Interim Report January 1 - March 31, 2002

technotrans

technology and services

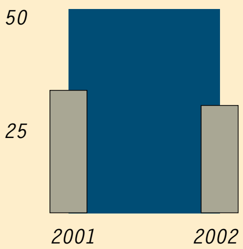
technotrans Group

Key Data

			2000	2001	1.1.-31.3. 2001	1.1.-31.3. 2002
Earnings:	Revenue	€'000	104,927	130,990	32,601	**28,563**
	Print	*€'000*	*76,650*	*98,733*	*25,178*	***20,896***
	CD/DVD	*€'000*	*11,808*	*11,526*	*2,595*	***1,096***
	Services	*€'000*	*16,469*	*20,731*	*4,828*	***6,571***
	Gross profit	€'000	34,389	41,623	11,064	**9,005**
	Segment result	€'000	9,676	9,130	3,369	**1,350**
	Net profit for the period	€'000	5,405	3,421	1,665	**587**
	as % of revenue	%	5.2	2.6	5.1	**2.1**
	Earnings before interest and tax (EBIT)	€'000	9,700	7,525	3,110	**1,367**
	EBITDA	€'000	12,934	14,150	4,217	**2,743**
	Net income per share (IAS)	€	2.64	1.58	0.79	**0.27**
Balance sheet:	Issued capital	€'000	6,180	6,600	6,180	**6,600**
	Equity	€'000	36,778	54,756	38,476	**56,028**
	Equity ratio	%	49.6	55.3	39.8	**54.7**
	return on equity	%	16.4	7.5	4.3	**1.0**
	Balance sheet total	€'000	74,195	99,042	96,710	**102,355**
	Working capital	€'000	20,152	24,244	18,024	**25,780**
Employees:	Number of employees (average)	Persons	543	687	588	**668**
	Personnel expensures	€'000	24,632	33,634	7,804	**8,268**
	as % of revenue	%	23.5	25.7	23.9	**28.9**
	Revenue per employee	€'000	193	191	55	**43**
Cash flow:	Cash flow	€'000	11,225	9,057	1,878	**2,401**
	Free cash flow	€'000	- 15,572	- 6,827	- 7,424	**357**
Share:	Number of shares at end of period		2,060,000	2,200,000	2,060,000	**2,200,000**
	Share price (max)	€	159.50	144.06	145.50	**48.10**
	Share price (min)	€	38.46	29.50	105.50	**34.80**

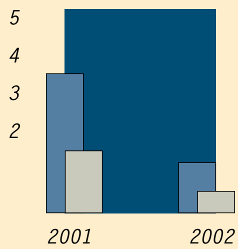
Revenue

1.1.-31.3.02 in million €



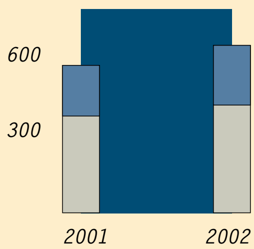
Operating profit

1.1.-31.3.02 in million €



Number of employees

1.1.-31.3.02 (average)



Result for the segments

Net profit for the period

Abroad

Germany

We are living in the Information Age. In whatever form information is being supplied, technotrans products are involved – worldwide. technotrans is active at 13 locations, in three areas of business: Print, CD/DVD and Services. As a systems supplier, we fully equip all leading makes of printing press ex works, and our market share worldwide for technologically advanced plant is well in excess of 50 percent. technotrans electroforming systems for the manufacture of CDs and DVDs are the world market leaders by some distance. Services to complement our range of core skills provide an opportunity to tap fresh potential and open up exceptional prospects for growth.

Dear **Shareholders,**

technotrans adjusted very early on to the anticipated downturn in demand from printing press manufacturers in the first few months of the current financial year. On the basis of the measures that have been taken, such as the Value^{+} austerity package, we have succeeded in recording healthy earnings of € 587 thousand (previous year: € 1.7 million) in the traditionally quiet first quarter, despite a 12.4 percent fall in revenue. These figures are broadly in line with our expectations, which envisage revenue of € 128 million and a net profit of € 5 to 5.5 million for the year as a whole.

Other objectives for the remainder of the financial year include successfully completing the integration of our newer locations. For the past few weeks, we have been detecting positive signs of progress in this area. We had previously announced that our American subsidiary is on course to break even this year, and based on its current situation with regard to both revenue and orders we are very confident that it will succeed in this.

Since the start of this year, technotrans shares have once again been out-performing the Neuer Markt as a whole. The medium-term aim is still to be included in the Nemax 50 Blue Chip Index. This is one of the reasons behind the resolution being proposed to the Shareholders' Meeting on May 3, 2002 to perform a share split at a ratio of 1:3. This move is of course coupled with the aspiration that the liquidity of our shares will improve. However, we are also intending to make a point through this measure, which investors often interpret as a positive indicator at times of a stock market recovery: in this very difficult context, it may be highly worth while shifting one's focus back to securities that possess real asset value. Because many market participants agree that only quality can bring about a change in fortunes on the Neuer Markt.

We would be delighted if you are able to continue following the progress of our company closely, and look forward to maintaining our dialogue.

The first quarter of 2002

Group revenue reaches € 28.6 million after three months (- 12.4 percent)

The expected downturn in demand from printing press manufacturers has had a marked impact on the figures for the first quarter. Compared with the corresponding prior-year quarter, the group's revenue showed a fall of 12.4 percent to € 28.6 million. As expected, the other areas of business were unable to compensate for the drop in revenue for the Print segment to € 20.9 million (previous year € 25.2 million; - 17 percent) in the traditionally slack first quarter. In fact, the opposite was the case: the CD/DVD area, where business is predominantly project-based, likewise posted lower revenue than in the previous year simply because of the invoicing dates of such project business. We introduced a whole raft of measures early on in an effort to safeguard our profitability even in these difficult circumstances.

First-quarter earnings dented by drop in revenue and cyclical factors

The lower revenue in the first quarter means that we are confronted with an initially much less favourable basis for cost ratios. However, the effect of the austerity measures taken in the second half of 2001 began to show, with the result that all the earnings indicators are broadly in line with our targets.

For example, in relative terms gross profit fell more sharply than revenue, because capacity adjustments and measures to optimise materials flows and logistics procedures produce a delayed effect. Such cutbacks by their very nature only show a positive effect after a certain delay.

For the second quarter in succession, however, cost items have been significantly lower, demonstrating how the Value^{+} scheme is boosting operating profit. As already indicated in the 2001 Annual Report, scheduled amortisation of goodwill is being spread among the segments, because it has now reached a significant level, at € 2.1 million per year. This item has risen slightly as a result of last year's acquisitions.

The net profit for the period of € 587 thousand (previous year: € 1.67 million) represents earnings per share of € 0.27 (compared with € 0.79 in the previous year).

The segments

Print: earnings diminished by 17 percent slump in revenue
Due to slack demand from printing press manufacturers, revenue for the Print segment totalled only € 20.9 million in the first three months of the year (previous year: € 25.2 million; – 17 percent). As expected, this reversal at the start of 2002 primarily affected our core products.

In the prevailing conditions, it was not possible to push through improvements in profit margins. The operating result (result for the segment following regular goodwill amortisation) totalled € 567 thousand (previous year € 2.1 million). Although the positive effects of the cost-cutting measures drastically lowered the break-even point, they were not sufficient to compensate for the shortfall in revenue, first and foremost from products manufactured at the main plant in Sassenberg. The situation of the new American subsidiary, which reported a loss of € 2.4 million last year, has nevertheless improved significantly, as a result of which we are confident that it will succeed in showing a profit this year, as planned.

CD/DVD with traditionally quiet first quarter
Revenue was sharply down on the previous year's level, at € 1.1 million (€ 2.6 million). However, this situation reflects our expectations, as does the current satisfactory level of orders; in view of the preponderance of project business, fluctuations of this magnitude are always likely, depending on whether such projects are invoiced before or after the reporting date. The operating result was € – 577 thousand (previous year € 159 thousand); in addition to lower revenue, it was temporarily diminished by the new microform.100 product line for the microstructure technology market. At the level of revenue generated in the first quarter, the adjustments to capacity and the lower goodwill will not be enough to show a positive result.

Services: excellent start to the financial year
The Services segment enjoyed an excellent start to the new financial year, with revenue of € 6.6 million (+ 36.1 percent; previous year € 4.8 million). Earnings rose by 31 percent to € 1.4 million (previous year € 1.1 million), equivalent to a rate of return for the segment of over 21 percent. Services thus made a significant contribution towards our profitability in this difficult quarter. The new business area of Technical Documentation was able to acquire further important customers and is making positive progress.

Segmental Reporting

		Print	CD/DVD	Services	Other	Total
		€'000	€'000	€'000	€'000	€'000
External revenue	01-03/2002	20,896	1,096	6,571	0	**28,563**
	01-03/2001	25,178	2,595	4,828	0	**32,601**
Segment result	01-03/2002	976	- 420	1,392	- 32	**1,916**
before goodwill	01-03/2001	2,504	252	1,062	32	**3,850**
Segment result	01-03/2002	567	- 577	1,392	- 32	**1,350**
after goodwill	01-03/2001	2,116	159	1,062	32	**3,369**

Personnel

At the reporting date (31.03.2001), the group had 657 employees worldwide; although this figure is 7 percent higher than one year previous, the total has fallen by 68 since the end of September 2001. As part of the Value+ scheme, the workforce has been trimmed in order to bring personnel capacity in line with the lower volume of business.

Balance Sheet Structure

The balance sheet total rose by 3.3 percent compared with the end of 2001, to € 102.4 million. Both receivables and liabilities increased slightly at the start of the year. Cash and cash equivalents rose to € 6.5 million.

Research and Development

Research and development spending rose slightly in the run-up to the IPEX exhibition, which took place in Birmingham in April. Preparations were being made for the market launch of the new microform.100 electroforming plant in the first quarter, and this system subsequently made its début at the Hanover Fair in April.

Business was quiet at the IPEX; this came as no surprise to us, in the light of the broader economic situation. On the other hand, our activities in the new market of microstructure engineering are proving to be highly promising. We are currently in negotiations with several leading customers in Germany and abroad, and expect several contracts to be concluded in the course of 2002.

Shares

technotrans' shares have since recovered from the low year-end price of € 36.26. All in all, over the first three months of the year they have easily outperformed the Neuer Markt as a whole, which has once again been afflicted by a series of crises.

The share price received a further boost along with the disclosure of the 2001 business figures at the end of February. Following the disappointments of the last year, investors felt confirmed in their view that the company had succeeded in restoring the emphasis on its core virtues.

The company management is proposing a 1:3 share split to the Shareholders' Meeting on May 3, 2002. This plan on the one hand reflects our hopes that the shares' liquidity will improve and that we will draw closer to our goal of joining the Nemax 50. On the other hand, this measure – along with the fact that we are paying out the third-highest dividend on the Neuer Markt – will, among other things, serve as a clear signal that there are still companies representing real asset value on the Neuer Markt; it may in addition help investors to separate the wheat from the chaff.

Directors' holdings

	31.3.2002 Shares	31.3.2002 Options
Board of Management		
Heinz Harling	20,568	350
John A. Stacey	10,100	350
Ralph Teunissen	5,000	200
Hilmar Welpelo	10,000	350
Supervisory Board		
Joachim Simmross	400	0
Joachim Voss	0	0
Konrad Ellegast	0	0
Dr. Bertold Gaede	597	0
Andreas Harig	20,568	200
Hubert Oberscheidt	20,568	200

technotrans enlarges Board of Management in anticipation of further growth

To promote the dynamic international growth of the technotrans Group, the Supervisory Board of technotrans AG intends to appoint Wolfgang Breme as an additional member of the Board of Management at its next meeting. Over the past eleven years, the 41-year-old manager has been instrumental in developing international controllership structures, for instance at the mechanical engineering group GEA, and from 1996 on as Finance Director and latterly CEO of Sempell AG, a company that is part of the Tyco.Group. His many years of experience in handling the acquisition of companies and their integration into the structures of an international group will give technotrans significantly greater expertise in international controllership. Through his experience in supervising the expansion and international composition of major groups, Wolfgang Breme has in addition acquired extensive managerial skills which will benefit the ongoing dynamic and structural development of the technotrans Group.

Hilmar Welpelo (43) has been instrumental in steering technotrans along its successful course of growth for around ten years in the capacities of Commercial Manager, Managing Director and, since 1997, Finance Director. Over this time, the business volume has increased ten-fold. At his own request, and with the agreement of the Board of Management and Supervisory Board, Hilmar Welpelo will be leaving the company later on in the year to deploy his experience in the development of a growing company elsewhere.

Outlook

The 2002 financial year

Revenue and earnings

We disclosed our target figures for the current financial year at the end of February: with revenue remaining approximately on a par with the previous year's € 128 million, earnings are to improve to between € 5 and 5.5 million. We are therefore focusing emphatically on profitability.

The first quarter progressed as expected, and nothing has happened since to alter the boundary conditions on which our original plans were based: we believe that any signs of a significant improvement in the economic situation are as yet too tenuous, and the signals that we are picking up from our markets do not yet indicate that the tide has turned. At present, two months on, we are thus able to reconfirm our plans for the year as a whole.

The divisions

Following an extremely quiet first quarter, we expect all divisions to register a slight rise in activity in the next quarter. This cautious gathering of momentum should gradually increase as the year progresses, as a result of which we can expect to see a gradual improvement in our figures.

In the Print segment, demand from our key accounts is expected to return to normal slowly. In parallel, our products for the end user market are performing slightly better than expected, in specific the ink.line automatic ink supply system for sheet-fed offset presses, the spray dampening systems and the ecoclean washing-agent recycling units. We registered keen interest in these products among trade visitors to the IPEX.

The result for the segment has been diminished by the low first-quarter revenue, but it is expected to improve gradually as the year progresses. The situation in America is showing a positive trend, within the extent that was to be expected.

The CD/DVD segment is well on target in terms of business progress. The improved revenue situation over future quarters will likewise help to restore earnings to the accustomed level.

The new area of microstructure technology is progressing particularly well. The delivery of two systems to leading reference customers, the University of Dortmund and the Karlsruhe Research Centre, represents an important milepost. At the Hanover Fair in April, there was clear evidence that demand for industrial production technology has already bounced back. We are confident that we will be able to secure a leading position in this field, and that our technology will set new standards.

We moreover expect the Services segment to perform well in the remainder of the year. Whereas installations may experience a slight downturn for cyclical reasons, business for spare parts is faring somewhat better in the prevailing circumstances, and the new subsidiaries are making a disproportionately high contribution.

The effect of the wide-ranging austerity measures that form the Value$^+$ scheme will gradually become more evident as 2002 progresses, thus bringing about a marked improvement in profitability. As already mentioned, the focus of our activities this year is clearly on profits, and we are on course to achieve our target of qualitative growth.

Consoli-dated **Balance Sheet**

Assets (in €'000)	31.03.2002	31.12.2001
Current assets		
Cash and cash equivalents	6,517	5,031
Trade accounts receivable	18,321	17,312
Accounts receivable due from related parties	0	0
Inventories	24,312	22,538
Prepaid expenses and other current assets	1,629	1,754
	50,779	**46,635**
Fixed assets		
Property, plant and equipment	20,561	20,710
Intangible assets	3,188	3,388
Investments	0	0
Goodwill	24,254	24,531
Deferred taxes	3,117	3,091
Other long-term assets	456	687
	51,576	**52,407**
	102,355	**99,042**

Liabilities and shareholders' equity	31.03.2002	31.12.2001
Current liabilities		
Current portion of capital lease obligation	0	0
Short-term dept and current portion of long-term dept	7,119	5,696
Trade accounts payable	4,527	3,758
Advance payments received	4,807	3,749
Accrued expenses	5,620	5,258
Income tax payable	1,161	1,368
Other current liabilities	1,765	2,562
	24,999	**22,391**
Long-term dept		
Long-term dept, less current portion	19,037	19,354
Capital lease obligations, less current portion	0	0
Deferred taxes	1,712	1,773
Pension accrual	124	124
Other long-term liabilities	455	644
	21,328	**21,895**
Shareholders' equity		
Share capital	6,600	6,600
Additional paid-in capital	36,416	36,396
Revenue reserves	8,447	8,447
Hedging reserves	– 266	– 387
Exchange differences	2,319	1,664
Treasury stock	0	0
Retained earnings	2,512	2,036
	56,028	**54,756**
	102,355	**99,042**

Consolidated
Income Statement

	1.1.-31.3.2002	1.1.-31.3.2001
	€'000	€'000
Revenues	28,563	32,601
Print	*20,896*	*25,178*
CD/DVD	*1,096*	*2,595*
Services	*6,571*	*4,828*
Cost of revenues	- 19,558	- 21,537
Gross profit	**9,005**	**11,064**
Selling and marketing expenses	- 3,142	- 3,212
General and administrative expenses	- 2,849	- 3,156
Research and development expenses	- 981	- 891
Other operating income and expenses	- 117	45
Amortization (and impairment) of goodwill	- 566	- 481
Operating income	**1,350**	**3,369**
Interest income and expenditure	- 376	- 387
Income from investments and participations	0	0
Foreign currency exchange gains/losses	17	259
Other income/expense	0	0
Result before income taxes (a. minor. interest)	**991**	**2,723**
Income tax	- 558	- 1,252
Deferred tax	154	194
Extraordinary income/expenses	0	0
Net income	**587**	**1,665**
Net income per share (basic)	0.27	0.79
(diluted)	0.27	0.79
Weighted average shares outstanding		
(basic)	2,200,000	2,104,333
(diluted)	2,200,000	2,104,333

In keeping with the cost of sales classification according to IAS, depreciation of property, plant and equipment and amortisation of intangible assets are allocated to the items selling, administrative and development costs. They are calculated from the depreciation and amortisation item in the Cash Flow Statement, less the amortisation of goodwill indicated on this page, and are therefore not shown separately in the Consolidated Income Statement.

Cash Flow Statement

	1.1.-31.3.2002	1.1.-31.3.2001
	€'000	€'000
Cash flow from operating activities		
Net profit/loss	587	1,665
Adjustments for:		
Depreciation and amortisation	1,376	1,107
Impairment loss acc. to IAS 36	0	0
Deferred tax income/expense	- 154	- 194
Increase/decrease in provisions and accruals	369	- 579
Losses/gains on the disposal of fixed assets	3	2
Foreign exchange gains and losses	223	- 121
Change in net working capital	- 1,836	- 1,850
Increase in other long-term assets	232	0
Net cash provided by operating activities	**800**	**30**
Cash flow from investing activities		
Acquisition from subsidiaries, net of cash acquired	0	- 5,344
Retrospective adjustment of purchase price for subsidiary	0	0
Purchase of property, plant and equity	- 478	- 2,131
Proceeds from sale of equipment	35	21
Net cash used in investing activities	**- 443**	**- 7,454**
Cash flow from financing activities		
Proceeds from issuance of share capital	0	0
Proceeds from short or long-term borrowings	1,423	6,803
Cash repayments of amounts borrowed	- 317	0
Payment of capital lease liabilities	0	- 50
Distribution to shareholders	0	0
Net cash provided by financing activities	**1,106**	**6,753**
Net effect of currency translation in cash and cash equivalents	23	79
Net increase (decrease) in cash and cash equivalents	**1,486**	**- 592**
Increase in liquid funds from changes in reporting entity	0	241
Cash and cash equivalents at beginning of period	5,031	3,135
Cash and cash equivalents at end of period	**6,517**	**2,784**

Statement of
Movements in Equity

	Issued capital €'000	Capital reserves €'000	Revenue reserves €'000	Hedging reserves €'000	Accumulated differences/ Capital consolidation €'000	Accumulated profit €'000	Equity €'000
January 1, 2001	**6,180**	**20,066**	**6,643**	**0**	**886**	**3,003**	**36,778**
Exchange rate movements	0	0	0	0	622	0	622
Payment into the revenue reserve	0	0	69	0	0	- 69	0
Change of current value of financial instruments	0	0	0	- 589	0	0	- 589
Net profit for the period	0	0	0	0	0	1,665	1,665
March 31, 2001	**6,180**	**20,066**	**6,712**	**- 589**	**1,508**	**4,599**	**38,476**
January 1, 2002	**6,600**	**36,396**	**8,447**	**- 387**	**1,664**	**2,036**	**54,756**
Exchange rate movements	0	0	0	0	655	- 111	544
Change of current value of financial instruments	0	0	0	121	0	0	121
Net profit for the period	0	0	0	0	0	587	587
Other	0	20	0	0	0	0	20
March 31, 2002	**6,600**	**36,416**	**8,447**	**- 266**	**2,319**	**2,512**	**56,028**

Explanation
In a departure from the directives of Deutsche Börse AG but in accordance with IAS 12.70, deferred tax is allocated exclusively to long-term items. The designations of certain items have moreover been brought in line with IAS. Items with a total of zero are not shown where no figures are expected in the longer term on the basis of technotrans' business purpose.

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Financial Calendar

Publications and dates

Annual Shareholders' Meeting	3.5.2002
Interim Report 1 – 6/02	8.8.2002
Interim Report 1 – 9/02	7.11.2002
Annual Press Conference	6.3.2003

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