6 MONTHS REPORT 2006 2007

Hönle at a Glance

Hönle Group Figures [1]	2006/2007 6 months	2005/2006 6 months	Changes
Income Statement	**T €**	**T €**	**in %**
Revenues	**12,771**	11,863	7.7
EBITDA	**2,409**	2,232	7.9
EBIT	**2,076**	1,959	6.0
EBT	**2,408**	2,426	- 0.7
Net income	**1,473**	1,531	- 3.8
Share			
Earnings per share	**0.27**	0.29	- 6.9
Number of shares	**5,432,500**	5,370,410	1.2
Cashflow			
Operating Cashflow [2]	**1,002**	1,867	- 46.3
Balance Sheet [3]			
Long-term assets	**12,424**	12,385	0.3
Current assets	**20,173**	19,948	1.1
Shareholders' equity	**27,186**	27,143	0.2
Long-term debts	**2,207**	2,156	2.4
Current liabilities	**3,204**	3,034	5.6
Total assets	**32,597**	32,333	0.8
Capital ratio in %	**83.4**	83.9	- 0.6
Staff			
at the end of the financial year [4]	**129**	120	7.5

1) unaudited
2) Cashflow from operating activities reported in the cashflow statement
3) as of 31/03/2007 and 30/09/2006
4) without board of management

Management Report of the Hönle Group

for the six-month period from 1 October 2006 until 31 March 2007

Overview

The Hönle Group earned record sales of T€ 7,173 in the second quarter. Two factors accounted for this development in particular: Firstly, an increase in the demand for UV drying systems for offset printing machines led to significant sales growth in the second quarter; secondly, Dr. Hönle AG has considerably strengthened its sales team recently and thus raised the market presence of Hönle products. Initial effects of this marketing offensive are now becoming apparent.

Hönle's development is especially favourable since not only sales revenues but also the Hönle Group earnings picked up strongly in comparison with the previous quarter. The operating result (EBIT) of T€ 1,443 is among the best quarterly results ever achieved in the history of the firm.

In the first six months of the year, substantially more UV dryers were sold for printing and coating applications. While sales revenues increased strongly in the offset printing segment, the inkjet and flexo-printing segments' sales were down from the previous year's period. We again expect sales revenue growth in the two last-named segments, however, given current projects.

Liquidation of one of our competitors impacted positively on the business activities of our Group and enabled us to acquire first orders from former customers of the competitor. We assume that we will succeed in building up new, long-term customer relationships in this environment.

The French marketing company of Honle France S.a.r.l., as well as Aladin GmbH saw particularly satisfactory sales development. Aladin produces UV lamps for both the Hönle Group and, increasingly, for other companies. We managed to reduce Aladin GmbH's cost of materials ratio further and to substantially increase the profit contribution.

Following successful reorientation of Wellomer GmbH, the operative result is once again positive in the first six months of this financial year. We also expect positive business development at Wellomer GmbH in the second half of the year.

Dr. Hönle AG's Annual General Meeting took place on 27 March 2007. The General Meeting resolved on payment of a dividend of € 0.30 per share entitled to dividend.

Results of Operations

After T€ 5,598 in the first quarter, sales revenues amounted to T€ 7,173 in the second quarter. Consequently, Hönle Group sales revenues rose by 7.7 % to T€ 12,771 in the first six months of financial year 2006/2007.

Sales revenues in the inks and paints segment have grown constantly in the past, and this trend also continued in the first six months of the current financial year.

71.5 % of Group sales revenues were realised in the inks and paints segment. This corresponds to a sales volume of T€ 9,127 (PY: T€ 8,176). Revenues in the adhesives and synthetics segment dropped from T€ 2,902 in the previous year to T€ 2,669. In the 'Other' segment, which includes sterilisation plants and solar simulation equipment, sales amounted to T€ 975 (PY: T€ 785).

Hönle Group sales revenues rose in all regions. Domestic sales amounted to T€ 5,892 (PY: T€ 5,398) and were T€ 3,948 (PY: T€ 3,862) in the rest of Europe. Sales revenues in other regions abroad amounted to T€ 2,931 (PY: T€ 2,603).

At 33.8 %, the cost of materials ratio in the first six months was slightly above the previous year's value of 33.3 %. The personnel expenses ratio declined in the same period from 30.2 % to 29.1 %. At 19.2 %, the other operating expenses ratio remained at the previous year's level (19.1 %).

After operating result (EBIT) of T€ 1,443 in the second quarter, the operative result climbed to T€ 2,076 in the first six months of the year. The operating result in the first six months of the previous year was still T€ 1,959. The pretax result (EBT) amounted to T€ 2,408 in the six-month period (PY: T€ 2,426), and net income for the period was T€ 1,473 (PY: T€ 1,531). Earnings per share were € 0.27 after being € 0.29 in the previous year's period.

The EBIT margin was 16.3 % (PY: 16.5 %), and net profit on sales was 11.5 % (PY: 12.9 %).

Financial Position

The Hönle Group's financial position is characterized by a low level of liabilities and a high assets level. Short- and long-term liabilities total T€ 5,411 after being T€ 5,190 as of 30 September 2006. Liquid assets amounted to T€ 9,835 after T€ 10,453, and financial assets were T€ 6,490 after being T€ 6,454 as at 30 September 2006.

Cash and cash equivalents from operating activities amounted to T€ 1,002 after T€ 1,867 in the previous year. Inventory increases as well as a reduction in trade payables were the main reasons for this.

Net Assets

The Hönle Group has liquid assets of T€ 9,835 at its disposal. Liquid assets, financial assets and treasury stock amount to T€ 18,544 (PY: T€ 19,085). This corresponds to a cash proportion of € 3.41 per share.

Research and Development

A staff of 18 (PY: 17) was employed in the R&D departments of the Hönle Group at the end of the six-month period. Expenses independent of orders in the R&D department rose from T€ 245 in the previous year's period to T€ 273 in the current half-year.

Personnel

The number of staff employed by the Hönle Group rose from 120 as of 31 March 2006 to 129 on 31 March 2007. Personnel were increased mainly in the marketing and production segments at Dr. Hönle AG and at Aladin GmbH.

Risk Report

Hönle has implemented a structured and efficient risk management system. At present, there are no risks that might jeopardize the going concern of the Hönle Group. No recognizable risks are apparent which might endanger the going concern assumption in the future. The key statements in our risk report in the Annual Report 2005/2006 continue to be valid.

Opportunities and Forecast Report

The prospects for stable domestic activity and a sustained upswing of the global economy are good. Printing industry companies are viewing the current year's economic development with cautious optimism. However, due to the intrinsic advantages of UV drying systems, we expect further growth in this market segment during the current financial year. We are therefore holding to the planned increase of 10 % in sales revenues, and 25 % in the operating result (EBIT) for financial year 2006/2007. We expect positive results for all Group companies, including the restructured companies of Wellomer GmbH and Honle Spain S.A in this financial year.

In order to achieve our growth targets, we have begun to expand our marketing and sales capacities. In the future, too, we aim at further strengthening our sales personnel and, in so doing, increasing our market share.

We will continue to develop the drying systems segment for inkjet printing, and this will be the focus of our development and marketing efforts in the second half-year, and also in the following financial year.

Moreover, our efforts are geared at increasing the vertical range of manufacture in all fields where we wish to expand our key competences or reduce our dependence on suppliers.

Consolidated Balance Sheet (unaudited)

as of 31 March 2007 according IFRS

ASSETS	31/03/2007 in T€	30/09/2006 in T€
LONG-TERM ASSETS		
Intangible assets	840	890
Tangible assets	3,834	3,736
Goodwill	153	153
Financial assets	6,490	6,454
Long term portion of prepaid expenses and other long term assets	842	886
Deferred taxes	265	266
Total long-term assets	**12,424**	**12,385**
CURRENT ASSETS		
Inventories	4,887	4,559
Trade accounts receivable	4,287	3,945
Current portion of prepaid expenses and other current assets	1,126	905
Tax refund claims	38	86
Cash and cash equivalents	9,835	10,453
Total current assets	**20,173**	**19,948**
TOTAL ASSETS	**32,597**	**32,333**

LIABILITIES AND SHAREHOLDERS´ EQUITY	31/03/2007 in T€	30/09/2006 in T€
SHAREHOLDERS´ EQUITY		
Share capital	5,441	5,433
Own shares	- 2,219	- 2,178
Additional paid in capital	16,743	16,721
Legal reserve	49	49
Special item revaluation	- 157	- 193
Retained earnings	6,780	6,850
Currency disparities	29	28
Minority interest	520	433
Total Shareholders´ Equity	**27,186**	**27,143**
LONG-TERM DEBTS		
Long-term debts, less current portion	800	800
Long-term portion of finance lease obligation	5	9
Other long-term debts	179	178
Pension accruals	1,167	1,113
Deferred taxes	56	56
Total long term debts	**2,207**	**2,156**
CURRENT LIABILITIES		
Trade accounts payable	375	892
Liabilities to associated companies	0	0
Advance payments received	266	181
Current portion of finance lease obligation	5	5
Short term loans and short term portion of long term loans	341	0
Other current liabilities	236	233
Other accrued expenses	1,441	1,494
Income tax payable	540	229
Total current liabilities	**3,204**	**3,034**
TOTAL LIABILITIES AND SHAREHOLDERS´ EQUITY	**32,597**	**32,333**

Consolidated Income Statement (unaudited)

for the period 1 October 2006 until 31 March 2007 according IFRS

	01/01/2007 - 31/03/2007 in T€	01/01/2006 - 31/03/2006 in T€	01/10/2006 - 31/03/2007 in T€	01/10/2005 - 31/03/2006 in T€
Revenues	**7,173**	**6,294**	**12,771**	**11,863**
Other operating income	63	76	125	201
Changes in inventories of finished goods				
and work in progress	- 231	- 135	- 32	- 168
Cost of purchased materials and services	- 2,302	- 2,014	- 4,308	- 3,896
Personnel expenses	- 1,861	- 1,795	- 3,704	- 3,531
Depreciation and amortization inclusive goodwill	- 178	- 141	- 333	- 273
Other operating expenses	- 1,221	- 1,147	- 2,443	- 2,237
Operating income/EBIT	**1,443**	**1,138**	**2,076**	**1,959**
Interest income	*200*	*344*	*377*	*517*
Interest expense	*- 22*	*- 24*	*- 45*	*- 50*
Financial result	178	320	332	467
Result before income taxes (and minority interest)/EBT	**1,621**	**1,458**	**2,408**	**2,426**
Income tax	- 567	- 525	- 848	- 920
Result before minority interest	**1,054**	**933**	**1,560**	**1,506**
Minority interest	- 50	25	- 87	25
Net income	**1,004**	**958**	**1,473**	**1,531**
Accumulated income brought forward			5,307	4,056
Accumulated net income			**6,780**	**5,587**
Net income per share (basic) in €			0.29	0.29
Net income per share (diluted) in €			0.27	0.28
Weighted average shares outstanding (basic)			5,143,758	5,206,557
Weighted average shares outstanding (diluted)			5,401,841	5,555,000

Consolidated Statement of Changes in Equity (unaudited)

for the period 1 October 2006 until 31 March 2007

	Share capital in T€	Own shares in T€	Additional paid-in capital in T€	Legal reserve in T€	Special item revaluation in T€	Consolidated retained earnings/ loss in T€	Currency disparities 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						-1,562			-1,562
Conditional capital increase	20		4						24
Purchase of own shares		-374							-374
Currency disparities							10		10
Change of minority interest effecting net income								-25	-25
Valuation of investments due to IAS 39 not effecting net income					-56				-56
Change of additional paid in capital due to IFRS 2			48						48
Net income						1,531			1,531
As at 31/03/2006	**5,370**	**- 1,317**	**16,678**	**49**	**- 223**	**5,587**	**41**	**451**	**26,636**
As at 01/10/2006	**5,433**	**- 2,178**	**16,721**	**49**	**- 193**	**6,850**	**28**	**433**	**27,143**
Dividend disbursement						-1,543			-1,543
Conditional capital increase	8		2						10
Purchase of own shares		- 41							- 41
Currency disparities							1		1
Change of minority interest effecting net income								87	87
Valuation of investments due to IAS 39 not effecting net income					36				36
Change of additional paid in capital due to IFRS 2			20						20
Net income						1,473			1,473
As at 31/03/2007	**5,441**	**- 2,219**	**16,743**	**49**	**- 157**	**6,780**	**29**	**520**	**27,186**

Consolidated Statement of Cashflows (unaudited)

for the period 1 October 2006 until 31 March 2007 according to IFRS

	01/10/2006 - 31/03/2007 in T€	01/10/2005 - 31/03/2006 in T€
Cashflows from operating activities:		
Net income for the year before minority interest and taxes	2,408	2,426
Adjustments for:		
Depreciation of fixed assets	333	273
Interest income	- 377	- 517
Interest expenses	45	50
Other expenses/income not relating payments	12	13
Change of additional paid-in capital due to IFRS 2 not relating payments	20	48
Operating result before changes to net current assets	**2,441**	**2,293**
Increase/decrease of accrued expenses	1	- 124
Increase/decrease of trade accounts receivable	- 342	27
Increase/decrease of other assets and the prepaid expenses (without premiums on participation certificates)	- 341	- 390
Increase/decrease in inventories	- 328	54
Increase/decrease in trade accounts payable	- 517	- 180
Increase/decrease in liabilities to associated companies	0	0
Increase/decrease in advance payments received	85	- 191
Increase/decrease in other liabilities	3	378
Cash from ongoing business activities	**1,002**	**1,867**
Interest paid	- 45	- 50
Tax paid from income	- 488	- 341
Net cash from operating activities	**469**	**1,476**
Cashflows from investment:		
Receipt of payments from financial assets due to sale of shares	0	357
Purchase of tangible assets and intangible assets	- 381	- 707
Receipt of payments from long-term demands	54	25
Payments for long-term demands	- 22	0
Interest and dividend received	497	678
Net cash used for investment	**148**	**353**
Cashflows from financing activities:		
Receipt of payments from conditional capital surplus	10	24
Change in debts and liabilities towards banks	338	75
Dividends paid	- 1,543	- 1,562
Purchase of own shares	- 41	- 374
Net cash from financing activities	**- 1,236**	**- 1,837**
Currency disparities	1	10
Net increase/decrease in cash	**- 618**	**2**
Cash at the beginning of the period under review	**10,453**	**8,376**
Cash at the end of the period under review	**9,835**	**8,378**

Explanatory Notes

to the 6-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 March 2007, the consolidated income statement, the statement of changes in consolidated equity and the consolidated cash flow statement for the periods ending on March 2007 and 2006 as well as the Notes have not been attested.

Dr. Hönle AG's Annual General Meeting for the 2005/2006 financial year took place on 27 March 2007. The General Meeting resolved on payment of a dividend of € 0.30 per share entitled to dividend. This results in a distribution of dividends to shareholders totalling € 1,543.

In March 2007 it was again possible to exercise subscription rights from the 2000/2002 Stock Option Plan. A total of 80,430 subscription rights were exercised by those entitled to subscribe, of which 8,700 were exercised in March, and 71,730 in April 2007.
As a consequence of exercising the options, share capital increased by € 8,700 from € 5,432,500 to a total of € 5,441,200 shares of stock.
The premium of € 0.20 per newly created share (in total T€ 2) was transferred to the capital reserve.
The totally 80,430 newly created shares were accepted for trading on 24/04/2007.

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 March 2007 and treated with neutral effect on profits. At the end of the quarter, the value of these shares amounted to T€ 442 compared to T€ 406 as at 30 September 2006. The difference of T€ 36 was netted in equity with the special revaluation item with neutral effect on profits.

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

In the first six months of the 2006/2007 financial year, interest amounting to T€ 298 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€ 120 was credited to income.

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.

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 03/07 T€	as at 03/06 T€	as at 03/07 T€	as at 03/06 T€	as at 03/07 T€	as at 03/06 T€	as at 03/07 T€	as at 03/06 T€	as at 03/07 T€	as at 03/06 T€
INCOME:										
External sales	5,892	5,398	3,948	3,862	2,931	2,603			12,771	11,863
Intra-group sales	370	298	897	634			- 1,267	- 932		
Total sales	6,262	5,696	4,845	4,496	2,931	2,603	- 1,267	- 932	12,771	11,863
RESULTS:										
Segment result (operating result)	**1,008**	**841**	**597**	**653**	**450**	**468**	**21**	**- 3**	**2,076**	**1,959**
Interest received									195	110
Interest paid									- 45	- 50
Income from securities									182	407
Results from operating activities									**2,408**	**2,426**
Extraordinary result									0	0
Taxes on income									- 848	- 920
Net income before minority interest									**1,560**	**1,506**
OTHER INFORMATION										
Segment assets:										
- by sales areas	7,853	6,991	5,170	4,793	3,611	3,114	- 1,507	- 1,037	15,127	13,861
- by location of assets	15,358	13,672	1,276	1,226			- 1,507	- 1,037	15,127	13,861
Non-allocated assets:										
- Financial assets									6,490	8,454
- Long term receivables									842	1,005
- Tax refund claims									38	103
- Deferred tax assets									265	172
- cash and cash equivalents									9,835	8,378
Consolidated assets									**32,597**	**31,973**
Segment liabilities (by sales areas)	**3,157**	**3,212**	**3,293**	**3,142**	**1,317**	**1,286**	**- 2,412**	**- 2,349**	**5,355**	**5,291**
Non-allocated liabilities:										
Deferred tax liabilities (on investments)									56	46
Consolidated liabilities (current and long term portion)									**5,411**	**5,337**
Investments:										
- by sales areas	225	342	84	190	72	176			381	708
- by location of assets	379	708	2						381	708
Segment depreciation (by sales areas)	180	152	85	72	68	49			333	273
Non-cash segment expenses (by sales areas)	570	453	361	314	278	212			1,209	979

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]		Elimina-tions		Consolidated	
	as at 03/07 T€	as at 03/06 T€	as at 03/07 T€	as at 03/06 T€	as at 03/07 T€	as at 03/06 T€	as at 03/07 T€	as at 03/06 T€	as at 03/07 T€	as at 03/06 T€
INCOME:										
External sales	2,669	2,902	9,127	8,176	975	785			12,771	11,863
Intra-group sales	199	216	984	665	84	51	- 1,267	- 932		
Total sales	2,868	3,118	10,111	8,841	1,059	836	- 1,267	- 932	12,771	11,863
Segment result:										
by business segments	3,596	3,703	11,824	10,221	1,214	974	- 1,507	- 1,037	15,127	13,861
Investments:										
by business segments	96	167	259	492	26	49			381	708

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-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 2007:

	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	5.25	-
Total	**908,033**	**16.71**	**36,500**

Financial Calendar

15 May 2007
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14 August 2007
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12 November 2007
Analyst Meeting at
Deutsches Eigenkapitalforum
in Frankfurt

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