchange rate differences and from changes in cash and cash equivalents – as a result of exchange rate fluctuations – in the amount of T€ 453.

Liquid assets increased by a total of T€ 383 in the first six months of the current financial year.

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

in T€	<b>01.10.09 - 31.03.10</b>	01.10.08 - 31.03.09	Change
Cash from			
ordinary activities	<b>1,439</b>	-2,159	166.7 %
Cash provided by/used for operating activity	<b>814</b>	-2,429	133.5 %
Cash provided by/used for investing activity	<b>-170</b>	-924	-81.6 %
Cash provided by/used for financing activity	<b>-715</b>	-851	-16.0 %
Change in liquid assets	<b>383</b>	-3,986	109.6 %

### **Net Assets**

Hönle Group's liquid assets increased from T€ 3,158 as at 30 September 2009 to T€ 3,541 as at 31 March 2010.

Hönle Group's total assets increased from T€ 38,527 to T€ 39,706 in the same period. The increase in total assets is in particular due to higher inventories and a rise in liquid assets and in customer receivables.

Owing to the positive price development of the Hönle share, the treasury stock held by Dr. Hönle AG showed an appreciation in value by T€ 400.

Other short-term liabilities reported in the consolidated financial statements were reduced by the purchase price due for the acquisition of the share in PrintConcept GmbH in the amount of T€ 263.

Current assets which can be sold at short notice amounted to T€ 5,620 as at 31 March 2010. They include liquid assets and treasury stock (market value). A KfW loan in the amount of € 3 million is also available to the Company.

With an equity capital ratio of 68.1%, Hönle Group financing continues to be on solid ground.

### **Balance Sheet**

in T€	<b>31.03.2010</b>	30.09.2009	Change
Non-current assets	<b>16,292</b>	16,747	-2.7 %
Current assets	<b>23,414</b>	21,780	7.5 %
Shareholder's equity	<b>27,052</b>	25,624	5.6 %
Non-current liabilities	<b>3,805</b>	4,084	-6.8 %
Current liabilities	<b>8,849</b>	8,819	0.3 %
Balance sheet total	<b>39,706</b>	38,527	3.1 %

### ***Research and Development***

Hönle Group's order-independent research and development expenses decreased from T€ 501 in the previous year to T€ 356 in the first six months of the current financial year. As a result of the restructuring process, the number of R&D staff decreased from 47 to 42 employees in the same period. Nevertheless, 16.6% (PY: 16.0%) of Hönle's staff continues to be employed in the Research and Development departments, which highlights the important role that R&D plays to the Hönle Group. The focus of the activities of R&D staff was on order- and product-related development.

Hönle presented its products at the Photon Expo, the trade fair for the photovoltaics industry. The sunlight simulation and irradiation systems are used for qualification tests respecting the artificial load exerted on the photovoltaic modules. Leading companies in the renewable energies sector use Hönle systems for light soaking, hotspot and UV-preconditioning tests.

Moreover, Panacol presented its adhesives program at the Photon Expo: Visitors at the fair were keenly interested in the high-tech adhesives, which are used as die bonders and in the bonding of solar cells on glass housings.

### **Personnel**

The average number of staff employed by the Höhle Group (not including the Management Board) decreased from 293 to 253. The Company reduced staff in all functional areas, but in particular cut staff in the Administration and

Logistics departments. Höhle Group's staff of 253 includes 30 part-time employees, which corresponds to 11.9 % of its total staff.

In the first six months of the current financial year, the employees were engaged in the following functional areas:

### **Functional Areas**

	<b>01.10.09 - 31.03.10</b>	01.10.08 - 31.03.09	Change
Sales	<b>60</b>	65	-7.7 %
Research & Development	<b>42</b>	47	-10.6 %
Production, Service	<b>87</b>	98	-11.2 %
Logistics	<b>25</b>	33	-24.2 %
Administration	<b>39</b>	50	-22.0 %
Total	<b>253</b>	293	-13.7 %

### **Personnel Expenses**

in T€	<b>01.10.09 - 31.03.10</b>	01.10.08 - 31.12.08	Change
Wages and salaries	<b>6,758</b>	6,869	-1.6 %
Social security and pension costs	<b>1,486</b>	1,562	-4.9 %
Total	<b>8,244</b>	8,431	-2.2 %

Personnel expenses dropped from T€ 8,431 to T€ 8,244. Also in a challenging environment, Höhle continues to invest in occupational training with a view to covering the future demand for qualified personnel: At the end of the first six months of the financial year, the Group employed sixteen trainees, i.e. six more than in the previous year. They are trained in technical and commercial professions.

### **Subsequent Report**

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

## **Outlook**

As a result of the acquisition of three companies or groups in 2008, the Hönle Group became the second largest systems supplier for industrial UV technology worldwide. The subsequent restructuring in 2009 led to a significant reduction in the break-even threshold. Hönle has now laid the basis for achieving much higher sales revenues and operating results than those achieved in the past.

The recovery of the economy is expected to continue. Especially the emerging markets prove to be the growth drivers; they were hit far less by the economic crisis than the industrialised countries. As a result of a more favourable macro-economic environment, the emerging markets returned to growth faster than expected, which will also have a positive impact on the development of the global economy.

The rebound in demand is also continuing at the Hönle Group. Incoming orders and existing orders at the end of the six months of the current financial year are significantly above the levels reported in the previous year. Dr. Hönle AG's Management Board expects increasing sales in all regions and business segments for the next quarter. The third quarter is expected to be the best quarter since the beginning of the current financial year with respect to sales revenues and operating result. Hönle continues to adhere to its announced annual targets, which comprise expected sales revenues ranging from € 47 to € 50 million, while the operating result is expected to come in at € 3 to € 4 million.

With a view to handling future growth, Dr. Hönle AG rented another company building in Gräfelfing near Munich. Nevertheless, rental expenses will remain almost unchanged as a result of the renegotiation of already existing rental agreements.

Small investments in the acquisition of a machine for improving production efficiency are planned for the current quarter. Moreover, the establishing of strategic, centralised procurement will lead to cost reductions.

New staff will be hired for the sales team at Eltosch GmbH in Hamburg. The objective is to increase the sale of services and spares parts in addition to the sale of systems.

A trading company will be established in Shanghai with a view to the further tapping of the Asian adhesives market. The Panacol Group thus continues the dynamic expansion of the distribution network in South-East Asia, in particular. Additionally, Panacol will continue to invest in the development of new adhesives and drive the development of intelligent adhesives, as an example. To this end, Panacol will also hire new R&D staff.

# Consolidated Statement of Comprehensive Income

for the period 1 October 2009 until 31 March 2010 according IFRS

	<b>01.01.2010 - 31.03.2010 in T€</b>	<b>01.01.2009 - 31.03.2009 in T€</b>	<b>01.10.2009 - 31.03.2010 in T€</b>	<b>01.10.2008 - 31.03.2009 in T€</b>
<b>Revenue</b>	<b>12,684</b>	<b>9,829</b>	<b>25,056</b>	<b>22,580</b>
Changes in inventories of finished goods and work in progress	-9	-304	-37	-1,254
Other operating income	241	770	526	1,172
Cost of purchased materials and services	4,926	4,170	9,711	9,587
Personnel expenses	4,283	4,431	8,244	8,431
Depreciation and amortization including goodwill	292	289	575	572
Other operating expenses	2,547	2,995	4,917	6,088
<b>Operating result/EBIT</b>	<b>868</b>	<b>-1,590</b>	<b>2,098</b>	<b>-2,180</b>
Interest income	427	27	434	84
Interest expense	483	48	551	108
Financial result	-56	-21	-117	-24
<b>Earnings before tax and minority interest/EBT</b>	<b>812</b>	<b>-1,611</b>	<b>1,981</b>	<b>-2,204</b>
Income tax	-352	505	-699	518
<b>Consolidated net income</b>	<b>460</b>	<b>-1,106</b>	<b>1,282</b>	<b>-1,686</b>
Share in earnings attributable to minority interest	53	-10	117	14
Share in earnings attributable to Dr. Hönle AG shareholders	407	-1,096	1,165	-1,700
Earnings per share (basic) in €			0.22	-0.33
Earnings per share (diluted) in €			0.22	-0.33
Weighted average shares outstanding (basic)			5,187,091	5,192,737
Weighted average shares outstanding (diluted)			5,187,091	5,192,737

The consolidated interim report is unaudited.

# Consolidated Total Comprehensive Income

for the period 1 October 2009 until 31 March 2010 according IFRS

	<b>01.10.2009 - 31.03.2010 in T€</b>	<b>01.10.2008 - 31.03.2009 in T€</b>
<b>Consolidated net income</b>	<b>1,282</b>	<b>-1,686</b>
Other comprehensive income:		
- Valuation of investments due to IAS 39 not effecting net income	15	-53
- Currency differences	265	217
Other comprehensive income after tax	280	164
<b>Total comprehensive income for the period</b>	<b>1,562</b>	<b>-1,521</b>
Thereof account for:		
- Share in earnings attributable to minority interest	117	14
- Share in earnings attributable to Dr. Hönle AG shareholders	1,445	-1,536

The consolidated interim report is unaudited.

# Consolidated Statement of Financial Position

as of 31 March 2010 according

<b>A S S E T S</b>	<b>31.03.2010</b> <i>in T€</i>	<b>30.09.2009</b> <i>in T€</i>
<b>LONG-TERM ASSETS</b>		
Goodwill	6,927	6,927
Intangible assets	1,859	1,899
Property, plant and equipment	5,986	6,210
Financial assets	256	241
Other non current assets	721	751
Deferred taxes	543	719
<b>Total non-current assets</b>	<b>16,292</b>	<b>16,747</b>
<b>CURRENT ASSETS</b>		
Inventories	10,431	9,392
Trade accounts receivable	7,908	7,678
Amounts owed by associated companies	0	1
Other current assets	1,218	1,082
Tax refund claims	316	469
Liquid assets	3,541	3,158
<b>Total current assets</b>	<b>23,414</b>	<b>21,780</b>
<b>TOTAL ASSETS</b>	<b>39,706</b>	<b>38,527</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>31.03.2010</b> <i>in T€</i>	<b>30.09.2009</b> <i>in T€</i>
<b>SHAREHOLDERS' EQUITY</b>		
Subscribed capital	5,513	5,513
Own shares	- 2,531	- 2,531
Additional paid-in capital (capital reserves)	16,397	16,427
Legal reserve	49	49
Special item revaluation	- 250	- 265
Retained earnings	6,311	5,146
Currency differences	748	484
<b>Equity attributable to Dr. Hönle AG's shareholders</b>	<b>26,237</b>	<b>24,823</b>
Minority interest	815	801
<b>Total Shareholders' Equity</b>	<b>27,052</b>	<b>25,624</b>
<b>NON-CURRENT DEBTS</b>		
Non-current loans (less current portion)	659	682
Non-current portion of finance lease obligation	119	172
Other non-current liabilities	182	486
Pension accruals	1,885	1,805
Deferred taxes	960	939
<b>Non-current liabilities</b>	<b>3,805</b>	<b>4,084</b>
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	2,603	2,578
Liabilities to associated companies	8	2
Advance payments received	764	616
Current portion of finance lease obligation	108	108
Current loans towards banks and current portion of non-current loans	116	451
Other current liabilities	2,977	2,982
Other accruals	1,700	1,785
Tax accruals	573	297
<b>Total current liabilities</b>	<b>8,849</b>	<b>8,819</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>39,706</b>	<b>38,527</b>

The consolidated interim report is unaudited.

# Consolidated Statement of Changes in Equity

for the period 1 October 2009 until 31 March 2010

	sub- scribed capital in T€	own shares in T€	Addi- tional paid-in capital in T€	legal reserve in T€	Special item revalu- ation in T€	Consolid. retained earnings/ loss in T€	Cur- ency differ- ences in T€	Equity attribu- table to Dr. Hönle AG's shareholders in T€	Minority interest in T€	Total in T€
<b>As at 01.10.2008</b>	<b>5,513</b>	<b>-2,531</b>	<b>16,916</b>	<b>49</b>	<b>- 262</b>	<b>10,605</b>	<b>289</b>	<b>30,579</b>	<b>841</b>	<b>31,420</b>
Purchase of 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					-53			-53		-53
Dividend distribution						-1,297		-1,297		-1,297
Currency differences							217	217		217
Change of minority interest affecting net income								0	14	14
Share in earnings attributable to minority interest						-1,700		-1,700		-1,700
<b>As at 31.03.2009</b>	<b>5,513</b>	<b>-2,531</b>	<b>16,916</b>	<b>49</b>	<b>-315</b>	<b>7,608</b>	<b>506</b>	<b>27,746</b>	<b>855</b>	<b>28,601</b>
<b>As at 01.10.2009</b>	<b>5,513</b>	<b>-2,531</b>	<b>16,427</b>	<b>49</b>	<b>- 265</b>	<b>5,146</b>	<b>484</b>	<b>24,823</b>	<b>801</b>	<b>25,624</b>
Purchase of additional paid in capital due to purchase of minority interest			-30					-30		-30
Valuation of investments due to IAS 39 not effecting net income					15			15		15
Dividend distribution								0	-31	-31
Currency differences							264	264		264
Change of minority interest effecting net income								0	117	117
Change of minority interest due to acquisitions								0	-72	-72
Share in earnings attributable to minority interest						1.165		1.165		1.165
<b>As at 31.03.2010</b>	<b>5,513</b>	<b>-2,531</b>	<b>16,397</b>	<b>49</b>	<b>-250</b>	<b>6,311</b>	<b>748</b>	<b>26,237</b>	<b>815</b>	<b>27,052</b>

The consolidated interim report is unaudited.

# Consolidated Statement of Cash Flows

for the period 1 October 2009 until 31 March 2010 according to IFRS

	<b>01.10.2009- 31.03.2010</b>	<b>01.10.2008- 31.03.2009</b>
	<i>in T€</i>	<i>in T€</i>
<b><i>Cashflows from operating activities:</i></b>		
Net income for the year before minority interest and taxes	1,981	-2,204
Adjustments for:		
Depreciation of fixed assets	575	572
Profit/loss due to retirement of fixed assets	2	0
Exchange rate gains/losses	0	9
Financial income	-434	-84
Interest expenses	551	108
Other non-cash expenses/income	92	42
<b><i>Operating result before changes to net current assets</i></b>	<b>2,767</b>	<b>-1,557</b>
Increase/decrease in accruals	-5	-104
Increase/decrease of trade accounts receivable	-230	2,420
Increase/decrease of other assets	-136	-682
Increase/decrease in inventories	-1,131	464
Increase/decrease in trade accounts payable	25	-1,077
Increase/decrease in liabilities to associated companies	6	3
Increase/decrease in advance payments received	148	-55
Increase/decrease in other liabilities	-5	-1,571
<b><i>Cash from continuing business activities</i></b>	<b>1,439</b>	<b>-2,159</b>
Interest paid	-551	-108
Income tax paid	-74	-161
<b><i>Net cash from operating activities</i></b>	<b>814</b>	<b>-2,429</b>
<b><i>Cashflows from investing activities:</i></b>		
Payments received from the sale of fixed assets (incl. reimbursement of participation certificates)	5	0
Purchases of company shares	-268	0
Purchase of property, plant and equipment and intangible assets	-314	-1,039
Payments received from non-current receivables	-48	50
Payments for non-current receivables	21	-19
Payments received from interest	431	41
Payments received from dividends	3	43
<b><i>Net cash used for investing activities</i></b>	<b>-170</b>	<b>-924</b>
<b><i>Cashflows from financing activities:</i></b>		
Payments received from loans and non-current liabilities to banks	-715	446
Dividends paid	0	-1,297
<b><i>Net cash from financing activities</i></b>	<b>-715</b>	<b>-851</b>
Currency differences	404	150
Exchange rate differences of liquid assets	49	67
<b><i>Net increase/decrease in cash</i></b>	<b>383</b>	<b>-3,986</b>
<b><i>Cash at the beginning of the reporting period</i></b>	<b>3,158</b>	<b>8,927</b>
<b><i>Cash at the end of the reporting period</i></b>	<b>3,541</b>	<b>4,941</b>
<b><i>Changes in liquid assets</i></b>	<b>383</b>	<b>-3,986</b>

The consolidated interim report is unaudited.

# Explanatory Notes

to the 6-Month Report of the Financial Year 2009/2010

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

The consolidated balance sheet as at 31 March 2010, the consolidated income statement and cash flow statement, the statement of changes in consolidated equity and the consolidated cash flow statement for the reporting periods ending on March 31, 2010 and 2009, respectively, as well as the notes to the financial statements have not been audited. These consolidated financial statements were prepared in accordance IAS 34 "Interim financial reporting" and should be read in the context of the consolidated financial statements as published by the company for financial year 2008/2009. The significant accounting, valuation and consolidation methods have not changed in comparison with the consolidated accounts for 2008/2009.

Securities held as financial assets and which were measured in accordance with IAS Standard 39 for the first time in financial year 2001/2002, were adjusted to fair value as at 31 March 2010 and treated with neutral effect on profits. The value of these securities amounted to T€ 230 at the end of the quarter, in comparison with T€ 215 as at 30 September 2009. The difference of T€ 15 was netted with the special item, Revaluation, in equity capital with neutral effect on profits.

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

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

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

	<i>Equipment/ Systems</i>		<i>Adhesives</i>		<i>Elimi- nations</i>		<i>Consolidated</i>	
	<i>as at 12/09</i>	<i>as at 12/08</i>	<i>as at 12/09</i>	<i>as at 12/08</i>	<i>as at 12/09</i>	<i>as at 12/08</i>	<i>as at 12/09</i>	<i>as at 12/08</i>
	<i>T€</i>	<i>T€</i>	<i>T€</i>	<i>T€</i>	<i>T€</i>	<i>T€</i>	<i>T€</i>	<i>T€</i>
<b>INCOME:</b>								
External sales	17.402	16.305	7.654	6.275			25.056	22.580
Intra-group sales	5.336	3.489	776	1.094	-6.112	-4.583	0	0
Total sales	22.738	19.794	8.430	7.369	-6.112	-4.583	25.056	22.580
<b>NET EARNINGS:</b>								
<b>Segment result (operating result)</b>	<b>1.540</b>	<b>-2.045</b>	<b>618</b>	<b>-98</b>	<b>-60</b>	<b>-37</b>	<b>2.098</b>	<b>-2.180</b>
Interest income	570	95	69	31	-208	-85	431	41
Interest expense	261	148	81	45	-208	-85	134	-108
Income from securities							3	43
Depreciation on securities							417	0
<b>Earnings before tax and minority interest</b>								
Income taxes	442	62	76	76	0	-2	518	137
Deferred taxes	37	-562	159	-64	-15	-29	181	-655
<b>Earnings before minority interest</b>								
							<b>1.282</b>	<b>-1.686</b>
<b>OTHER INFORMATION:</b>								
<b>Segment assets:</b>	<b>26.980</b>	<b>22.406</b>	<b>13.204</b>	<b>10.389</b>	<b>-5.856</b>	<b>2.938</b>	<b>34.328</b>	<b>35.733</b>
Non-allocated assets:								
- Financial assets							256	191
- Non-current receivables							721	699
- Tax refund claims							316	366
- Deferred tax assets							543	1.050
- Cash and cash equivalents							3.541	4.941
<b>Consolidated assets</b>								
							<b>39.705</b>	<b>42.980</b>
<b>Segment debt</b>	<b>16.639</b>	<b>12.574</b>	<b>7.591</b>	<b>5.225</b>	<b>-14.587</b>	<b>-5.626</b>	<b>9.643</b>	<b>12.173</b>
Deferred tax liabilities							960	854
Tax accruals							573	312
Non-current loans and financial lease obligation							886	1.040
<b>Investments:</b>	<b>527</b>	<b>337</b>	<b>76</b>	<b>702</b>	<b>0</b>	<b>0</b>	<b>603</b>	<b>1.039</b>
<b>Segment amortisation/depreciation</b>	<b>419</b>	<b>432</b>	<b>155</b>	<b>140</b>	<b>0</b>	<b>0</b>	<b>575</b>	<b>572</b>
<b>Non-cash expenses of the segment</b>	<b>130</b>	<b>676</b>	<b>52</b>	<b>286</b>	<b>0</b>	<b>0</b>	<b>182</b>	<b>962</b>

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

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

# Directors' Holdings

Securities portfolio as at 31 March 2010:

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

# Statement of the Company's Management

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

Gräfelfing, 27 May 2010

Dr. Hönle AG  
The Board of Management

## **Note**

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

# Financial Calendar

27 August 2010

**9 - Months Report 2009/2010**

24 November 2010

**German Equity Forum, Frankfurt/Main**

Investors' Conference

Investor Relations

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