

January 1 –  
September 30, 2003

INTERIM  
REPORT

 **technotrans**

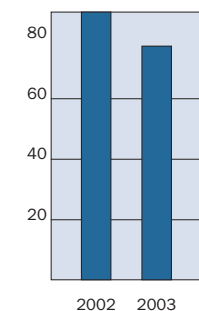
*technology and services*

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, Micro Technologies 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. Core skills such as these are translated systematically into new areas of application: for example, applications for microstructure technology offer exceptionally good prospects of future growth, as do services, which suitably complement the technology segments and open up new potential.

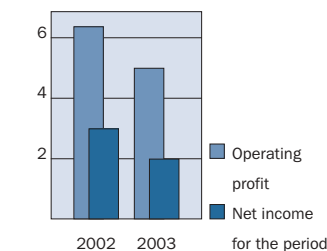
## technotrans Group

### Key Data based on IFRS

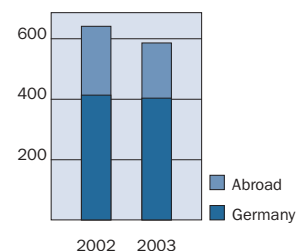
Revenue  
1.1. – 30.9. (in million €)



Profit  
1.1. – 30.9. (in million €)



Number of employees  
1.1. – 30.9. (average)



		2001	2002	1.1.-30.9.02	1.1.-30.9.03
<b>Earnings</b>					
Revenue	€'000	130,990	117,012	89,624	77,160
Print	€'000	98,733	80,623	62,847	50,473
Micro Technologies	€'000	11,526	10,861	7,539	7,559
Services	€'000	20,731	25,528	19,238	19,128
Gross profit	€'000	41,623	37,695	28,458	26,157
EBITDA	€'000	14,150	10,897	10,192	8,945
EBITA	€'000	10,726	7,587	7,777	6,302
Earnings before interest and tax (EBIT)	€'000	7,525	5,626	6,262	4,954
Operating profit	€'000	9,130	5,887	6,388	5,074
Net profit for the period	€'000	3,421	2,620	3,048	2,070
as % of revenue	%	2.6	2.2	3.4	2.7
Net profit per share (IFRS)*	€	0.53	0.40	0.46	0.31
<b>Balance sheet</b>					
Issued capital	€'000	6,600	6,600	6,600	6,600
Equity	€'000	54,756	51,720	53,673	50,120
Equity ratio	%	55.3	55.9	55.5	55.5
Return on equity	%	7.5	4.9	5.7	4.1
Balance sheet total	€'000	99,042	92,541	96,746	90,261
Working capital	€'000	24,244	21,981	24,524	22,789
<b>Employees</b>					
Number of employees (average)	Persons	687	639	650	598
Personnel expenses	€'000	33,634	31,920	24,900	22,469
as % of revenue	%	25.7	27.3	27.8	29.1
Revenue per employee	€'000	191	183	138	129
<b>Cash flow</b>					
Cash flow <sup>1</sup>	€'000	4,272	10,077	7,579	5,727
Free cash flow <sup>2</sup>	€'000	- 6,827	7,470	5,381	4,679
<b>Share</b>					
Number of shares at end of period		2,200,000	6,600,000	6,600,000	6,600,000
Share price (max)*	€	48.02	17.85	17.80	10.00
Share price (min)*	€	9.83	4.81	6.20	3.99

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

<sup>1</sup> Cash flow = Net cash from operating activities acc. to Cash flow Statement

<sup>2</sup> Free cash flow = Net cash from operating activities  
+ net cash used for investments acc. to Cash flow Statement

## Dear shareholders,

This is the first time in a long while that we have been able to report on some genuinely positive developments concerning our company and markets. With all due caution, in the light of the most recent serious crisis specifically in the printing industry, there are nevertheless a few pointers in various markets that give us good reason to be confident about the prospects for the next few months. We very much hope that we are about to witness a lasting recovery.

This positive forecast is also reflected by the figures we are presenting in this report. After eight successive quarters in which we have had to report falling revenue and results, this is the first evidence that each of our three segments has enjoyed an operating improvement in their revenue and results between the second and third quarters of 2003. Revenue for the quarter in the Print segment has shown an impressive quarter-on-quarter upswing of 8.4 percent. This could be a sign that we passed beyond the nadir mid-way through the year.

We did our homework while the crisis was in full spate, and hoisted the company into pole position in order to reap disproportionately high benefits as soon as the revenue situation recovered. We believe the figures provide firm evidence that we will achieve this. We would be delighted at your continued involvement at a time when technotrans is poised to regain its former profitability.

## The third quarter and the first nine month of 2003

### ■ Third-quarter rise in revenue setting the trend?

Compared with the weak second quarter, consolidated revenue for the third quarter rose by over 11 percent to € 27 million. All segments contributed towards this, but most notably the Print segment, which posted an increase of more than 8 percent. With revenue totalling € 77.2 million after nine months (previous year: € 89.6 million), the decrease over the past twelve months is now only 13.9 percent. The current level of orders likewise allows us to view the coming months with optimism, though it remains to be seen whether this recovery is sustainable.

### ■ Significant improvement in operating profitability

The rise in revenue in the third quarter has, as intended, made an above-average contribution towards the improved result. Compared with the previous year, technotrans has for instance enjoyed a significant rise in gross profit, both in absolute terms (€ 9.8 million, previous year: € 8.9 million) and relatively speaking: the gross margin rose to 36.2 percent as against 30.7 percent in the previous year – a sign of optimum capacity utilisation and a corresponding economy of scale on fixed costs.

Although operating profit fell by 20 percent in absolute terms, from € 2.7 million in the previous year to € 2.2 million at the nine-month mark in 2003, the margin once again improved in the third quarter and now stands at 8.1 percent. Higher administration costs (for consultancy services) were the main obstacle to an even more pronounced improvement – merely on the strength of operations, a figure of 10.5 percent could have been achieved. This, together with the high tax burden from the German parent company's healthy profit, is the reason for the reduced net profit of € 2.070 million after nine months (previous year: € 3.048 million). Earnings per share in the third quarter reached € 0.16 and € 0.31 for the nine-month period (previous year: € 0.20 and € 0.46).

## The segments

### ■ Print: beyond the nadir?

With revenue for the Print segment totalling € 50.5 million after nine months (previous year: € 62.8 million, – 19.7 percent), the downturn in the wake of the serious crisis in the printing industry has slowed considerably. Revenue of € 17.3 million in the third quarter alone represents an increase of more than 8 percent on the prior-year quarter (€ 15.9 million). The recent recovery in the volume of deliveries to German and Japanese printing press manufacturers, the positive development of our American subsidiaries and project business, for instance for ink supply systems, have contributed towards this progress.

After nine months, despite a revenue shortfall of € 12.3 million on the previous year the Print segment is able to post a result after goodwill amortisation of more than € 1.6 million (previous year: € 3.1 million). As was already the case in the second quarter, this takes account of further charges for external consultancy services as part of the company's strategic development which now amount to around € 1 million, and which may need to be capitalised at some stage in the future. Excluding these costs, the result would have been only 5 percent down on the previous year and the rate of return for the segment would have been a satisfactory 5.2 percent from operations, instead of 3.3 percent.

### ■ Micro Technologies: result improves along with revenue volume

Revenue in the Micro Technologies segment is, as scheduled, precisely on a par with the previous year at € 7.6 million. This segment, which is dominated by project business, is traditionally stronger in the second half of the year, though experience has shown that the arbitrary nature of the end-of-year reporting date can result in shifts.

## Segmental Reporting

		Print	MicroTech	Services	Other	Total
		€'000	€'000	€'000	€'000	€'000
External revenue	01 – 09/03	50,473	7,559	19,128	0	<b>77,160</b>
	01 – 09/02	62,847	7,539	19,238	0	89,624
Operating profit after Goodwill	01 – 09/03	1,648	– 457	3,715	168	<b>5,074</b>
	01 – 09/02	3,086	62	3,100	140	6,388

The margins improved somewhat in the third quarter, driven by volume, with the result that the result almost broke even. There nevertheless remained a negative operating result of € 457,000 after nine months (previous year: + € 62,000). We regard this as an investment in future potential for exploiting the new area of microstructure technology. By comparison, the progress of our traditional business in the field of CD/DVD is rather sluggish and dominated by pressure of competition. However, we should make it clear that we are not willing to defend our market position, particularly after the acquisition of the Toolex division, regardless of cost.

### ■ Services:

#### making good progress

After nine months the Services segment is almost unchanged from the previous year, with revenue of € 19.1 million. This now represents one-quarter of consolidated revenue.

Various major international projects that were successfully completed and a welcome contribution by the new Technical Documentation business area boosted the operating result to € 3.7 million after three quarters.

## Personnel

The number of employees within the group as an average for the first nine months fell from 650 in 2002 to 598 in 2003 (– 8 percent). The closing-down of the production plant in England in the second quarter particularly affected the total. At the reporting date of September 30, 2003 technotrans had a total of 588 employees (previous year: 642, – 8.4 percent). Business expansion in the third quarter made it necessary to start increasing capacity again.

The falling personnel costs (– 9.8 percent) and the relatively stable revenue per employee reveal that the company has been well equipped to handle a lower volume of business.

## Cash flow and balance sheet

Cash showed a year-on-year increase from € 6.8 million at the end of September 2002 to € 8.8 million at the end of September 2003 (+ 28.9 percent). Despite the € 1 million lower result of € 2.1 million, a cash flow of € 5.7 million was achieved (previous year: € 7.6 million, – 24.4 percent).

As a result of the current rise in project business, the recent general expansion in business and expectations for the coming weeks and months, a moderate rise in inventories was recorded for the second quarter in succession.

Goodwill represents a significant portion of long-term assets, at € 16.8 million. This item has already fallen by € 1.3 million during the current year as a result of regular amortisation in accordance with IFRS, and by around a further € 1.7 million due to exchange rate movements in the context of consolidation measures.

## Research and development

At the nine-month mark, expenditure for research and development was on a par with the previous year at around € 2 million. The current projects in question relate primarily to microstructure technology and to developments for the Print segment which will probably be unveiled at next year's DRUPA exhibition.

## Shares

technotrans shares continued to rise in the third quarter of 2003. Following the all-time low in February 2003, they reached a 52-week high in September at exactly € 10. This rise has been underpinned by various recent analyses which forecast a target price well into double figures.

The printing industry is currently attracting considerable attention, with the highlight of its calendar, next May's DRUPA exhibition, already looming large. This exhibition has frequently generated an additional surge in orders in the past. We would very much welcome such a development, not merely for the sake of our shares.

## Directors' holdings

	Shares 30.9.2003	Options 30.9.2003
<b>Board of Management</b>		
Heinz Harling	61,704	3,150
Wolfgang Breme	300	2,100
John. A. Stacey	30,300	3,150
Ralph Teunissen	15,000	2,700
<b>Supervisory Board</b>		
Joachim Simmroß	10,000	0
Joachim Voss	0	0
Konrad Ellegast	0	0
Dr. Bertold Gaede	1,791	0
Andreas Harig	61,704	1,800
Hubert Oberscheidt	61,704	1,800

## Outlook

### The 2003 financial year

#### ■ Revenue and earnings

Whereas printing press manufacturers are still exercising caution in their assessment of the situation, we believe there are already initial signs of a recovery, though its nature and extent remain as yet unclear. The level of orders for the coming months at least indicates that technotrans – as so often in the past – will not suffer any dip in business as a result of companies waiting to see what the DRUPA will have to offer. The current satisfactory business situation moreover highlights just how positive an effect rising revenue can have on profitability. After nine months, we therefore regard ourselves as on target to achieve the main goal of profitability, meaning specifically a net profit for the year of € 5 million. After adjustment to take into account the effects of the subsequently passed German Tax Amendments Act, this would mean around € 4.5 million net, which is likewise attainable from this lower level of revenue.

#### ■ The divisions

Whereas back in mid-2001 we were for a long time virtually alone in the **Print segment** in voicing our pessimism at the prospects for the printing industry, in the past few weeks other market players have been reluctant to share our nascent optimism, believing that the evidence of a recovery is not yet sufficiently clear.

Our view is based in part on the improvement in our business volume following the quiet summer months, and in part on the major international exhibitions that have taken place in recent weeks: the IGAS in Tokyo and the GraphExpo in Chicago. Put simply, it now appears that that the current situation is better than the prevailing mood. This view coincides with the IFO figures on the business climate index for the printing industry, which appear to have permanently recovered from their record low.

We therefore anticipate a stabilisation at this higher level at the end of the year, and a slightly positive trend at the start of 2004.

We have naturally used this opportunity to improve our market position and have specifically focused on those areas that offer the best future prospects for our company. As in the past, we will concentrate on tapping the potential we have identified, whether under our own steam or through acquiring expertise and market access. However, we will only reach make-or-buy decisions following a suitably thorough analysis of the situation, and possibly without any major public announcements.

The **Micro Technologies segment** (CD/DVD and microstructure technology) is developing according to schedule, though there are currently no signs of market growth in the core field of optical storage media. We are therefore subjecting the future potential of the field microstructure technology to particularly close scrutiny. This area undoubtedly offers better-than-average opportunities for technotrans, though it is not foreseeable on what time scale their full effect will become apparent. We have therefore geared ourselves up for similar progress to recent quarters over the next few months.

The Services segment is enjoying very steady, positive progress even in what are considered to be difficult times, and has thus maintained its high level of business. As matters stand, we expect this trend to hold up over the next few months.

In summary, we can state that over the next few months we will be very closely monitoring and analysing the current trends, which give rise to some optimism, before we disclose our plans for the coming year. It is undoubtedly too early to interpret the silver lining to the dark cloud hovering over the printing industry as the start of a boom that will be precipitated by the industry's leading exhibition, the DRUPA. We will therefore keep our targets towards the lower end of the range of likely scenarios, preferring to allow ourselves the leeway to revise our targets upwards in the course of the year. In other words, we are not ruling out the possibility of a few positive surprises.

## Consolidated Balance Sheet

	30.9.2003	31.12.2002
	€'000	€'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	8,816	7,300
Trade accounts receivable	15,867	16,638
Inventories	20,436	17,930
Prepaid expenses and other current assets	1,456	2,855
	46,575	44,723
<b>Fixed assets</b>		
Property, plant and equipment	17,344	19,116
Intangible assets	4,301	4,099
Goodwill	16,814	19,824
Deferred taxes	4,851	4,374
Other long-term assets	376	405
	43,686	47,818
	<b>90,261</b>	<b>92,541</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Current portion of capital lease obligations	0	0
Short-term debt and current portion of long-term debt	6,097	6,166
Trade accounts payable	4,686	3,075
Advance payments received	1,834	2,398
Accrued expenses	9,003	8,446
Income tax payable	135	780
Other current liabilities	2,031	1,877
	23,786	22,742
<b>Long-term debt</b>		
Long-term debt, less current portion	13,449	15,390
Deferred taxes	1,661	1,538
Pension accrual	149	136
Other long-term liabilities	1,097	1,015
	16,356	18,079
<b>Shareholders' equity</b>		
Share capital	6,600	6,600
Additional paid-in capital	36,408	36,406
Revenue reserves	9,398	9,569
Hedging reserves	- 592	- 591
Exchange differences	- 4,187	- 2,360
Retained earnings	2,492	2,096
	50,119	51,720
	<b>90,261</b>	<b>92,541</b>

## Consolidated Income Statement

	1.7.-30.9.2003	1.7.-30.9.2002	1.1.-30.9.2003	1.1.-30.9.2002
	€'000	€'000	€'000	€'000
Revenues	27,046	28,983	77,160	89,624
Print	17,261	18,842	50,473	62,847
Micro Technologies	3,387	3,603	7,559	7,539
Services	6,398	6,538	19,128	19,238
Cost of conversion	- 17,265	- 20,081	- 51,003	- 61,166
<b>Gross profit</b>	<b>9,781</b>	<b>8,902</b>	<b>26,157</b>	<b>28,458</b>
Distribution costs	- 3,096	- 2,905	- 8,969	- 9,578
General and administrative expenses	- 3,444	- 2,936	- 9,467	- 8,933
Research and development expenses	- 777	- 190	- 1,945	- 2,024
Other operating income and expenses	87	317	646	- 20
Amortisation (and impairment) of goodwill	- 359	- 447	- 1,348	- 1,515
<b>Operating profit</b>	<b>2,192</b>	<b>2,741</b>	<b>5,074</b>	<b>6,388</b>
Interest income and expenses	- 278	- 306	- 870	- 1,017
Income from investments and participations	0	0	0	0
Foreign currency exchange gains/losses	- 153	- 59	- 119	- 126
Other income/expense	0	0	0	0
<b>Profit before tax (and minority interest)</b>	<b>1,761</b>	<b>2,376</b>	<b>4,085</b>	<b>5,245</b>
Income tax	- 989	- 903	- 2,111	- 2,791
Deferred tax	307	- 176	96	594
Extraordinary income/expenses	0	0	0	0
<b>Net profit</b>	<b>1,079</b>	<b>1,297</b>	<b>2,070</b>	<b>3,048</b>
Net profit per share (basic)	0.16	0.20	0.31	0.46
Net profit per share (diluted)	0.16	0.20	0.31	0.46
Weighted average shares outstanding (basic)	6,600,000	6,600,000	6,600,000	6,600,000
Weighted average shares outstanding (diluted)	6,600,000	6,600,000	6,600,000	6,600,000

## Cash Flow Statement

	30.9.2003	30.9.2002
	€'000	€'000
<b>Cash flows from operating activities</b>		
Net profit	2,070	3,048
Adjustments for:		
Depeciation and amortisation	3,991	3,930
Deferred tax income/expense	- 96	- 594
Losses/gains on the disposal of fixed assets	- 593	- 6
Foreign exchange gains/losses	- 547	- 39
Cash flows from operating activities before working capital changes	4,825	6,339
Change in receivables	2,171	- 1,576
Change in inventories	- 2,506	2,205
Change in other long-term assets	29	259
Change in liabilities	638	16
Change in provisions	570	336
<b>Net cash from operating activities</b>	<b>5,727</b>	<b>7,579</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, less acquired liquid assets	0	0
Acquisition of intangible assets and of property, plant and equipment	- 2,648	- 2,245
Proceeds from sale of equipment	1,600	47
<b>Net cash used for investing activities</b>	<b>- 1,048</b>	<b>- 2,198</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	0	0
Proceeds from short or long-term borrowings	- 68	286
Cash repayments of amounts borrowed	- 1,802	- 2,287
Distribution to shareholders	- 1,320	- 1,540
<b>Net cash used in financing activities</b>	<b>- 3,190</b>	<b>- 3,541</b>
Net effect of currency translation in cash and cash equivalents	27	- 33
<b>Net increase in cash and cash equivalents</b>	<b>1,516</b>	<b>1,806</b>
Increase in liquid funds from changes in reporting entity	0	0
Cash and cash equivalents at beginning of period	7,300	5,031
<b>Cash and cash equivalents at end of period</b>	<b>8,816</b>	<b>6,837</b>

## Statement of Movements in Equity

	Issued capital	Capital reserves	Revenue reserves	Hedging reserves	Accumulated differences/ Capital consolidation	Accumulated profit	Equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
January 1, 2002	6,600	36,396	8,447	- 387	1,664	2,036	54,756
Exchange rate movements	0	0	0	0	- 2,524	329	- 2,195
Payment into the revenue reserve	0	0	5	0	0	- 5	0
Change in market value of financial instruments	0	0	0	- 216	0	0	- 216
Net profit for the period	0	0	0	0	0	3,048	3,048
Distribution of profit	0	0	0	0	0	- 1,540	- 1,540
Other	0	20	- 200	0	0	0	- 180
September 30, 2002	6,600	36,416	8,252	- 603	- 860	3,868	53,673
January 1, 2003	6,600	36,406	9,569	- 591	- 2,360	2,096	51,720
Exchange rate movements	0	0	0	0	- 1,827	- 347	- 2,174
Payment into the revenue reserve	0	0	0	0	0	- 7	- 7
Change in market value of financial instruments	0	0	0	- 1	0	0	- 1
Net profit for the period	0	0	0	0	0	2,070	2,070
Distribution of profit	0	0	0	0	0	- 1,320	- 1,320
Other	0	2	- 171	0	0	0	- 169
September 30, 2003	6,600	36,408	9,398	- 592	- 4,187	2,492	50,119

### Explanation:

This interim report has been produced in accordance with the International Financial Reporting Standards (IFRS), in particular IAS 34 for interim reporting, and with the rules and regulations of the Frankfurter Wertpapierbörse ("Börsenordnung" § 63 Para 6) for the production of structured quarterly reports. In a departure from the directives of Deutsche Börse 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 IFRS. 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

## Financial Calendar

### Publications and dates

#### 2003 Annual Report/

Annual Press Conference/Analysts Conference 09.03.2004

Interim Report 1 – 3/2004 04.05.2004

DRUPA (Düsseldorf) 06.05 – 19.05.2004

Annual Shareholders' Meeting 28.05.2004

Interim Report 1 – 6/2004 10.08.2004

Interim Report 1 – 9/2004 09.11.2004

For the latest version of this financial calendar  
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