

Interim Report
January 1 -
September 30, 1999

 **technotrans**

technology and services

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technotrans Group Key Data

		1997	1998	1.1.-30.9. 1998	1.1.-30.9. 1999
Result					
Turnover	€ '000	45,330	63,208	46,087	55,558
Profit from operations	€ '000	7,421	9,139	6,954	6,314
Net profit for the period	€ '000	3,624	3,312	2,228	3,200
as % of turnover	%	8.0	5.2	4.8	5.8
Balance Sheet					
Issued capital	€ '000	3,068	5,113	5,113	6,000
Equity	€ '000	7,972	25,810	24,732	27,213
Equity ratio	%	43.4	74.8	70.2	67.8
Return on equity	%	45.5	12.8	9.0	11.8
Balance sheet total	€ '000	18,358	34,493	35,212	40,120
Employees					
Number of employees					
yearly average	Persons	232	350	336	393
Personnel expenditure	€ '000	9,453	14,346	9,985	12,709
as % of turnover	%	20.9	22.7	21.7	22.9
Turnover per employee	€ '000	195	181	137	141

We are living in the Information Age. In whatever form information is being supplied, technotrans products are involved - worldwide. Our business operations cover three areas: Print, CD/DVD and Services. As a system supplier, technotrans fully equips leading makes of printing press ex works, and its market share worldwide for technologically advanced plant is well in excess of 40 percent. technotrans production facilities are used worldwide for the manufacture of CDs and DVDs. Services to complement our range of core skills provide an opportunity to tap fresh potential and open up exceptional prospects for growth.

technotrans Financial Calendar

Publications and dates

Annual Press Conference
and Analyst Meeting 24.2.2000

Annual Shareholders
Meeting 2000
and Interim Report
1.1. - 31.3.2000 5.5.2000

You will find a current version of this calendar
and the respective reports on the Internet at
<http://www.technotrans.de>

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Dear shareholders,

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

technotrans was able to extend its successful track record of the first six months. With turnover up by more than 20 percent, business gained further momentum and the surplus for the period grew by a disproportionately high 44 percent.

It is the declared aim of technotrans to build on its growing, profitable Services and CD/DVD segments. We focus clearly on highly attractive growth markets, which we are developing through the specific deployment of our core skills. technotrans took over the British Internet company globalprint as of October 1, 1999. In line with our strategy, this measure signals our entry into a burgeoning market with outstanding prospects for turnover and earnings.

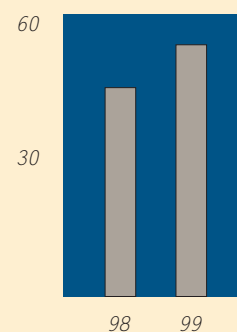
globalprint will continue to operate as an autonomous company and will be developed as a platform for the graphic arts industry, initially concentrating on market and product information. As an independent partner to industry, and thanks to its strong financial basis, technotrans is in the outstanding position of being able to extend this service to other sectors too.

Numerous projects designed to transform us into a fully-fledged technology and services company are currently under way. The takeover of globalprint was only one of several measures planned with this objective in mind. It demonstrates our adherence to the policy that "actions speak louder than words". We are sure we will have further good news for you at the end of the year, when technotrans will be celebrating the second anniversary of becoming a stock corporation.

Development of turnover

1.1.-30.9.

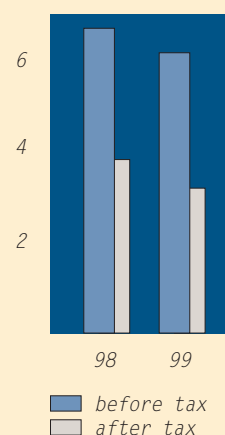
in million €



Profit

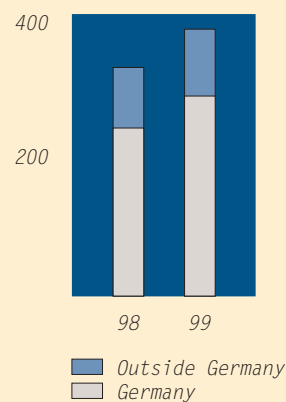
1.1.-30.9.

in million €



Development of employees

1.1.-30.9.



Turnover and Result

During the first nine months of the current financial year, turnover rose by 20.6 percent to EUR 55.6 million, with the surplus for the period growing by the disproportionately high rate of 43.7 percent, to EUR 3.2 million. This corresponds to a result per share of EUR 1.60 (previous year: EUR 1.11).

Gross profit rose by only 14.2 percent to EUR 19.5 million, as the product costs for new products simultaneously rose by 24 percent. Research and development spending, which rose by almost one-third in the year preceding the DRUPA, has meant the operating profit for the segments of EUR 6.7 million is only on a par with the previous year, and has not risen as fast as turnover. The profitability of all three segments is in excess of 10 percent.

In the Print segment, turnover rose by 14.7 percent to EUR 44.3 million. This is the first time its share of total turnover has been under 80 percent. The result for the segment of EUR 5.2 million fell by 12.7 percent. This was directly attributable to the EUR 0.8 million rise in R&D spending. Entirely new products and a completely revised range of existing products are set to make a successful debut at next year's DRUPA and will make a significant contribution to turnover and results from mid 2000. Our unique position in the sector is attributable to our development expertise. We will maintain the approach that has hitherto proven so successful.

The CD/DVD (+ 105 percent) and Services (+ 40 percent) segments again recorded the highest growth rates.

With turnover in the CD/DVD segment having doubled, we have lived up to the forecasts made early on in the year. Business gained further momentum compared with the first half of the year, and turnover rose to over EUR 3.5 million, or 6.4 percent of total

turnover. The result was EUR 0.4 million (previous year: -0.135) and has reached a highly satisfactory level, with the rate of return for the segment in excess of 11 percent. We anticipate that this trend will hold up until the end of the year. We regard our market success as due endorsement of our strategy to develop this segment. The provisional figures indicate that, in a highly dynamic environment, technotrans' market share will climb from 10 to 25 percent in 1999. We have thus drawn much closer to our aim of becoming a leading player in this market.

Turnover in the Services segment, which in future will bring together the Product Support Service, our Internet activities and Technical Documentation, rose to EUR 7.6 million in the first nine months of 1999. Its share of total turnover remains at 13.7 percent; our recent acquisition of globalprint took effect on October 1, 1999 and has therefore not yet been included in the figures. With the segment posting profitability in excess of 15 percent, this is technotrans' most profitable area of business. The result rose by 17 percent to EUR 1.2 million, and there is still considerable potential here. Short and medium-term measures to boost the turnover share of this segment to 30 - 40 percent have already been initiated or defined.

Personnel

In the past quarter, the number of people employed by the group exceeded 400 for the first time, reaching 418 on 30.09.1999. An average of 393 people were employed by technotrans in the first nine months, 16 percent more than in the prior-year period. Our drive to invest in new employees with excellent qualifications and an

international background is reflected in the relatively sharp increase in personnel expenditure. At the same time, turnover per employee rose to EUR 141,000 and is set to outstrip the previous year's figure.

Balance sheet structure

In the first nine months of the financial year, the balance sheet total rose by 16.3 percent to EUR 40.1. As a direct consequence of business expansion, in particular outside Germany, receivables and current liabilities rose by 55.9 percent and 55.0 percent respectively. The equity share (67.8 percent), together with the approved capital, provides a sound basis for swift, focused action, should the opportunity arise to step up the pace of our expansion.

Research and development

The next DRUPA, to be held in May 2000 and the world's largest exhibition in our business sector, is already impacting our research and development spending. This rose to EUR 3.2 million or 5.8 percent of turnover, a year-on-year increase of almost one-third, or EUR 0.8 million.

We are adhering consistently to our strategy of boosting the technotrans content per printing press, and technotrans is accessing further potential with new products. By building on our technological advance, we are consolidating our market lead and raising the standard to be met by competitors.

Shares

The company's positive development is in no way reflected by the share price. After hovering for six months at around EUR 45, to our great surprise the share price dropped below EUR 40 at the end of October. This valuation reflects in no way the perspective and the potential of the corporation.

Senior management employees shared this market perception. In recent weeks, the number of shares held by management has been boosted considerably to 18 percent of subscribed capital. These shares are tied up in the long term and cannot be traded.

Investor relations is a high priority at technotrans. We are delighted to have received awards from the journals Capital and manager magazin in September, and regard this as an incentive to perform even better.

Outlook

The growth in turnover of the past nine months has exceeded our expectations, and we have increased our forecast for the year to EUR 72 million. This development is primarily attributable to our measures for expansion on international markets. The launching of our Singapore subsidiary progressed much better than expected, and our ambitious goals of developing in particular the CD/DVD segment in Asia were easily exceeded. The recently announced sales partnership with the Japanese company Nikka Ltd. gives us access to the second-largest domestic market for leading printing press manufacturers, after Germany.

In relation to the result, we expect that the year-end surplus will remain in the region of EUR 4.2 million. The rise in R&D spending of around one-third, in the run-up to the DRUPA, has been a limiting factor. However, the cost of developing new products is an indispensable investment in the future. We will be presenting a wide range of new products at next May's exhibition, including a complete series for ink supply systems for sheet-fed offset printing presses.

We do not currently see any weakening in the economic strength of our customers. Even though technotrans has made thorough preparations for the date change and our Y2K capability was certified by an independent auditor in April 1999, we will be increasing our stocks of materials and equipment slightly at the end of the year, so that we are able to respond flexibly to unscheduled requests from our partners. Apart from this, we expect that the "millennium bug" will have no effect on our business.

Average growth rates of 25 percent a year remain our target. The CD/DVD and Services segments are at the heart of our medium-term growth strategy. Their contribution to overall turnover should reach 20 - 30 percent (CD/DVD) and 30 - 40 percent (Services). This will also bring about a change in the results structure. As the profitability of these segments is above-average, results should rise much more steeply.

The CD/DVD segment is giving us cause for considerable satisfaction this year. We have already achieved the first three of our four objectives: to become the market leader in respect of quality, technology, customer satisfaction and market share. Within the space of just one year, we boosted our market share from 10 to 25 percent. We are now the second-largest player in the sector. Our next objective is to secure a lead that compares with our position in the Print segment. Appropriate measures have already been taken.

Services includes the Product Support Service, which has already recorded annual growth of 40 - 50 percent in the past and made a high profit contribution. It will continue to enjoy disproportionately high growth as we expand in technology sectors.

Our Internet activities likewise come under the umbrella of Services. With the takeover of an established, profitable Internet company on October 1, we have paved the way for above-average growth in this area. Rapidly expanding globalprint's range is currently a priority. We intend to apply our knowledge of the sector for this portal, in order to develop and expand an information platform for the entire graphic arts industry. We are thus gaining access to a highly attractive growth market, the scope of which is immensely appealing.

The third area within Services is Technical Documentation. We will exploit our knowledge of the sector and our specialist expertise to secure a leading position within our markets. Our initial venture into the market as a provider of technical documentation services proved highly successful, and we will be systematically exploiting the potential we have identified. We are also in a position to use takeovers as a means of diversifying into other sectors and stepping up the pace of growth. We will capitalise on the various attractive synergy benefits offered by the combination of globalprint and Technical Documentation.

technotrans is currently on the verge of making the transition from a technology company to a technology and services enterprise. The foundations have been laid for above-average growth and for a continuing track record of success. As the twentieth century draws to a close and the Information Age opens up new horizons, technotrans is in every respect equipped for the challenges of the new millennium.

Consolidated Balance Sheet

	31.09.1999	31.12.1998
	€ '000	€ '000
Assets		
Current assets		
Cheques, cash on hand, postal giro balances, cash in banks	1,767	3,497
Inventories	12,433	10,664
Receivable and other assets	11,691	7,499
	25,891	21,660
Non-current assets		
Property, plant and equipment	11,720	9,760
Longterm investments	0	103
Intangible assets	1,890	2,385
	13,610	12,248
Deferred taxes	561	572
	14,171	12,820
Prepaid expenses	58	13
	40,120	34,493
Equity and liabilities		
Current liabilities	12,396	7,998
Non-current liabilities	506	680
Equity		
Issued capital	6,000	5,113
Capital and revenue reserves	17,717	18,358
Accumulated profit	3,496	2,339
	27,213	25,810
Prepaid expenses	5	5
	40,120	34,493

Consolidated Income Statement

	1.1. - 30.9. 1999	1.1. - 30.9. 1998
	€ '000	€ '000
Revenue	55,558	46,087
Cost of conversion	- 36,052	- 28,999
Gross profit	19,506	17,088
Distribution costs	- 5,234	- 4,173
Administrative expenses	- 4,815	- 3,754
Research and development expenses	- 3,211	- 2,419
Other operating expenses and income	519	41
Profit of the Divisions	6,765	6,783
General expenses and income	- 451	- 171
Profit from operations	6,314	6,954
Finance result	- 139	- 234
Profit before tax	6,175	6,720
Income tax expense	- 3,041	- 3,155
Deferred taxes	- 66	258
Profit before extraordinary expense	3,200	3,823
Extraordinary expense	0	- 1,595
Net profit for the period	3,200	2,228
Net profit per share for the period (€)	1.60	1.11

Consolidated Cash Flow Statement

	1.1. - 30.9. 1999	1.1. - 30.9. 1998
	€ '000	€ '000
Operating activities		
Net profit before taxation	6,175	6,720
Adjustments for:		
Depreciation	1,670	1,232
Unrealised foreign exchange profit/loss (net)	- 40	55
Interest income	- 17	- 199
Interest expense	156	434
Operating profit before working capital changes	7,944	8,242
Increase (-)/decrease in receivables and other current assets	- 4,237	- 3,246
Increase in inventories	- 1,769	- 4,171
Increase in trade payables and other current provisions and liabilities	2,441	3,312
Cash generated from operations	4,379	4,137
Interest paid	- 156	- 434
Income taxes paid	- 3,041	- 3,155
Cash flow from operating activities	1,182	548
Investing activities		
Acquisition of non-current assets	- 3,034	- 6,755
Proceeds from the sale of non-current assets	262	74
Interest received	17	199
Cash flow from investing activities	- 2,755	- 6,482
Financing activities		
Proceeds from/payments of (-) long-term borrowings	0	- 2,762
Proceeds from/payment of (-) short-term borrowings	1,858	- 405
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	- 1,620
Cash flow from financing activities	- 187	9,866
Effect of exchange rate changes on cash and cash equivalents	30	- 3
Change of liquid funds	- 1,730	3,929
Increase in liquid funds resulting from changes in reporting entity	0	61
Liquid funds at beginning of period	3,497	255
Liquid funds at end of period	1,767	4,245

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	- 115	0	- 115
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	2,228	2,228
Distribution of profit	0	0	- 2,475	- 2,475
Other	0	0	- 27	- 27
September 30, 1998	5,113	16,880	2,739	24,732
January 1, 1999	5,113	18,358	2,339	25,810
Exchange rate changes	0	246	0	246
Capital increase from company funds	887	- 887	0	0
Net profit for the period	0	0	3,200	3,200
Distribution of profit	0	0	- 2,045	- 2,045
Other	0	0	2	2
September 30, 1999	6,000	17,717	3,496	27,213

Segmental reporting

		Print	CD/DVD	Services	Other	Total
		€ '000	€ '000	€ '000	€ '000	€ '000
External turnover	01-09/1999	44,324	3,563	7,614	57	55,558
	01-09/1998	38,639	1,741	5,434	273	46,087
Segment result	01-09/1999	5,190	397	1,162	16	6,765
	01-09/1998	5,947	- 135	993	- 23	6,782