

Interim Report  
January 1 -  
June 30, 2002

 **technotrans**

*technology and services*

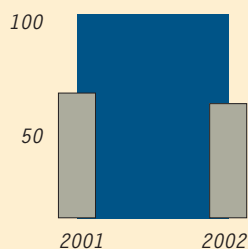
# technotrans Group

## Key Data

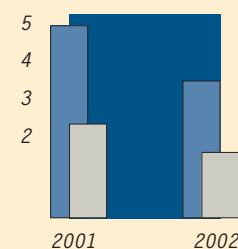
		2000	2001	1.1.-30.6. 2001	1.1.-31.6. 2002	
<b>Earnings:</b>	Revenue	€'000	104,927	130,990	66,269	60,641
	<i>Print</i>	€'000	76,650	98,733	51,260	44,005
	<i>CD/DVD</i>	€'000	11,808	11,526	5,251	3,936
	<i>Services</i>	€'000	16,469	20,731	9,758	12,700
	Gross profit	€'000	34,389	41,623	21,326	19,556
	Operating income	€'000	9,676	9,130	5,095	3,647
	Net profit for the period	€'000	5,405	3,421	2,492	1,751
	as % of revenue	%	5.2	2.6	3.8	2.9
	Net income per share (IAS)*	€	0.88	0.53	0.39	0.27
	EBITDA	€'000	12,934	14,150	7,319	6,262
Earnings before interest and tax (EBIT)		€'000	9,700	7,525	4,745	3,580
<b>Balance sheet:</b>	Issued capital	€'000	6,180	6,600	6,600	6,600
	Equity	€'000	36,778	54,756	54,753	52,784
	Equity ratio	%	49.6	55.3	51.9	55.9
	Return on equity	%	16.4	7.5	4.6	3.3
	Balance sheet total	€'000	74,195	99,042	105,455	94,447
	Working capital	€'000	20,152	24,244	22,703	23,212
<b>Employees:</b>	Number of employees (average)	Persons	543	687	630	655
	Personnel expenses	€'000	24,632	33,634	16,527	16,645
	as % of revenue	%	23.5	25.7	24.9	27.4
	Revenue per employee	€'000	193	191	105	93
<b>Cash flow:</b>	Cash flow	€'000	11,225	9,057	4,552	3,912
	Free cash flow	€'000	- 15,572	- 6,827	- 11,732	3,517
<b>Share:</b>	Number of shares at end of period		2,060,000	2,200,000	2,200,000	6,600,000
	Share price (max)*	€	53.17	48.02	48.02	17.80
	Share price (min)*	€	12.82	9.83	34.82	13.78

\*Net income per share and historical share prices adjusted for share split

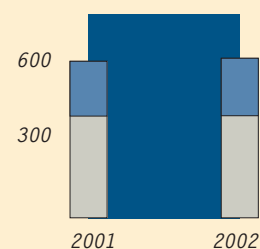
**Revenue**  
1.1.-30.6. in million €



**Profit**  
1.1.-30.6. in million €



**Number of employees**  
1.1.-30.6. (average)



■ Operating income  
■ 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 has 13 locations in three areas of business: Print, CD/DVD and Services. As a system 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,

After the difficult start to the new year that we were expecting, business recovered somewhat in the second quarter of 2002 - despite the continuing economic gloom. With revenue totalling € 60.6 million, the decrease compared with last year's six-month figures is only 8.5 percent; the net profit for the period is likewise within the bounds of expectation, at just under € 1.8 million. We are thus well on the way to achieving our goals for the year as a whole (revenue of € 128 million and net profit in the region of € 5 - 5.5 million).

Communication creates confidence, and quality is rewarded. With this in mind, we are particularly pleased to have achieved our goal of being admitted to the NEMAX 50 index in June. technotrans' shares have successfully bucked the general downward trend since the start of the year, and we are confident that they will benefit in particular measure to an upswing in the mood of the markets. The switch to a different stock market tier is consequently not a topic that we need to dwell on. If anything, the Neuer Markt needs more, rather than fewer, companies like technotrans. And companies like technotrans will continue to need the Neuer Markt in the future. It is the job of the market players to separate the wheat from the chaff. Our aim is to make their choice easier by being a source of reliability and quality.

We are using the difficult economic climate as an opportunity to make technotrans ideally equipped for the future. The figures supply firm evidence that our measures are taking effect. We can see plenty of reasons to be optimistic about the further development of the group, and would warmly welcome your continued interest in our future performance.

## The first six months and the second quarter of 2002

### Consolidated revenue reaches € 60.6 million after six months (- 8.5 percent)

As expected, the second quarter was better than the difficult start to the 2002 financial year. With revenue having reached € 60.6 million mid-way through the year (previous year € 66.3 million), the shortfall is now only 8.5 percent. All segments contributed towards this development. From an extremely low initial level, demand from printing press manufacturers picked up somewhat. Revenue from CD/DVD activities was slightly up on the prior-year quarter, though no clear turnaround materialised in this segment. Thanks to capacity adjustments implemented at an early stage, profitability likewise improved despite the difficult context.

### Earnings in 2nd quarter of 2002 up 40.7 percent on Q2/2001

Whereas the fall in revenue for the first half as a whole was 8.5 percent, revenue in the second quarter was down only 4.7 percent. By virtue of the economy measures taken, we were able to boost gross earnings in this period to € 10.6 million (+ 2.8 percent on the prior-year quarter). Operating profit for the quarter after amortisation of goodwill even showed a year-on-year improvement of 38.5 percent, to € 2.3 million (prior-year quarter € 1.7 million).

The surplus after interest and taxes was just under € 1.2 million in the second quarter; this represents a rise of more than 40 percent on the prior-year quarter (€ 0.8 million).

The total net profit for the first half of the year is almost € 1.8 million and is consequently now only 30 percent down on the previous year's level (€ 2.5 million). This is a more than realistic basis on which to achieve our earnings targets for the year as a whole (net profit + 50 percent).

Earnings per share (acc. to IAS) were € 0.27 at June 30 (previous year: € 1.16). Following adjustment to take account of the 1:3 share split which was implemented at the start of June 2002, the comparative figure for the previous year is € 0.39.

## The segments

### Print: revenue edges up

With revenue of € 23.1 million, the second quarter of 2002 revealed a turn for the better, even if the recovery in demand from printing press manufacturers is still rather cautious. At the half-way point, compared with the exceptionally successful first half of 2001 the revenue shortfall of the Print segment was now only 14.2 percent (€ 44 million, compared with € 51.3 million in the previous year).

The improvement in revenue in the second quarter likewise boosted profitability. The result for the segment following regular goodwill amortisation of € 1.7 million was nevertheless still 35.2 percent down on the prior-year level (€ 2.6 million).

The IPEX exhibition, the printing industry's second-largest exhibition after the DRUPA, served as a useful gauge of the sector's current mood. Remarks by both the event organisers and exhibitors revealed cautious optimism. Meanwhile the situation in America, where we have been targeting specifically the sheet-fed offset market for the past year, made very satisfying progress. As expected, the measures we had taken there to ensure that the new subsidiary at least broke even in 2002 achieved the desired effect.

### CD/DVD makes up ground

With revenue totalling € 2.8 million, the second quarter showed a slight improvement on the corresponding prior-year quarter (€ 2.7 million) but was markedly up on the first quarter of this year. Revenue at the mid-way point was nevertheless 25 percent down on the corresponding point in 2001 (€ 3.9 million as against € 5.3 million in 2001). This is in line with our expectation, given that business in the second half year is traditionally better than in the first half, and our current level of offers and orders in hand moreover appear to corroborate this.

After slipping into the red in the first three months of the year, the CD/DVD segment has regained profitability. With an operating result after regular goodwill amortisation of € 252,000 in the second quarter, we were nevertheless not quite able to balance out the previous quarter's disappointing figures. The loss of € - 325,000 mid-way through 2002 contrasts with the prior-year profit of € 287,000.

Both of the major events which took place in this quarter, the MediaTech exhibition for the optical storage media sector and the Hanover Fair for the Microstructure Technology, provided positive stimuli for the continuing development of both sectors.

## Segmental Reporting

		Print	CD/DVD	Services	Other	Total
		€'000	€'000	€'000	€'000	€'000
External revenue	01-06/2002	44,005	3,936	12,700	0	60,641
	01-06/2001	51,260	5,251	9,758	0	66,269
Segment result before goodwill	01-06/2002	2,497	- 53	2,119	152	4,715
	01-06/2001	3,078	628	1,762	425	5,893
Segment result after goodwill	01-06/2002	1,701	- 325	2,119	152	3,647
	01-06/2001	2,626	287	1,757	425	5,095

### Services: reassuringly stable

By posting impressive rates of growth, the Services segment has once again demonstrated its growing importance for technotrans. Revenue reached € 12.7 million mid-way through the year (previous year € 9.8 million, + 30.1 percent), and the result for the segment after goodwill amortisation was up 20.3 percent to over € 2.1 million (previous year € 1.8 million). This area of activity thus accounted for 21 percent of consolidated revenue and 58 percent of its earnings.

Due to the high proportion of subcontracted services in order to cope with peak order levels, particularly in the second quarter, profitability at the half-way mark nevertheless dipped slightly, though it still reached a satisfying 16.7 percent.

Follow-on orders from external customers and proceeds from the sale of software licences serve as evidence of the scheduled growth in the new Technical Documentation business area, even if we are starting from a low level here.

## Personnel

The group employed 636 people worldwide at the reporting date of June 30, 2002, only 13 more than one year previously. The total number of group employees has thus fallen by almost 90 since the end of September 2001. The proportions of employees in Germany (406) and abroad (230) have remained virtually unchanged from the previous year.

## Balance Sheet Structure

The balance sheet total fell by 4.6 percent compared with the end of 2001, to € 94.4 million.

Cash and cash equivalents rose by 24.8 percent to € 6.3 million. Receivables and inventories showed a slight decrease, as did goodwill on account of regular amortisation. Long-term borrowings were likewise down (- 12.7 percent). Capital expenditure, which was inflated in the previous year by acquisitions and the construction of a new building at Sassenberg (€ 9.5 million), has returned to a normal level (€ 0.9 million).

## Research and Development

Research and development spending was slightly down on the prior-year period at June 30 (€ 1.8 million, - 8.1 percent). Activities are currently focusing on new applications in the field of microstructure technology and on print products which are likely to be unveiled at the 2004 DRUPA.

The market for microstructure applications in particular is making highly promising progress. We anticipate that this will evolve into a business area that will offer our company significant growth potential in the medium to long term. Specific projects based on current development activities should yield orders for business before the year is out.

## Shares

technotrans shares have recently gained further appeal as a result of the 1:3 share split approved by the Shareholders' Meeting in May and already implemented at the start of June, as well as through our inclusion in the NEMAX 50 index.

In June alone, the average daily volume of business was up almost 75 percent on the average figure 3 months earlier, to more than 34,000 shares. We are delighted that we have also been able to achieve the goal of improved liquidity so rapidly.

In addition to dividends of € 0.70 per share (previous year € 1.25), the development in the share price gave rise to quite some satisfaction in these troubled times: technotrans shares were being traded at well above the year-end price of € 11.98, and have been as high as € 17.80; at the end of the quarter they were quoted at € 16.20. They were thus able to defy the lingering weakness of the market in the first half of the year. We regard this as an endorsement of our philosophy, which treats transparency and reliability as key tenets.

## Directors' holdings

	30.6.2002	30.6.2002
	Shares	Options
<b>Board of Management</b>		
Heinz Harling	61,704	2,100
Wolfgang Breme	300	1,050
John A. Stacey	30,300	2,100
Ralph Teunissen	15,000	1,650
Hilmar Welpelo	30,000	2,100
<b>Supervisory Board</b>		
Joachim Simmroß	1,200	0
Joachim Voss	0	0
Konrad Ellegast	0	0
Dr. Bertold Gaede	1,791	0
Andreas Harig	61,704	1,200
Hubert Oberscheidt	61,704	1,200

## People

The members of the Supervisory Board were re-elected for a further term of office by a large majority at the Shareholders' Meeting on May 3, 2002. In accordance with the articles of incorporation, this term of office ends after the Shareholders' Meeting at which the accounts for 2006 are presented.

Wolfgang Breme (41) was appointed the new Chief Financial Officer at the constituent meeting of the Supervisory Board which followed the Shareholders' Meeting.

# Outlook

## The 2002 financial year

### Revenue and earnings

We believe the latest market developments serve to endorse our forecasts for the current financial year. Our plans envisage revenue of € 128 million and a net profit of between € 5 and 5.5 million. After a number of years in which the rate of growth has in some cases been quite dramatic, we are now concentrating on paving the way for regaining our previous level of profitability.

### The divisions

As in recent years, we expect the second half to be stronger than the first. This development is likely to apply to all our segments, albeit to varying degrees. Hand in hand with the forecast growth in revenue, and as a result of the measures being implemented through the Value<sup>+</sup> scheme, there should be a significant upturn in profitability in the second half of the year.

The **Print segment** is likely to enjoy further modest progress. Printing press manufacturers are currently pinning their hopes on an economic recovery. We continue to expect that revenue at the end of the year will be down on the previous year's level, and are tackling this situation by stepping up our business with end customers. By comparison, demand for spray dampening systems, the washing agent recovery system ecoclean.line and automatic ink supply systems is proving robust. As such orders are often part of longer-term projects, they are having the effect of extending our planning horizon well into the next year. Positive cyclical factors, including the American market for newspaper presses, would be very welcome as an opportunity to improve capacity utilisation.

The current figures show that we are heading in the right direction with the measures we have taken to enhance profitability. Our declared aim of course remains to achieve further lasting improvements to our operating margins. The management is examining all the options for pinpointing further potential and for taking further measures in the short, medium and long term wherever the cost-benefit ratio allows.

The **CD/DVD segment** is on target mid-way through the year. Major orders for suppliers of replication lines would moreover appear to indicate a growing propensity to invest in certain areas of industry. However, we believe that this shift is not enough to constitute a turning of the tide, let alone a significant upswing. We expect that orders will be received over the next few months at relatively short notice, and we have sufficient capacity to be able to handle them.

In the medium term, we are expecting growth impulses way above the average from the microstructure technology sector. Even at a conservative estimate, it can be assumed that the potential for the company will exceed that of optical storage media applications in a few years' time. We are consequently considering changing the name of the segment to "Micro Technologies", which will then refer to both CD/DVD and microstructure technology applications.

The **Services segment**, too, will show considerable continuity of growth over the next few months. In view of the ongoing process of integration of the new subsidiaries, both in America and in Asia, we expect to see a rise in revenue and earnings.

For the reasons outlined above, we are confident of achieving this year's targets as a whole. Particularly at times of economic difficulty, as at present, we feel events have shown that we were right not to have based our targets on the hope of an improvement in the economic climate. Rather, we are convinced that it pays off in the long term to assess risks and opportunities with sober objectivity and, if in doubt, to opt for the more cautious approach.

# Consolidated Balance Sheet

Assets	(in €'000)	30.06.2002	31.12.2001
<b>Current assets</b>			
Cash and cash equivalents		6,281	5,031
Trade accounts receivable		16,412	17,312
Accounts receivable due from related parties		0	0
Inventories		21,267	22,538
Prepaid expenses and other current assets		1,904	1,754
		<b>45,864</b>	<b>46,635</b>
<b>Fixed assets</b>			
Property, plant and equipment		19,906	20,710
Intangible assets		3,185	3,388
Investments		0	0
Goodwill		21,686	24,531
Deferred taxes		3,380	3,091
Other long-term assets		426	687
		<b>48,583</b>	<b>52,407</b>
		<b>94,447</b>	<b>99,042</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Current portion of capital lease obligation		0	0
Short-term dept and current portion of long-term dept		7,551	5,696
Trade accounts payable		4,610	3,758
Advance payments received		2,079	3,749
Accrued expenses		5,469	5,258
Income tax payable		1,132	1,368
Other current liabilities		1,811	2,562
		<b>22,652</b>	<b>22,391</b>
<b>Long-term dept</b>			
Long-term dept, less current portion		16,887	19,354
Capital lease obligations, less current portion		0	0
Deferred taxes		1,473	1,773
Pension accrual		124	124
Other long-term liabilities		527	644
		<b>19,011</b>	<b>21,895</b>
<b>Shareholders' equity</b>			
Share capital		6,600	6,600
Additional paid-in capital		36,416	36,396
Revenue reserves		8,271	8,447
Hedging reserves		- 309	- 387
Exchange differences		- 698	1,664
Treasury stock		0	0
Retained earnings		2,504	2,036
		<b>52,784</b>	<b>54,756</b>
		<b>94,447</b>	<b>99,042</b>

# Consolidated Income Statement

	1.4.-30.6.2002		1.4.-30.6.2001		1.1.-30.6.2002		1.1.-30.6.2001	
	€'000		€'000		€'000		€'000	
Revenues	32,078		33,668		60,641		66,269	
<i>Print</i>	23,109		26,082		44,005		51,260	
<i>CD/DVD</i>	2,840		2,656		3,936		5,251	
<i>Services</i>	6,129		4,930		12,700		9,758	
Cost of revenues	- 21,527		- 23,406		- 41,085		- 44,943	
<b>Gross profit</b>	<b>10,551</b>		<b>10,262</b>		<b>19,556</b>		<b>21,326</b>	
Selling and marketing expenses	- 3,531		- 3,674		- 6,673		- 6,886	
General and administrative expenses	- 3,148		- 3,132		- 5,997		- 6,288	
Research and development expenses	- 853		- 1,105		- 1,834		- 1,996	
Other operating income and expenses	- 220		- 282		- 337		- 263	
Amortization (and impairment) of goodwill	- 502		- 410		- 1,068		- 798	
<b>Operating income</b>	<b>2,297</b>		<b>1,659</b>		<b>3,647</b>		<b>5,095</b>	
Interest income and expenditure	- 335		- 438		- 711		- 825	
Income from investments and participations	0		0		0		0	
Foreign currency exchange gains/losses	- 84		- 24		- 67		- 350	
Other income/expense	0		0		0		0	
<b>Result before income taxes (a. minor. interest)</b>	<b>1,878</b>		<b>1,197</b>		<b>2,869</b>		<b>3,920</b>	
Income tax	- 1,330		- 632		- 1,888		- 1,884	
Deferred tax	616		262		770		456	
Extraordinary income/expenses	0		0		0		0	
<b>Net income</b>	<b>1,164</b>		<b>827</b>		<b>1,751</b>		<b>2,492</b>	
Net income per share (basic)	0.18		0.38		0.27		1.16	
(diluted)	0.18		0.38		0.27		1.16	
Weighted average shares outstanding								
(basic)	6,600,000		2,200,000		6,600,000		2,152,167	
(diluted)	6,600,000		2,200,000		6,600,000		2,152,167	

# Cash Flow Statement

	1.1.-30.6.2002	1.1.-30.6.2001
	€'000	€'000
<b>Cash flow from operating activities</b>		
Net profit/loss	1,751	2,492
<i>Adjustments for:</i>		
Depreciation and amortisation	2,682	2,574
Impairment loss acc. to IAS 36	0	0
Deferred tax income/expense	- 770	- 479
Increase/decrease in provisions and accruals	222	249
Losses/gains on the disposal of fixed assets	- 3	- 14
Foreign exchange gains and losses	27	- 284
Change in net working capital	215	- 6,772
Increase in other long-term assets	261	0
<b>Net cash provided by operating activities</b>	<b>4,385</b>	<b>- 2,234</b>
<b>Cash flow from investing activities</b>		
Acquisition from subsidiaries, net of cash acquired	0	- 5,418
Retrospective adjustment of purchase price for subsidiary	0	0
Purchase of property, plant and equity	- 912	- 4,157
Proceeds from sale of equipment	44	77
<b>Net cash used in investing activities</b>	<b>- 868</b>	<b>- 9,498</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of share capital	0	9,523
Proceeds from short or long-term borrowings	871	5,482
Cash repayments of amounts borrowed	- 1,482	0
Payment of capital lease liabilities	0	0
Distribution to shareholders	- 1,540	- 2,575
<b>Net cash provided by financing activities</b>	<b>- 2,151</b>	<b>12,430</b>
Net effect of currency translation in cash and cash equivalents	- 116	- 93
<b>Net increase/decrease in cash and cash equivalents</b>	<b>1,250</b>	<b>605</b>
Increase in liquid funds from changes in reporting entity	0	241
Cash and cash equivalents at beginning of period	5,031	3,135
<b>Cash and cash equivalents at end of period</b>	<b>6,281</b>	<b>3,981</b>

# 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
<b>January 1, 2001</b>	<b>6,180</b>	<b>20,066</b>	<b>6,643</b>	<b>0</b>	<b>886</b>	<b>3,003</b>	<b>36,778</b>
Exchange rate movements	0	0	0	0	1,893	0	1,893
Capital increase from authorised capital	420	16,232	0	0	0	0	16,652
Payment into the revenue reserve	0	0	93	0	0	- 93	0
Change of current value of financial instruments	0	0	0	- 487	0	0	- 487
Net profit for the period	0	0	0	0	0	2,492	2,492
Distribution of profit	0	0	0	0	0	- 2,575	- 2,575
<b>June 30, 2001</b>	<b>6,600</b>	<b>36,298</b>	<b>6,736</b>	<b>- 487</b>	<b>2,779</b>	<b>2,827</b>	<b>54,753</b>
<b>January 1, 2002</b>	<b>6,600</b>	<b>36,396</b>	<b>8,447</b>	<b>- 387</b>	<b>1,664</b>	<b>2,036</b>	<b>54,756</b>
Exchange rate movements	0	0	0	0	- 2,362	262	- 2,100
Capital increase from authorised capital	0	0	5	0	0	- 5	0
Change of current value of financial instruments	0	0	0	78	0	0	78
Net profit for the period	0	0	0	0	0	1,751	1,751
Distribution of profit	0	0	0	0	0	- 1,540	- 1,540
Other	0	20	- 181	0	0	0	- 161
<b>June 30, 2002</b>	<b>6,600</b>	<b>36,416</b>	<b>8,271</b>	<b>- 309</b>	<b>- 698</b>	<b>2,504</b>	<b>52,784</b>

## Explanation

*This interim report has been produced in accordance with the requirements of the German Stock Exchange dated 18th October 2001 for the production of structured quarterly reports and as before in accordance with the International Accounting Standards (IAS), in particular IAS 34 for interim reporting. 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. 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 in the Consolidated Income Statement. 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.*

## Imprint

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technotrans AG, Sassenberg

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Combistar beta.c 200G/beta PS/alcosmart

from technotrans

# technotrans

## Financial Calendar

### Publications and dates

Interim Report 1-9/02	7.11.2002
Annual Press Conference	6.3.2003
Annual Shareholders' Meeting	9.5.2003

For the latest version of this financial calendar and the individual reports, visit us on the Internet on [www.technotrans.de](http://www.technotrans.de)

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