

Dear shareholders,

This report informs you of business progress in the first half of the 1999 financial year.

The positive trend of the first three months has been sustained. The turnover of the technotrans Group, which made a substantial acquisition and established two new subsidiaries last year, rose by almost 20 percent, with the net profit for the period soaring by 84 percent compared with the first half of last year.

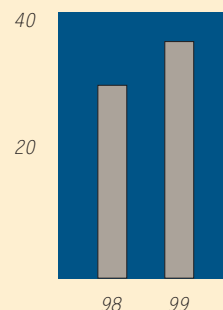
The former BVS Grafische Technik, now operating under the name of technotrans systems gmbh, has made particularly good progress since joining the group. Its turnover has risen by 50 percent within the space of one year, and its profitability has almost reached the target of 8 percent. This achievement is clearly attributable to our restructuring measures and to the change of strategy within this subsidiary following its takeover. We consider that the task of restructuring is now complete and have initiated measures for the merger of this company with technotrans AG.

You will see from the "Outlook" section further on in the report that this successful episode by no means marks an end to our drive to expand and to enhance shareholder value. We are convinced that there will be many more positive developments to announce in future. The second half of the year will undoubtedly be an exciting time.

Development of turnover

1.1.-30.6.

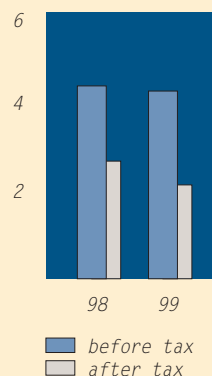
in million €



Profit

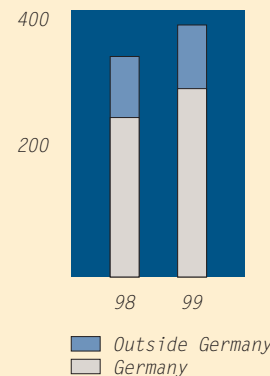
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in million €



Development of employees

1.1.-30.6.



Turnover and Result

In the first half of 1999, turnover was up 19.8 percent on the prior-year period to €36 million. The net profit for the period rose by 83.9 percent to €2.2 million, or €1.10 per share, and is consequently running above the scheduled target. Gross profit rose to €12.7 million (+ 12.6 percent); this is attributable to the fact that cost of conversion, incurred e.g. for new products initially manufactured in smaller batches (prototypes), rose by 24 percent in the same period. The profit of the divisions of €4.8 million revealed a slight decrease of 4.1 percent. This is a temporary reversal caused by the start-up costs of the new subsidiaries in Singapore and Italy; as matters stand, this decrease will already be made good in the second half of the year. The tax burden rose by 11 percent as a consequence of our improved profitability. The profit-turnover ratio is - in part considerably - in excess of 10 percent for all three divisions.

The Printing Industry segment, which currently still accounts for more than 80 percent of total turnover, rose by 13.6 percent to €28.9 million. The result of €3.67 million showed a downturn of 13 percent; the higher costs described above naturally have an above-average impact here. Our latest product launches have proven immensely successful. The transition from the concept phase to the market was particularly successful in the field of ecological printing. With this product line only established at the start of 1999, we have already succeeded in selling this type of plant on an international scale. There has been tremendous demand over the past few months for the new alcosmart alcohol stabilizer,

which has also met with a rapturous response in the international trade press. Further projects in preparation for the DRUPA trade exhibition next May will shortly be concluded.

We have achieved a lasting breakthrough in the CD Equipment segment: turnover rose by 70 percent compared with the prior-year period, to a figure in excess of €2 million. Although this segment still accounts for less than 6 percent of total turnover, it is posting most dynamic rates of growth. In contrast to the negative prior-year result, the segment now posts a profit of €216 thousand, a respectable turnaround. Based on the current level of orders, the trend is likely to continue in the second half of the year.

The Service segment grew by 53 percent to €4.9 million. Its share of total turnover thus rose to 13.7 percent. With a result of €752 thousand and a 15.2 percent rate of return, this remains the segment with the best profit-turnover ratio. It is our declared aim to develop this successful division (which predominantly comprises international after-sales service and spare parts business for the other two divisions) into a service division of some substance, in order to open up entirely new markets and prospects for technotrans.

Personnel

technotrans' growth is also reflected in its employee totals: on 30.06.1999, the group had a total of 392 employees (+ 14 percent), 100 of whom are based outside Germany. The above-average increase in personnel expenditure (+ 28.6 percent) is the result of recruiting more people who are considered "high potentials". Turnover per employee will probably easily outstrip the previous year's figure.

Research and development

Research and development spending rose by a disproportionately high rate of 24.2 percent in the first half of the year, to €2 million. Our level of R&D spending, which is 5.6 percent of turnover, is well above par for the industry and secures our future potential. The installation of a dedicated printing press provides our R&D engineers with the necessary freedom to test out ideas in practice immediately, and to reduce development times quite drastically as a result. By extending this head start to the market, they are helping to consolidate technotrans' market position. Working closely in conjunction with customers, we are currently putting the final touches to projects scheduled for unveiling at next year's DRUPA, the world's largest trade exhibition in our sector.

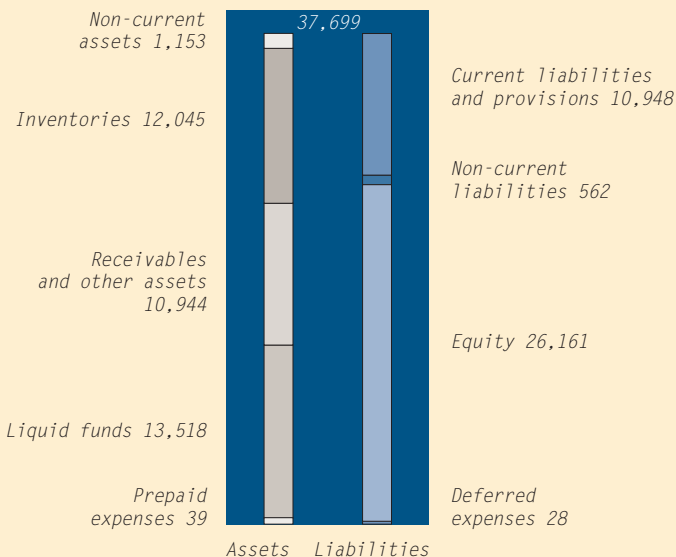
Balance sheet structure

The balance sheet total has risen by 9.3 percent since the start of the financial year. Receivables (+ 45.9 percent) and current liabilities (+ 36.9 percent) have risen by a disproportionately high rate, substantially as a result of business expansion outside Germany. The equity share remains comfortable at 69.4 percent, and provides a sound basis for our plans to expand. We were able to finance our international expansion, in the form of the subsidiaries established in Singapore and Italy, from available liquid funds.

Shares

technotrans shares have recovered from the market slump in the first quarter, and are now moving upwards within a steady band. The abrupt adjustment of share prices in the closing days of July did not affect this overall trend. With a price earnings ratio of 18 and a price of €46, it is one of the best-valued shares on the Neuer Markt. We are hoping to see extra demand from institutional investors in the second half of the year, when we will be resuming active dialogue in the form of roadshows and discussions with international investors.

Balance sheet structure
as of 30.6.1999
Group in € '000



The year 2000

technotrans was one of the first companies in Germany to obtain certification of its Y2K capability. We do not anticipate that the date change will pose any risk to either our customers or the company itself.

Outlook

Business progress in the first half of the year surpassed our own targets. As matters stand, we are therefore confident that we will achieve our published budgets for the year (turnover of €68.1 million, result of €4.2 million).

Recent disclosures by our customers in the printing industry demonstrate that levels of orders have stabilised at a relatively high level. If it transpires towards the end of the year that end users are holding back with investment decisions in anticipation of the DRUPA, our recent successful launches of new products will nevertheless allow us to sustain our independent corporate economy. Here are two examples:

Expanding our international activities is an important aspect. With the establishment of our new subsidiary in Singapore proving a great success, we have now obtained a foothold in a new market. Numerous orders from Japanese printing press manufacturers confirm that we are well-positioned to tap this potential.

We have established a further landmark in this market in securing an order from Karat for the equipping of a digital printing press series. In view of the highly complex technology involved, the "technotrans content per press" is disproportionately high in this promising segment.

The CD Equipment segment is making very good progress, and the revised planning targets dating back to March 1999 have already been exceeded. Full order books and our very high profitability allow us to look to the future with confidence. This segment has the opportunity of developing into a significant area of business for technotrans in the foreseeable future.

Our overriding objective for the time being, however, is to build up a significant service division. This includes expanding our high-margin service operations, as well as developing and stepping up other areas of activity. The emphasis is on "Technical Documentation", an activity in which we have already acquired extensive expertise and experience as an internal service provider. This task involves more than simply producing operating manuals to conform to product liability guidelines; development and design data are structured and made available to customers for sales and training in whatever form is specified, for instance as a structured database or on the Internet. Consultancy projects complete our range of services. The recruitment of an established specialist from the automotive industry as the head of the new profit centre gives us access to further market expertise from a person who has a proven track record in start-ups. Numerous customers and many areas of industry as a whole prefer outsourcing as a means of incurring variable instead of fixed costs. Initial discussions have revealed that demand is actually outstripping our expectations. Additional turnover in the order of €25 million is feasible in the foreseeable future. For both Technical Documentation and other markets, acquisitions may contribute to our overall goals of securing growth and tapping further potential.

It is our medium-term aim to see our company included in the NEMAX 50 share index, by espousing a policy of high growth together with intensive investor relations work.

Consolidated Balance Sheet

	31.06.1999	31.12.1998
Assets	€ '000	€ '000
Current assets		
Cheques, cash on hand, postal giro balances, cash in banks	1,153	3,497
Inventories	12,045	10,664
Receivable and other assets	10,944	7,499
	24,142	21,660
Non-current assets		
Property, plant and equipment	11,079	9,760
Longterm investments	0	103
Intangible assets	1,983	2,385
	13,062	12,248
Deferred taxes	456	572
	13,518	12,820
Prepaid expenses	39	13
	37,699	34,493
Equity and liabilities		
Current liabilities	10,948	7,998
Non-current liabilities	562	680
Equity		
Issued capital	6,000	5,113
Capital and revenue reserves	17,661	18,358
Accumulated profit	2,500	2,339
	26,161	25,810
Prepaid expenses	28	5
	37,699	34,493

Consolidated Income Statement

	1.1.-30.6. 1999	1.1.-30.6. 1998
	€ '000	€ '000
Revenue	36,008	30,050
Cost of conversion	- 23,322	- 18,780
Gross profit	12,686	11,270
Distribution costs	- 3,355	- 2,663
Administrative expenses	- 2,981	- 2,398
Research and development expenses	- 2,019	- 1,625
Other operating expenses and income	- 438	388
Profit of the Divisions	4,769	4,972
General expenses and income	- 246	- 148
Profit from operations	4,523	4,824
Finance result	- 80	- 305
Profit before tax	4,443	4,519
Income tax expense	- 2,198	- 1,977
Deferred taxes	- 40	197
Profit before extraordinary expense	2,205	2,739
Extraordinary expense	0	- 1,540
Net profit for the period	2,205	1,199
Net profit per share for the period (€)	1.10	0.60

Consolidated Cash Flow Statement

	1.1.-30.6. 1999	1.1.-30.6. 1998
	€ '000	€ '000
Operating activities		
Net profit before taxation	4,443	4,519
Adjustments for:		
Depreciation	1,090	800
Unrealised foreign exchange profit/loss (net)	- 34	24
Interest income	- 16	- 85
Interest expense	96	391
Operating profit before working capital changes	5,579	5,649
Increase (-)/decrease in receivables and other current assets	- 3,471	- 3,252
Increase in inventories	- 1,381	- 2,883
Increase in trade payables and other current provisions and liabilities	1,520	3,389
Cash generated from operations	2,247	2,903
Interest paid	- 96	- 391
Income taxes paid	- 2,198	- 1,976
Cash flow from operating activities	- 47	539
Investing activities		
Acquisition of non-current assets	- 2,296	- 6,242
Proceeds from the sale of non-current assets	291	24
Interest received	16	85
Cash flow from investing activities	- 1,989	- 6,133
Financing activities		
Proceeds from/payments of (-) long-term borrowings	0	2,761
Proceeds from/payment of short-term borrowings	1,410	2,148
Dividends paid to equity holders	2,045	- 2,475
Payments into the issued capital	887	1,278
Proceeds from/payments into (-) the capital reserves	- 887	15,850
Proceeds from the initial public offering	0	- 1,566
Cash flow from financing activities	- 635	12,474
Effect of exchange rate changes on cash and cash equivalents	- 10	1
Change of liquid funds	- 2,681	6,878
Increase in liquid funds resulting from changes in reporting entity	337	188
Liquid funds at beginning of period	3,497	255
Liquid funds at end of period	1,153	7,321

Appropriation of Net income

	Issued Capital	Reserves	Accumulated profit	Total
	€ '000	€ '000	€ '000	€ '000
January 1, 1998	3,068	1,912	2,992	7,972
Exchange rate changes	0	21	0	21
Changes resulting from changes in reporting entity	0	0	21	21
Capital increase from company funds	767	- 767	0	0
Capital increase from cash	1,278	15,850	0	17,128
Net profit for the period	0	0	1,199	1,199
Distribution of profit	0	0	- 2,475	- 2,475
Other	0	0	- 3	- 3
June 30, 1998	5,113	17,016	1,734	23,863
January 1, 1998	5,113	18,358	2,339	25,810
Exchange rate changes	0	189	0	189
Capital increase from company funds	887	- 887	0	0
Net profit for the period	0	0	2,205	2,205
Distribution of profit	0	0	- 2,045	- 2,045
Other	0	0	1	1
June 30, 1999	6,000	17,660	2,500	26,160

Segmental reporting

		Printing industry	CD equipment	Service	Other	Total
		€ '000	€ '000	€ '000	€ '000	€ '000
External turnover	01-06/1999	28,941	2,028	4,941	98	36,008
	01-06/1998	25,477	1,190	3,230	152	30,050
Segment result	01-06/1999	3,665	216	752	135	4,769
	01-06/1998	4,190	- 108	581	310	4,972