

# 2009 Annual Report

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## The Company

TECHNOTRANS IS A TECHNOLOGY AND SERVICE COMPANY THAT CONCENTRATES SUCCESSFULLY ON APPLICATIONS DERIVED FROM ITS CORE SKILL OF LIQUID TECHNOLOGY. WITH 17 LOCATIONS AND AROUND 600 EMPLOYEES, TECHNOTRANS ENJOYS A PRESENCE IN ALL MAJOR MARKETS WORLDWIDE. FOR MANY YEARS, TECHNOTRANS HAS CONCERTEDLY BEEN EXPLORING NEW SEGMENTS AND AREAS OF APPLICATION FOR ITS CORE SKILLS OF TEMPERATURE CONTROL, MEASURING AND METERING TECHNOLOGY, PROCESS CONTROL, FILTRATION AND SEPARATION, AND CLEANING TECHNOLOGIES. ITS STRATEGY FOCUSES ON SUSTAINED, PROFIT-DRIVEN DEVELOPMENT.

technotrans' business is divided into two segments: Technology and Services. In the Technology segment, which generates around two-thirds of total revenue, the company places the emphasis on developing and selling applications for offset printing. As a leading systems supplier of equipment to the printing industry, the product range comprises a wide range of systems and equipment for controlling and monitoring liquid technology processes in printing. In close cooperation with its customers, the company is steadily broadening its range of products and thus tapping fresh market potential. Major printing press manufacturers worldwide are our key customers. They frequently equip their printing presses ex works with technotrans equipment. Various products aimed directly at end users have in addition been developed in recent years; these further automate procedures in printing shops worldwide or help to use resources more efficiently.

The Technology segment is complemented by the Services segment. technotrans' activities are rounded off by an extensive range of services. These include providing customer support for the installation, maintenance and operation of systems. Activities in the field of Technical Documentation are another key area of activity for the company, with its practical software solutions and services used by a diverse portfolio of customers from many different sectors.

<b>KEY DATA</b> (IFRS)		<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Earnings</b>						
Revenue	€ '000	<b>82,210</b>	<b>141,677</b>	153,170	151,272	129,787
Technology	€ '000	<b>48,808</b>	<b>103,840</b>	116,925	117,038	100,956
Services	€ '000	<b>33,402</b>	<b>37,837</b>	36,245	34,234	28,831
Gross profit	€ '000	<b>16,659</b>	<b>35,745</b>	50,346	50,445	44,408
EBITDA <sup>1</sup>	€ '000	<b>-4,284</b>	<b>12,177</b>	18,183	18,794	17,707
Earnings before interest and tax (EBIT)	€ '000	<b>-11,929</b>	<b>-38</b>	13,886	15,666	13,008
Net profit for the period	€ '000	<b>-10,347</b>	<b>-2,852</b>	9,067	9,988	7,525
as % of revenue	%	<b>-12.6</b>	<b>-2.0</b>	5.9	6.6	5.8
Net profit per share (IFRS)	€	<b>-1.65</b>	<b>-0.45</b>	1.33	1.48	1.13
Dividend per share	€	<b>0</b>	<b>0</b>	0.70	0.70	0.55
<b>Balance sheet</b>						
Issued capital	€ '000	<b>6,908</b>	<b>6,908</b>	6,908	6,762	6,684
Equity	€ '000	<b>31,287</b>	<b>41,816</b>	56,872	53,937	46,932
Equity ratio	%	<b>45.2</b>	<b>47.7</b>	58.1	60.0	53.9
Return on equity	%	<b>-29.6</b>	<b>-5.8</b>	16.4	19.8	17.2
Balance sheet total	€ '000	<b>69,242</b>	<b>87,612</b>	97,890	89,876	87,066
Working capital <sup>2</sup>	€ '000	<b>7,847</b>	<b>26,177</b>	28,467	35,523	29,607
Capital employed <sup>3</sup>	€ '000	<b>53,935</b>	<b>66,261</b>	73,929	66,546	60,299
ROCE <sup>4</sup>	%	<b>-21.3</b>	<b>-0.1</b>	19.8	24.7	22.5
<b>Employees</b>						
Number of employees (average)		<b>676</b>	<b>823</b>	814	724	682
Personnel expenses	€ '000	<b>31,975</b>	<b>41,628</b>	40,741	39,913	34,904
as % of revenue	%	<b>38.9</b>	<b>29.4</b>	26.6	26.4	26.9
Revenue per employee	€ '000	<b>122</b>	<b>172</b>	188	209	190
<b>Cash flow</b>						
Cash flow <sup>5</sup>	€ '000	<b>3,640</b>	<b>6,747</b>	10,625	12,297	14,829
Free Cash flow <sup>6</sup>	€ '000	<b>2,435</b>	<b>363</b>	-618	8,201	4,382
<b>Shares</b>						
Number of shares at end of period		<b>6,311,415</b>	<b>6,271,797</b>	6,765,004	6,761,783	6,683,601
Share price (max)	€	<b>6.10</b>	<b>17.09</b>	24.52	24.90	18.43
Share price (min)	€	<b>2.97</b>	<b>3.54</b>	13.80	17.01	13.21

1 EBITDA = EBIT + depreciation on intangible and tangible assets  
2 Working capital = current assets - current liabilities  
3 Capital employed = interest-bearing liabilities + equity  
4 ROCE = EBIT/Capital employed  
5 Cash flow = cash from operating activities acc. to cash flow statement  
6 Free Cash flow = cash from operating activities + cash used for investments acc. to cash flow statement

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**2009**

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## Dear Shareholders, Dear Business Associates,

You expect to find an appraisal of the past financial year of 2009 here, but on this occasion it is not easy to find something genuinely original to write. Rarely has such unanimity been voiced by so many experts about a specific year. With regard to how the economy fared, the general sentiment is that we are all “glad to see the back of 2009”.

The global economic crisis triggered off by the financial crisis left companies worldwide on tenterhooks. It particularly affected the mechanical engineering sector as a capital goods industry, and especially printing press manufacturing. In some cases orders for new printing presses were more than 60 percent down on the previous year's level.

We had already seen the storm clouds gathering in the second half of 2008 and responded promptly with vigorous measures aimed at optimising and stabilising profitability even at a reduced level of revenue. The initial phase involved adjusting capacity at Sassenberg and imposing strict cost management on all areas. At the start of 2009 we transferred the Cleaning Systems product area from Gersthofen to Sassenberg. In March 2009 we put the Sassenberg workforce on short-time. This was followed by the consolidation of our international network, with particular focus on Asia and the USA. Finally, we transferred production from Gersthofen and the USA to Sassenberg in entirety. These more major cutbacks were accompanied by a wide range of more limited measures that enabled us to respond flexibly to circumstances as the year progressed.

In summary, we can say that considering the unprecedented challenges that faced us in 2009, all things considered technotrans' performance can still be rated as acceptable. This simply goes to show how flexible and adaptable we are as a company. Although the fall in revenue of more than 40 percent had a deep impact on earnings, in actual fact the loss for the financial year is substantially due to non-recurring effects.

One of these effects results from the conclusion of our long-running patent dispute with a competitor. All proceedings pending in that connection were brought to an end following an out-of-court settlement and payment of € 6.5 million in compensation. Also bearing in mind the state of the economy, we are convinced that this decision was for the best because it removed the latent risks to the company that the patent dispute represented.

While 2009 is now history, the impact of the global economic crisis will undoubtedly continue to dominate the course of business in the first few months of the new financial year. The order books of printing press manufacturers appear to be stabilising at the lower level, but no signs of any marked recovery have yet been detected. We have based our targets for 2010 on this state of affairs.

Initially we will look to complete the process of consolidation within the company. The transfer of production operations from Gersthofen and the USA to Sassenberg has largely been completed. This additional volume now needs to be absorbed as smoothly as possible by the existing structures. We will need to iron out the coordination problems that customarily arise as best we can, in order to realise the anticipated benefits of these measures. We know that the whole process yet again places considerable demands on our employees as we strive to achieve our common objective for 2010: returning to sustained profitability.

We expect revenue for the current financial year to be only minimally up on the previous year and have adjusted the company's structures to that level. Our aim is to achieve a decent level of profitability once more, even on a lower volume of business. While we are fully aware that it will not come close to the record margins of past years, we currently expect an EBIT margin of more than three percent. If the volume picks up along with a renewed propensity to invest among printers worldwide, the figure could potentially even be a little higher.

In the medium term, we see considerable potential in our market as a systems supplier to the printing industry. We increased our market share during the crisis, our new products are ready, we are well positioned worldwide, and printing press manufacturers need strong, reliable partners. In order to safeguard longer-term growth on that basis too, we will be making an even bigger effort to identify potential applications for our core skills in other niche markets, so that we can tap into them specifically. That process will undoubtedly not yield significant profits in the short term, but we will make a concerted effort to ensure that technotrans earns a substantial portion of its revenue outside the printing industry in three to five years' time.

Continuity and change go hand in hand, as has been amply illustrated by our own company's history. We use the experience that we have gleaned from the successes of the past, and we strike out along new paths in building the future of the company. This process of change can also be traced back to the contribution of certain individuals. John Stacey has been a key player in technotrans' development over a period of some 20 years. He took the decision to step down from the Board of Management at the end of 2009, but will remain involved with the company in his new role as Director of International Business. We are grateful to him for his support and well-considered guidance on the expansion of our international network and look forward to continuing working with him. Meanwhile Norman Sack has joined the company as the third member of the new-generation Board of Management. We eagerly anticipate seeing him play a major role in the continuing successful implementation of our strategy.

Finally, we would like to thank the many different individuals and groups who have given us their support and affirmation over recent months. This has shown that our actions and measures have been understood and accepted, even if they often meant that everyone had to scale back their expectations: we have occasionally been unable to supply our customers in the manner to which they are accustomed, our employees have had to make sacrifices in order to protect their jobs, and our shareholders have had to go without dividends. In the interests of all of us, we are making every effort to ensure that 2010 turns out to be a better year for technotrans.

We look forward to your continuing partnership along the road to recovery!



Henry Brickenkamp

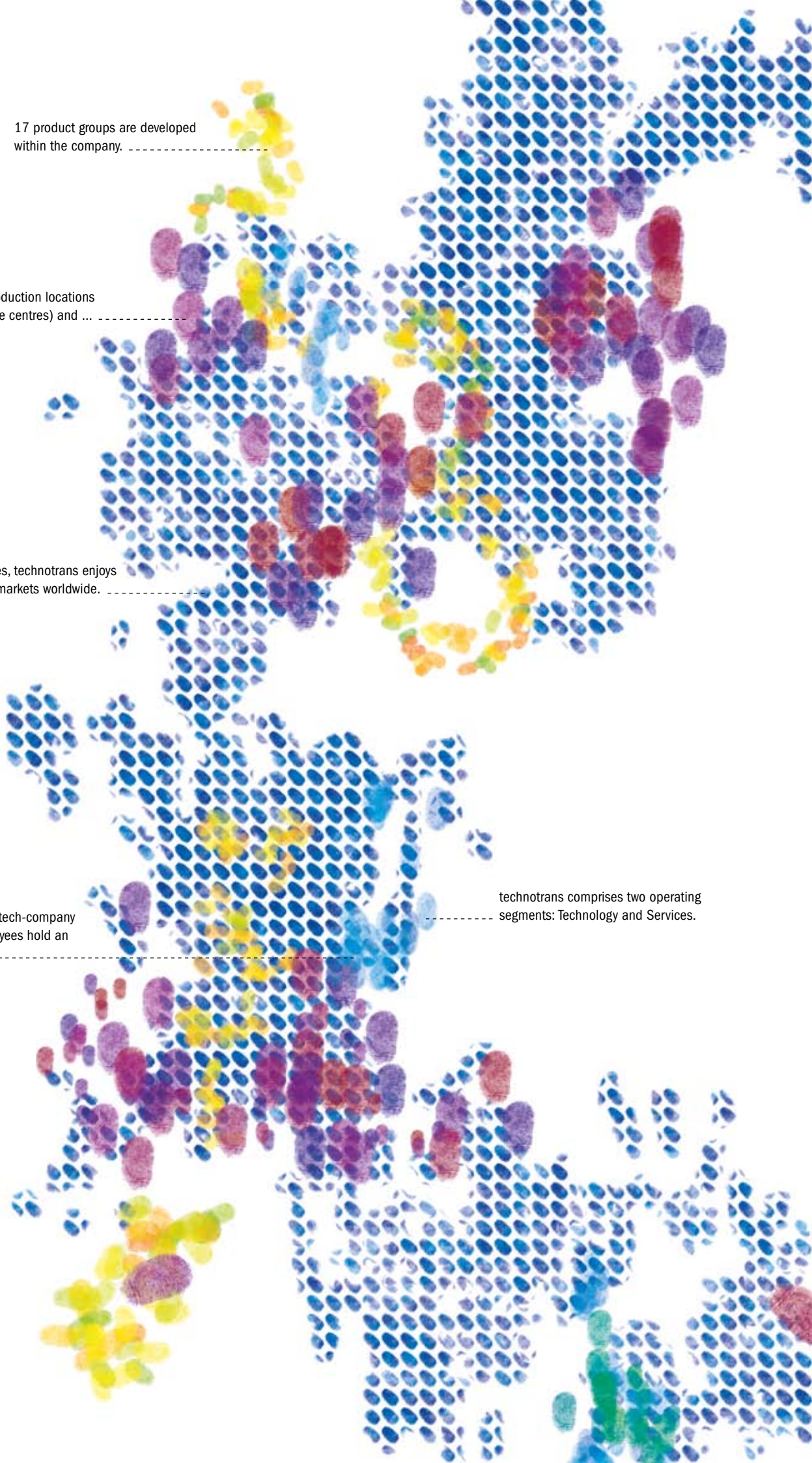
17 product groups are developed  
within the company. -----

With 18 locations (2 production locations  
and 16 sales and service centres) and ... -----

... around 600 employees, technotrans enjoys  
a presence in all major markets worldwide. -----

As technotrans is a hightech-company  
20 percent of the employees hold an  
academic degree. -----

technotrans comprises two operating  
segments: Technology and Services.







The aim is always to achieve a world market share in excess of 50 percent.

technotrans has over 40 years of experience in the development of processes in the sphere of liquid technology.

Worldwide, technotrans' employees generated revenue of € 82.2 million in 2009.

59,4% des Umsatzes werden mit dem Segment Technology realisiert.



## Technology Division

TECHNOTRANS IS A TECHNOLOGY ENTERPRISE WITH A PASSION FOR LIQUIDS. ALL OUR ACTIVITIES REVOLVE AROUND TEMPERATURE CONTROL, MEASURING AND METERING TECHNOLOGY, PROCESS CONTROL, FILTRATION AND SEPARATION, AND CLEANING TECHNOLOGIES. WE FOCUS OUR DEVELOPMENT WORK EMPHATICALLY ON THESE SPECIALIST AREAS, AND THE OUTCOMES ARE HIGHLY SPECIALISED SYSTEMS AND EQUIPMENT THAT HELP OUR CUSTOMERS ACHIEVE PARTICULARLY EFFICIENT, HIGH-QUALITY AND ENVIRONMENTALLY FRIENDLY PRODUCTION OPERATIONS. AND WHEN, AS WE DO, SOMEONE IS ESPECIALLY PASSIONATE ABOUT WHAT THEY DO, THE RESULT IS USUALLY THAT THEY DO IT PARTICULARLY WELL. WE HAVE CONSEQUENTLY ALREADY ACHIEVED OUR GOAL OF A WORLD MARKET SHARE OF 50 PERCENT IN MANY DIFFERENT PRODUCT AREAS.

technotrans' technologies are currently used predominantly in offset printing. This printing method, which is the one most commonly used worldwide, involves using a printing plate that bears the image to be printed. Two media are applied to it in the printing process: the ink, which is oil-based, and the dampening solution, which is water-based. Because of their physical properties, these two liquids repel each other, leaving a sharp image on the printing plate. This image is then transferred to the paper by means of a blanket cylinder. technotrans equipment is used in the preparation of this dampening solution comprising water, isopropyl alcohol and various chemical additives, and is also used to deliver the necessary amount to the printing press, at the right temperature.

In special cases, technotrans equipment also takes charge of applying the dampening solution to the plate cylinder. The spray dampening systems used here have special valves for high-precision electronic control, while the overall system is of a sufficiently sturdy design to withstand the conditions typically encountered on a newspaper press, for instance.

Another core process is temperature control, in other words heating and cooling. It for instance affects the ink distributor rollers in the printing press, which need a constant temperature in order to produce consistent printing results. It is also critical for the laser imaging unit on digital printing presses. The product range in digital printing includes complex equipment that both regulates the temperature of the air in the printing press and conditions it.

Dampening solution in an offset printing press becomes contaminated with various substances, so ink residues and paper dust constantly have to be removed from the dampening solution circuit. This task is handled by a whole range of systems that improve the quality of the dampening solution to various standards, depending on their size and the contamination load. As well as having a crucial impact on the quality of the printing process, these systems avoid disposal costs and reduce the work of cleaning the systems and preparing new dampening solution.

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In the course of the printing process these substances likewise become deposited on the printing cylinders, which therefore equally need cleaning at regular intervals. This cleaning is increasingly handled by automatic systems that are matched to the printing process for maximum efficiency. technotrans supplies a variety of such systems that operate with a blanket or brush.

Depending on the size of the printing press, various processes that meter the ink into the printing press are also used. technotrans has an extensive selection of products that deliver this highly viscous liquid to the printing press and distribute it to the specific points where it is required. It supplies everything from small, cartridge-based solutions, through central ink supply systems from large containers, to solutions involving high-performance, computer-controlled pumps that deliver large quantities of ink from tank systems.

These product lines are complemented by an array of special applications ranging from water preparation to stabilise the pH value, through varnish preparation systems that deliver the varnish to the printing press at the right temperature, to central cooling systems and heat recovery systems.

technotrans' biggest customers are the leading printing press manufacturers worldwide. New products are developed in close consultation with them to ensure that our equipment and systems always meet their requirements as effectively as possible and perfectly match the performance of the printing press. After all, the printing process is critically dependent on the vast majority of our solutions. In other words, if the technotrans device fails, the printing press grinds to a halt.

All the same, our equipment and systems do not enjoy the status of special selling points of the printing press. Nobody chooses a specific car simply because of the make of alternator that it comes with. That goes some way towards explaining why all printing press manufacturers worldwide are technotrans customers. Thanks to the sheer volume of business, we are therefore able to build our products more cost-effectively and invest more in their development than any other market player can on its own. Those advantages prompted customers to outsource some of our product lines to us years or even decades ago. We do not expect the fundamental trend towards outsourcing to change, though each printing press manufacturer is likely to outsource varying scopes depending on their individual capacity and definition of their own core skills.

The printing industry is dominated by the three German manufacturers Heidelberger Druckmaschinen AG, manroland AG and Koenig & Bauer AG; between them they account for around 60 percent of the market. They are followed by predominantly Japanese manufacturers such as Komori and Mitsubishi, as well as the American company Goss, which now belongs to a major Chinese corporation. Following the crisis the market is suffering from surplus capacity, which the manufacturers have addressed with varying degrees of urgency. For a time there was intense speculation about the likelihood of a process of consolidation. The same applies to the supply industry, though it has not yet witnessed any major process of consolidation. It is possible that the final few months of the crisis may yet bring some surprising developments.

Bearing in mind its customer structure and the advantages of customer proximity, it is obviously to technotrans' benefit that it is a German company. Nevertheless, the fact should not be overlooked that over 85 percent of the printing presses built in Germany are exported all over the world. That is another reason why it is important for technotrans to have a presence in all markets worldwide. As well as assisting printing press manufacturers in situ, our Sales and Service personnel ensure that the end customers – some 500,000 printers worldwide – are familiar with technotrans and are able to make the most of its products.

Recent years have shown that the economic climate has considerable influence on the investment behaviour of printers, and orders of new presses have fallen dramatically. Whether this is primarily due to the uncertain business outlook, unsatisfactory capacity utilisation or the lack of appropriate financing arrangements is not the main issue. The fact remains that some printers have nevertheless invested even in such difficult times. And even if they may not have splashed out on an entire new press, some of them have taken the opportunity to upgrade their existing machinery wisely.

In this area, too, technotrans can offer a wide range of solutions that help make printers' operations more economical. These include greater automation of presses, but also solutions to reduce the level of consumables used and to extend the running time of a press. But even these investments are subject to close economic scrutiny. A payback period of one year is expected, regardless of how sensational the technology is.

We will be showcasing some of these solutions at the leading industry exhibition of 2010, the Birmingham Ipex. The Ipex, which takes place in May, always marks the mid-way point through the four-year drupa cycle and could serve as a revealing bellwether of the mood in the industry this year. If the upswing that has already been proclaimed in many areas reaches the printing industry after two crisis-ridden years, this exhibition could provide a vital stimulus for the remaining months of the 2010 financial year.

technotrans focuses on highly specialised niche markets with its technologies. We always ensure that these niche markets are of a size that permits the company to acquire a dominant role in them. Our goal is to achieve world market shares of more than 50 percent. As a systems supplier, technotrans moreover thrives on a kind of symbiotic relationship with printing press manufacturers, the OEMs. The latter's extensive sales networks distribute technotrans technology all over the world.

At the same time, technotrans views itself as a growth company. Notwithstanding occasionally substantial downturns in economic activity over the past ten years, we have achieved growth rates that have been well above the average for the printing industry. We also believe the current product range harbours potential for healthy corporate expansion in the next few years. But we are also aware that the potential for medium and long-term growth in this industry is limited.



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One of our main tasks for the coming months and years is therefore to tap into applications outside the printing industry for our technology in order to safeguard the company's continuing growth over the medium to long term. There are a number of examples of this successful diversification in our past, such as the CD/DVD and microstructure technology areas, and of course Technical Documentation. The areas that our activities will now focus on will be very close to technotrans' core skills and will particularly lend themselves to further investigation thanks to their long-term prospects. Our aim is furthermore to generate around 30 percent of revenue outside the printing industry in three to five years' time. It remains to be seen whether we will achieve that goal under our own steam or whether we will need to make acquisitions to accelerate the process. We are currently looking into various options and will report on them once they have taken on sufficiently tangible form.



## Services Division

THE SERVICES DIVISION IS OUR GUARANTOR OF CUSTOMER SATISFACTION. BECAUSE TECHNOTRANS EQUIPMENT AND SYSTEMS OFTEN CONTROL AND MONITOR CRITICAL PROCESSES, THE WHOLE PRINTING PRESS IS IN EFFECT BROUGHT TO A STANDSTILL IF THEY FAIL. IN SUCH INSTANCES IT IS THEREFORE VITAL TO GET THEM UP AND RUNNING AGAIN AS SWIFTLY AS POSSIBLE AND TO ASSURE OPTIMUM AVAILABILITY OF THE MACHINERY IN EVERY EVENTUALITY THROUGH PREVENTIVE MAINTENANCE OR INTELLIGENT PARTS LOGISTICS.

The service process often begins when major projects are installed. technotrans' specialists are already on site, and ensure that a wide range of components and devices are started up appropriately. They are available when production starts, to familiarise the operators, and help customers to get the production process up and running smoothly.

Because many technotrans systems and items of equipment are supplied as standard features of the printing press, the end customer often has to call on the printing press manufacturer for support. An important aspect is therefore providing regular training and instruction for the technical personnel who ultimately provide customer support in situ during installation and throughout the warranty period. To that end we offer regular training courses that equip the personnel of printing press manufacturers to provide customers with expert support right from the start.

Critical questions that only technotrans' experts can answer are routinely handled by the hotline. Its specialists are available to customers 24/7 to solve emergencies, where necessary coming up with unconventional solutions to keep a system running at least temporarily until a permanent repair can be carried out.

To prevent emergencies from occurring in the first place, technotrans offers attractive service contracts. Regular inspections ensure that equipment is always perfectly adjusted for maximum efficiency, quality and productivity. Customers then need concern themselves neither with changing consumables according to schedule, nor with the timely replacement of important wearing parts. The goal of minimising breakdowns and keeping presses running ideally uninterrupted is therefore achieved comfortably.

If an emergency nevertheless occurs, an efficient parts logistics process cuts in. Key components are almost always held in stock at the subsidiaries and can therefore be dispatched rapidly to the customer. Together with the customer, the decision is then taken on whether its own personnel can change the part or whether a technotrans service engineer needs to be sent out. Our objective is to design our equipment in such a way that these tasks can be performed as easily as possible by the customer. We want to reserve service engineer callouts for only the really tough cases.

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Customers are also increasingly making use of internet-based support. technotrans' service engineers can for instance use various interfaces to diagnose the status of equipment and recommend how process stability can be optimised. In other cases, internet support operates in tandem with engineers working in situ on the press. In one recent case, an employee of the printing press manufacturer was able to fit a part that technotrans USA had sent to New York for a printing press, and a technotrans employee at the head office in Sassenberg was able to use the internet to configure the part so that the press operated smoothly as soon as it was fitted. Such advances save considerable amounts of time and money, and also protect the environment by reducing the amount of travel required.

Our support arrangements are organised in close consultation with the printing press manufacturers. Depending on their preference, sometimes they call us in at the time of installation. Others want to act as the printers' exclusive contacts during the warranty period and only have recourse to technotrans when they are unable to see their way through a problem. Some printing press manufacturers set great store by the support that the local subsidiaries provide, while others are content to obtain expertise and parts from the group's head office. Our task is simply to try to meet every request as it comes.

The expertise that we have acquired in our international service network of course needs to be continually kept up to date. Given the steady stream of new products that technotrans is bringing onto the market, it is no easy task for the engineers in the field always to remain abreast of developments. We therefore equally attach considerable importance to the internal training of service personnel.

To complement technotrans' product-based services, there is the Technical Documentation business unit. gds AG has been operating as an independent company since 2009 and already has a branch in Switzerland. In the „documate“ service area, gds employees develop and produce technical documentation such as operating, maintenance, training and service documents on behalf of high-profile customers. The process involves researching the relevant information together with experts at the customer, and presenting it in text and diagram form in keeping with editorial principles, statutory requirements and standards. The documentation is translated into all languages required. One very important aspect is structuring complex matters carefully and explaining them clearly, because the manufacturer's obligation to provide documentation simultaneously creates a liability risk.

gds has also acquired a strong reputation as a developer and supplier of software under the docuglobe and docuterm brands. Its products are used to underpin the compilation of technical documentation.



## Global Compact

THE REQUIREMENTS COMPANIES ARE FACING HAVE BECOME MORE DEMANDING IN RECENT YEARS. COMPANIES ARE EXPECTED NOT JUST TO SHOW A PROFIT AS A MATTER OF COURSE, BUT ALSO TO OPERATE SUSTAINABLY. THEY ARE SUPPOSED TO USE ENVIRONMENTALLY FRIENDLY MANUFACTURING METHODS AND MAKE ENVIRONMENTALLY FRIENDLY PRODUCTS. AND THEY ARE MEANT TO ADHERE TO LAWS AND REGULATIONS THAT STRENGTHEN EMPLOYEES' RIGHTS – IN FACT, BE A USEFUL ELEMENT OF SOCIETY ALL ROUND. SOME COMPANIES ARE DRAWING UP THEIR OWN CODE OF BEHAVIOUR TO COVER THESE MATTERS. THE TECHNOTRANS BOARD OF MANAGEMENT DECIDED IN 2006 THAT THE COMPANY WAS TO BECOME A MEMBER OF THE GLOBAL COMPACT AND THAT ALL MANAGERS AT THE INTERNATIONAL COMPANIES WERE TO BE OBLIGED TO UPHOLD ITS PRINCIPLES.

The United Nations Global Compact requires companies to acknowledge, support and implement a range of basic principles spanning human rights, labour standards, environmental protection and anti-corruption measures, within their sphere of influence. The participating companies are moreover obliged each year to give account of their efforts to implement and promote the ten principles.

technotrans considers it only natural that it should subscribe to the principles of the Global Compact. We would not tolerate breaches of its principles in our own company and see our role as promoting the topics we are able to influence positively through our business activities, in our sphere of operations. In the first instance we will advocate the development of technologies for environmental protection and push for their acceptance. Even in a year dominated by the economic crisis, the technotrans Group carried out a number of measures designed to publicise environmentally friendly technologies and motivate printers worldwide to pay greater heed to environmentality in their production operations. Here are a few examples:

Our French subsidiary was invited to present our solutions at a „World Environment Day“ event organised by a printing press manufacturer. It also took the opportunity at the Graphitec industry exhibition to show customers more environmentally friendly production methods.

At a seminar held by the British journal Print & Paper monthly on the subject of success strategies, a technotrans customer presented its findings on using our technologies and highlighted the environmental benefits alongside the potential for savings realised. This transfer of practical expertise proved to be particularly convincing.

Our Dubai subsidiary's stand at the Gulf Print 2009 show took 'eco.nomics' as its motto. Here again, it presented economic benefits hand in hand with environmental aspects, generating a very favourable response among visitors.

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In Asia, technotrans again supported the 'Asia Print Awards' competition in the 'Asia Environmental Award'. Our Hong Kong subsidiary was also granted accreditation as an 'Environmental Technology (ET) Service Provider', under a government scheme. This scheme makes companies that invest in accredited environmental technology eligible for certain subsidies.

Last but not least, technotrans applied successfully to be recognised as a company entitled to use the title 'Energy Efficiency – Made in Germany', under a programme sponsored by the Federal Ministry of Economics and Technology. This title should help customers worldwide to identify companies providing energy-efficient solutions.

Companies operate in a competitive environment that is characterised by ever scarcer resources and rising raw material prices. Resource-protecting production processes could therefore become vital to the survival of companies. The rising prices of emission certificates are obliging companies to adopt emission-reducing technologies. In developing such solutions, technotrans is helping to make production more environment-friendly.

Sustainability is another priority for the company. We are convinced that companies will lose the ability to succeed if they are unable to reconcile economic interests with ecological and social objectives. Meeting certain standards may moreover enhance their own appeal, for example as prospective employers of well-qualified individuals, and may provide a basis for partnerships with other sustainably minded companies.

The 2009 Copenhagen Climate Summit showed that major challenges lie ahead. Climate change affects all companies, and both legislative trends and stakeholders are pushing for a revolutionary new approach. We aim to continue playing our part in handling these changes.

Compliance with and promotion of the basic values of the Global Compact in respect of human rights, labour standards, environmental protection and anti-corruption measures are part of the compliance audits that are conducted regularly at all group companies. These audits thus ensure that these basic values are the measure of all actions and are put into practice day in, day out. The Board of Management stresses that the company continues to support the Global Compact and promote both the initiative itself and its principles.

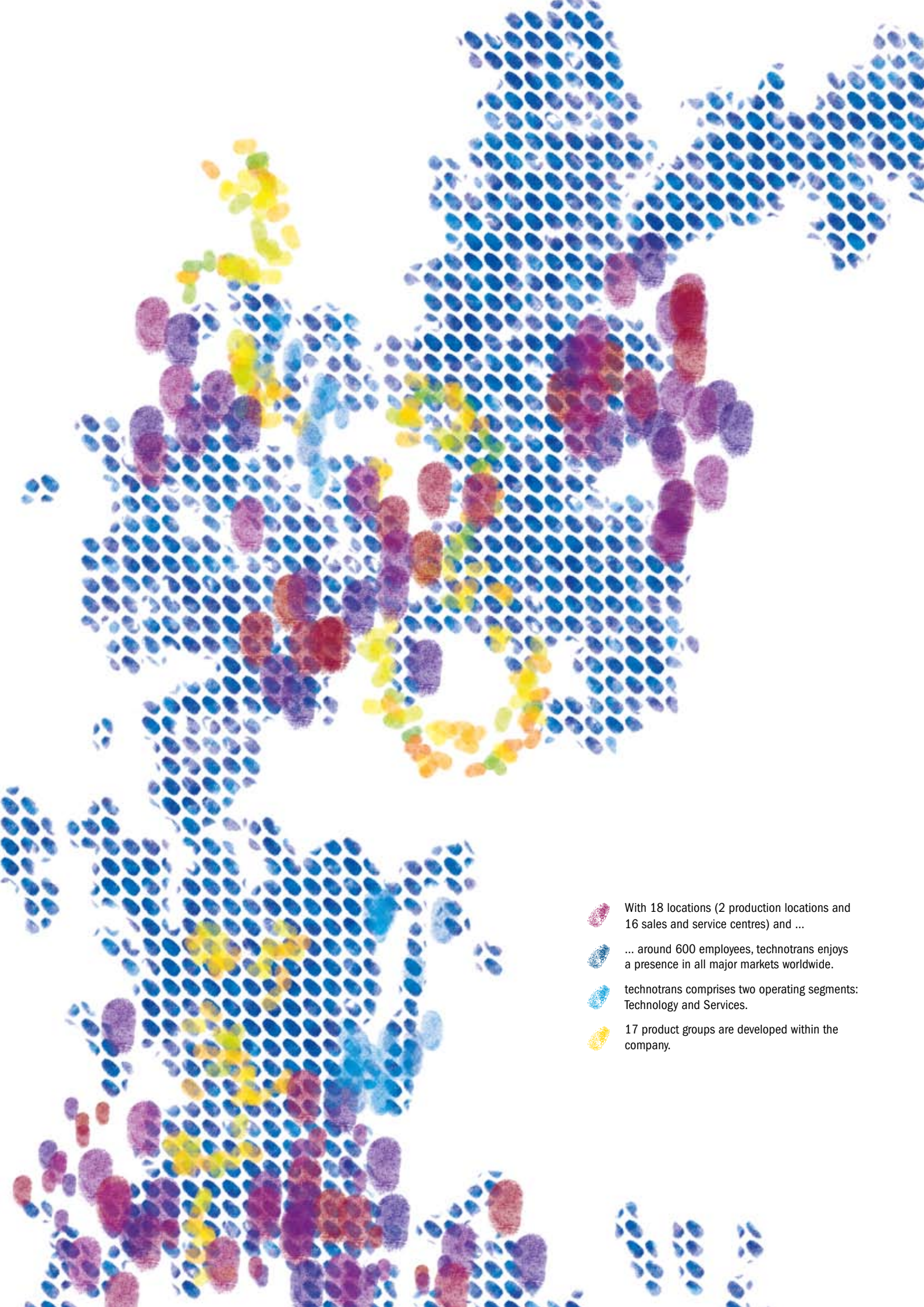
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# GROUP MANAGEMENT REPORT

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... around 600 employees, technotrans enjoys a presence in all major markets worldwide.



technotrans comprises two operating segments: Technology and Services.



17 product groups are developed within the company.



## Business Activities and Economic Environment

### Important Products, Services and Business Processes

As a leading systems supplier of equipment for the printing industry, technotrans has a product range that comprises an extensive selection of systems and equipment for controlling and monitoring liquid technology processes. The company's business is divided into two segments: Technology and Services. In the Technology segment, which generates around two-thirds of total revenue, the company primarily develops and sells applications for offset printing.

The principal business processes encompass the development, assembly, testing and sale of equipment. Manufacturing penetration is relatively low because the components used in its equipment are usually sourced from specialist suppliers.

In close cooperation with its customers, the company is steadily broadening its range of products and thus tapping fresh market potential.

The Technology segment is complemented by the Services segment. technotrans' activities are rounded off by an extensive range of services. These include providing customer support for the installation, maintenance and operation of systems. Activities in the field of Technical Documentation are another key area of activity for the company, with its practical software solutions and services used by a diverse portfolio of customers from many different sectors.

### Principal Markets and Competitive Position

With 18 locations, numerous joint undertakings and around 600 employees of its own, technotrans enjoys a presence in all major markets worldwide. The company's principal clients are the world's leading printing press manufacturers, with the three German manufacturers Heidelberger Druckmaschinen AG, Koenig & Bauer AG and manroland AG between them accounting for over 60 percent of the world market. Printing press manufacturers frequently equip their printing presses ex works with technotrans equipment. In addition, various products aimed directly at end users have been developed in recent years; these further automate procedures in printing shops worldwide or help to use resources more efficiently.

Alongside technotrans AG, those serving the market for peripheral equipment to the printing industry include a large number of smaller companies, predominantly with regional activities. In terms of size and international presence, only Baldwin Technology Company, Inc. (USA) enjoys a comparable position.



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## Principal Legal and Economic Factors

A potential change in legal factors normally has only a secondary influence on the development of the technotrans Group.

On the other hand various general parameters such as global economic development, the development of the capital goods industry and in particular the development of the printing press industry have considerable influence on the development of the technotrans Group. technotrans moreover has plans to create extra revenue potential with new products, including outside the printing industry. The development of the group is therefore also influenced by the extent to which and the speed with which it succeeds in implementing this strategy.

As a systems supplier to the printing industry, this is the principal market for technotrans. The investment propensity of printers worldwide very much depends on their capacity utilisation and the availability of financing for their investments. Printed products for advertising, such as brochures, account for the lion's share of the worldwide printing market. Advertising spending is often cut back drastically in economically difficult times, leading to inadequate capacity utilisation at printers and therefore making them reluctant to invest.

## Strategy and Corporate Steering Objectives

### INDICATORS

technotrans AG and its group companies are steered first and foremost on the basis of revenue and earnings ratios (EBIT margin), broken down by segment. Corporate planning as a whole is furthermore based on cash flow.

### GROWTH STRATEGY

technotrans is a technology and service company that concentrates successfully on applications derived from its core skill of liquid technology. Over many years, technotrans has concertedly been exploring new segments and areas of application for its core skills of temperature control, measuring and metering technology, process control, filtration and separation, and cleaning technologies. Its strategy focuses on sustained, profit-driven development.

### GROWTH TARGETS

The technotrans Group is traditionally a technology company that realises its growth targets through organic growth as well as specific acquisitions. The strategy of "more technotrans per printing press" plays a major role in its growth. technotrans is steadily expanding its product range in order to create fresh revenue potential for the company. In normal economic conditions the company thus usually succeeds in outperforming the printing industry as a whole.

Over the next two years, we expect that technotrans' revenue will rise moderately, following on from the dramatic collapse of over 40 percent in 2009. This assumption is based on the fact that the downturn in the Technology segment of around 50 percent in 2009 contrasts with market shrinkage of only 30 percent, and that a general market recovery should correspondingly have an overproportionally beneficial impact on technotrans' figures. We also anticipate that the rising revenue contribution of new products will accelerate growth.

In order to safeguard growth in the medium to long term, too, we will increasingly tap into fresh applications for our technologies outside the printing industry. Our aim is to build up an additional basis for growth outside the printing industry over the next three to five years.

## Economic Environment

The underlying economic situation in 2009 was characterised by the deepest recession in the global economy since the Second World War, with a correspondingly drastic downturn in investment by printers worldwide. In the course of the year, orders for printing presses were periodically down by more than 60 percent on the previous year. According to the VDMA (German Engineering Federation), the fall in business for German manufacturers, which account for over 60 percent of the world market, was in excess of 40 percent by the end of the year. The pace of the downturn therefore appears to have slowed towards the end of the year, and the nadir now appears to have been reached. Nevertheless, the lower rate of contraction may also be due to a bottoming-out effect because the order volume had already collapsed over twelve months ago.

## Exchange Rate Developments

Following the huge financial measures necessitated by the global economic crisis, the US dollar initially exhibited a marked weakness against the euro. Only in the final few months of the year did the difficulties of various eurozone countries cause the single currency to fall back somewhat. In the opening months of 2009 the Japanese yen had gained approx. 25 percent after a weak performance going back several years. This improved the competitive position of German manufacturers.

In view of the company's structure and markets, exchange rates traditionally have only a limited impact on the operating performance of the technotrans Group because the overwhelming portion of its business is manufactured and billed in euros.

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## Performance of the Printing Industry

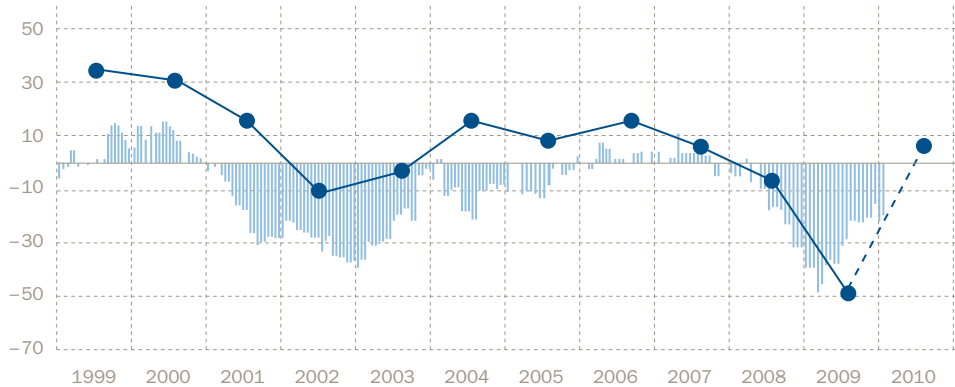
The weak economic environment is forcing printers worldwide to shed surplus capacity. The efficiency gains realised thanks to the latest generations of machinery are exacerbating the situation, because increased capacity does not tally with the general market trend. The result is a general deterioration in prices. The current process of consolidation is therefore expected to continue and the number of printers is likely to fall further.

This consolidation is being promoted by various structural trends: the number of smaller print runs is increasing, among other reasons because of the wider product ranges of customers. Pressure from customers to switch to ecological printing is forcing printers to adopt new priorities for their equipment. The increasingly international nature of customers and the low transport costs are forcing additional pressure on printers in industrial countries. Last but not least, advertisements and information are progressively shifting from print to electronic media. The newspaper sector worldwide is therefore especially affected by consolidation. In 2009 publication of the oldest newspaper in the USA, the Denver-based Rocky Mountain News, came to an end after 148 years. A further ten titles have disappeared since March 2007 and high-profile publications such as the Boston Globe and San Francisco Chronicle are experiencing serious difficulties. The idea has been mooted of affording special protection for newspaper publishers as “public utility institutions”, because there is scientific evidence to support their constructive influence on democracy in general, for instance. In such circumstances, major investment projects are by definition becoming rarer.

For the above reasons, a trend towards industrial scales can likewise be observed among printers. The most efficient operators tend to be larger, efficiency enhancements and the wider use of production facilities by printers are essential, and the spotlight has shifted to further process optimisation and the automation of production processes. The 24/7 operations that are currently only the norm at a minority of printers will increasingly become standard practice.

The structural challenges are accompanied by technological challenges. Digital printing is benefiting from the trend towards smaller print runs. Within a specific segment, the convergence of digital and offset printing is therefore being observed. Wherever it makes sense economically, the processes are increasingly overlapping because there is now little difference between them in terms of production time and cost of materials.

**THE BUSINESS CLIMATE OF THE  
GERMAN PRINTING INDUSTRY (SEASONALLY ADJUSTED)**



●—● %-change in revenue on prior year of the technotrans AG

Source: ifo-Konjunkturtest

The business climate: The worst rating of the past ten years of -49 was recorded in March 2009.

**GERMAN PRINTING INDUSTRY**

As a global player, technotrans sells its systems and equipment worldwide. The performance of the German printing industry therefore merely serves as an indication of the business climate in our major customers' industry and market.

Data for the German printing industry is shaped primarily by those businesses that are monitored by the Federal Statistical Office. However, such businesses of 50 or more employees represent only 6 percent of the industry; the remaining 94 percent have fewer than 50 employees. 80 percent of all printing businesses generate revenue of less than € 1 million, and 83 percent of businesses have fewer than 20 employees. Offset printing is used for around 70 percent of products.

There is generally a link between the rate of growth of gross domestic product and the revenue performance of the printing industry. Yet its revenue has been falling since 2007 (-0.7 percent), in other words even in years of economic growth (+2.5 percent).

Around two-thirds of overall production of printed products is directly or indirectly dependent on advertising spending by industry. Over 70 percent of spending goes on printed advertising media. The German Advertising Association (Zentralverband der deutschen Werbewirtschaft) registered a 2.2 percent fall in advertising spending in 2008 and expects the 2009 figure to be down by

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8 percent, in contrast to growth rates consistently between 1.3 and 2.6 percent in the preceding years. A less severe drop of between 3 and 5 percent is expected for 2010. The production volume of the printing industry is consequently also falling, with the overall decline since 2000 amounting to 5.5 percent. Flying in the face of the theory of counter-cyclical advertising, the economic crisis has also had a deep impact here.

In view of the lengthy time it takes to process revenue structure statistics, the latest figures available on businesses refer to 2007. Back then, there were 10,143 businesses in the printing industry, generating revenue of € 23.8 billion. According to estimates, the revenue volume fell by 1 percent in 2008 and by at least 6 percent in 2009. Newspaper printers had to bear the brunt of this reversal.

Personnel cutbacks hit the printing industry particularly hard in the first half of 2009, with unemployment in printing professions rising by 13 percent. Over a period of just 12 months, the number of employees working short-time rose from 260 to 3,586. Total employment in the printing industry has already shrunk by 22.9 percent since 1999. The number of businesses folding has exceeded the number of new businesses starting up for the past 16 years.

Rising paper prices and energy costs undermined the financial performance of printers. For some time now it has been impossible to pass on these cost increases to customers. With the cost of materials running at around 45 percent, personnel costs of 27.6 percent, other operating costs of 11 percent and financial charges of 9.6 percent, the net margin is on average in the low single-digit range. Capacity utilisation fell to 78 percent in 2009, a decrease of only 3.3 percent on the previous year. The reach of order backlogs fell to 1.2 months in 2009; this contrasts with a figure of 1.7 months in 2007.

The export ratio has been rising over many years and accounts for slightly more than 20 percent of total revenue; it is made up mainly of advertising printing, catalogues, brochures and books. Neighbouring European countries are the main export markets. In 2009, exports fell more sharply than imports. German printers nevertheless generated a trade surplus.

Except in 2006, the investment volume of printers has fallen sharply in every year since 2000 and the investment ratio denoting investment as a proportion of revenue has fallen from 7.4 percent to less than 4 percent. This trend is moreover substantiated by the latest figures released by the NPES (National Printing Equipment Association) in the USA. According to its figures, deliveries of equipment for printers fell from US\$ 2.5 billion in 2000 to US\$ 634 million in 2009. The main reasons for investment in 2009 were replacement purchases (46 percent), followed by rationalisation (24 percent). Unsurprisingly, capacity extensions were the reason in only 20 percent of cases.

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## Principal Events behind Business Performance

technotrans has risen to the challenge of the crisis with a whole raft of measures in order to bring its costs and structures in line with the changed market environment. These measures included the closing down of two of the four production plants worldwide, in Gersthofen (Germany) and Mt. Prospect (USA). Both locations will remain in use as centres within the sales, service and technical network, while production has been transferred in entirety to the group headquarters in Sassenberg.

We have also streamlined our structure in Asia. Non-central administrative tasks have been transferred to the regional headquarters in Hong Kong and the number of locations in the region has been optimised. This has created a lean organisation that reflects market requirements.

The restructuring measures required had a marked impact on the result for the financial year. The cost savings that are expected thanks to the measures implemented will develop their full effect in the course of the 2010 financial year.

With effect from September 1, 2009 we hived off our activities in the field of Technical Documentation into a separate subsidiary. gds AG will be able to realise its potential more rapidly by establishing an independent market identity. In November 2009 it secured an initial foothold outside Germany with the establishment of the subsidiary gds Schweiz GmbH.

The long-running patent infringement proceedings initiated by a competitor were brought to a conclusion in September 2009 with an out-of-court settlement. In return for a compensation payment of € 6.5 million, the plaintiff terminated all proceedings against technotrans.

## Comparison of Actual and Forecast Business Performance

We had already steeled ourselves during the second half of 2008 for a slump in revenue in the 2009 financial year. The high level of uncertainty about the severity and duration of the downturn meant that the company's steering had to be regularly adjusted in the first half of 2009 to reflect the latest information available. In March, we were still expecting revenue to fall from € 141 million to around € 100 million. Mid-way through the year we had to scale back our expectations to € 85 to 95 million. As the year progressed it became clear that revenue would at best reach the lower end of that range. That expectation was not met with a figure of € 82.2 million.

The Board of Management introduced a large number of measures to bring the company's costs and structures in line with the new, lower revenue level in the course of the financial year. The original target of an operating profit (excluding extraordinary expenses), bearing in mind the dramatic reversals, was likewise not achieved.

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## Overall Statement on the Economic Environment and Business Progress

The general economic situation as well as the performance of the industry in specific had a drastic impact on business progress. The recession and consequently the spectacular fall in revenue in the course of the financial year placed extraordinary demands on the flexibility and adaptability of the company. We therefore regard the overall business performance as appropriate.

The 53.0 percent fall in revenue in the Technology segment turned out to be much more acute than the falls in the revenue of our customers. One particularly significant factor here was that these customers had to some extent accumulated substantial inventories in 2008, in the expectation of strong business following on from the drupa industry exhibition. The slow process of reducing inventories therefore served to amplify technotrans' downturn in revenue.

We moreover succeeded in turning to technotrans' advantage the opportunities that are normally part and parcel of any crisis. For example, we achieved yet further improvements in our equipping rate for certain customers, and increased our market shares. One of the main reasons is that customers are increasingly choosing strong, stable partners who are able to guarantee long-term service and support for the systems they are buying. We therefore expect that technotrans will emerge from the crisis in a stronger competitive position.



## Financial Performance, Financial Position and Net Worth

COMPARATIVE FIGURES FOR PREVIOUS PERIODS ARE QUOTED IN BRACKETS. UNLESS OTHERWISE INDICATED, THEY REFER TO THE YEARS 2008 AND 2007 RESPECTIVELY.

### Revenue

The technotrans Group, too, was affected by the consequences of the global financial and economic crisis in the 2009 financial year. Revenue plunged by 42.0 percent, from € 141.7 million in the previous year to € 82.2 million. Bearing in mind that the crisis was already in full spate in the second half of 2008 (revenue for 2008 7.5 percent down on 2007), the downturn therefore achieved unprecedented force in the past financial year.

The Technology segment was hit particularly hard. Revenue for this area of business fell by 53.0 percent to € 48.8 million (€ 103.8, 116.9 million). As a result of the much bleaker economic prospects, orders for new printing presses were periodically down by more than 60 percent during the year under review, with difficult access to financing for this investment compounding the problem. An added headache for technotrans was the fact that some customers had built up substantial inventories in the course of the drupa year of 2008, and the slow process of moving these piled extra pressure on revenue.

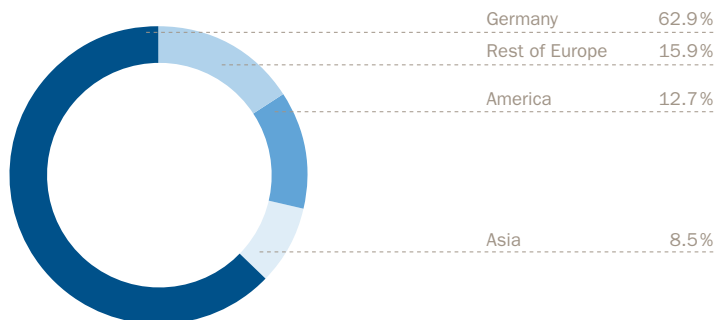
The decline in revenue for the Services segment was comparatively moderate at 11.7 percent, to € 33.4 million (€ 37.8, 36.2 million). This development was mainly attributable to the absence of major projects and the associated installation volume, but the other areas of business such as sales of parts and revenue for gds AG likewise did not quite match the prior-year volume.

A large number of measures have been taken since the latter part of 2008 to adjust the company to the lower revenue volume. For example, the number of employees (around 850 in mid-2008, including temporary workers) has been reduced to some 600 until the beginning of 2010, and the instrument of short-time has been in operation at the group's main location in Sassenberg since March 2009. Production operations have been transferred from the Mt. Prospect (USA) and Gersthofen (Germany) locations to Sassenberg, and the structures in Asia have been consolidated. To back up this drive, all cost items worldwide have been reduced and an efficiency programme for the production has been completed. The full effect of these measures will filter through during 2010.



**REVENUE BY REGION**

(%)



**BY REGION**

In view of its customer structure, technotrans traditionally achieves a high proportion of its revenue in Germany. However, this share fell from 65.2 previously to 62.9 percent in 2009 as sales of printing presses hit an impasse. Other European countries fared better, with their share of revenue rising from 12.5 to 15.9 percent. Asia remained stable at 8.5 percent, and the revenue share of the Americas (USA and Brazil) slipped from 13.7 to 12.7 percent.

**DEVELOPMENT IN PRICES**

technotrans generates the greater part of its revenue through business with the world's major printing press manufacturers. The sales difficulties encountered by the latter in the crisis had a direct impact on technotrans' business performance. In some cases moves to push through essential cost optimisation measures at customers involved the attempt to shift the burden to the supply industry. We succeeded in making price concessions generally conditional on counter-performance such as higher equipping rates for certain printing press categories, in an effort to increase our market shares amid the crisis.

**INFORMATION ON ORDER BACKLOG, INCOMING ORDERS AND ORDER REACH**

technotrans' standard business with printing press manufacturers is based on release orders. Equipping of certain printing press models with technotrans technology is usually agreed in advance and the equipment is supplied as soon as the press is ready for delivery to their customers. The time frame between the release order and delivery is rarely more than two weeks. Information on incoming orders and order backlogs would therefore not be particularly meaningful.

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## Financial Performance

The fall in revenue in the past financial year has inevitably had major consequences for the financial performance of the technotrans Group. Earnings are furthermore determined to a substantial degree by various non-recurring effects, both positive and negative.

### GROSS PROFIT

Gross profit, in other words revenue less manufacturing costs, reached € 16.7 million, a fall of 53.4 percent (€ 35.7, 50.3 million). The gross margin was only 20.3 percent and therefore five percentage points down on the previous year (25.2 percent). Excluding the impairment loss of € 4.1 million for impairment of goodwill and of property, plant and equipment, the gross margin would have been on a par with the previous year. At 40.9 percent the material costs ratio showed a healthy development in view of the revenue split between the segments.

### EARNINGS BEFORE INTEREST AND TAXES (EBIT) / OPERATING PROFIT

Earnings before interest and taxes (EBIT) for the 2009 financial year show a loss of € 11.9 million (€ 0.0, 13.9 million profit).

Personnel expenses overall were around € 10 million (23 percent) down on the figure for the previous year. The personnel costs ratio overall was nevertheless 38.9 percent and therefore much higher than in the previous years (29.4, 26.6 percent); this development is due in part to the substantially higher revenue contribution of the Services segment (up from 26.7 in 2008 to 40.6 percent in 2009). Following the numerous measures taken, it nevertheless improved further from the fourth quarter of 2009.

After elimination of the many non-recurring effects, EBIT would have amounted to around € -1.8 million. Bearing in mind the negative momentum in the course of the year, we therefore missed our target of posting a balanced result before non-recurring effects for the 2009 financial year.

The biggest burden to be absorbed was the compensation payment to a competitor, by means of which all patent infringement proceedings were brought to an end in 2009 by way of an out-of-court settlement. The sum not covered by provisions amounted to € 2.8 million, plus € 0.9 million in legal costs.

The second-biggest single item is the reduction for impairment of goodwill by € 2.4 million that was written off in full on the basis of an impairment test carried out at the end of 2009 to reflect the changed market situation.

The reduction for impairment of € 1.7 million on the property at the Gersthofen location represents the third-largest single item. In this case, the carrying amount was written down to the amount that could have been realised in the current market environment.

The worldwide restructuring measures taken in the course of the financial year to bring the company in line with the market environment likewise had a considerable influence on earnings. The closing down of the production plants in the USA and Gersthofen and the transfer of these operations to Sassenberg, together with write-downs performed on inventories in this connection and a provision for obligations from the long-term tenancy agreement in the USA, plus the substantial number of jobs shed and the corresponding redundancy plans agreed, diminished earnings by a further € 3.4 million in total.

These financial burdens were partly offset by positive non-recurring effects from the liquidation of provisions for personnel obligations following the agreement of a new compensation model for German employees at the end of 2009. The introduction of short-time moreover meant that a saving of € 2.2 million in personnel costs could be realised.

The above effects filtered through to virtually all cost items in the Income Statement; a comparison with the figures for the previous years is therefore not particularly meaningful.

<b>EARNINGS WITHOUT NON-RECURRING EFFECTS</b>	<b>EBIT 2009</b>	<b>EBIT 2008</b>
	in T€	in T€
<b>EBIT acc. to IFRS</b>	<b>-11,929</b>	<b>-38</b>
<b>Non-recurring effects</b>		
Restructuring	3,383	1,141
Impairment of goodwill	2,393	-
Impairment of fixed assets	1,700	-
Impairment of capitalised development expenditure and patents	-	7,454
Settlement of patent dispute	3,697	-
<b>Subtotal</b>	<b>11,173</b>	<b>8,595</b>
Liquidation/creation of provisions	-1,012	670
Other	-	200
<b>EBIT before non-recurring effects</b>	<b>-1,768</b>	<b>9,465</b>

#### OTHER OPERATING INCOME / EXPENSES

As well as the various non-recurring expenses which were booked to other operating expenses, the earnings figure at this level is always influenced particularly by exchange-rate effects. In the financial year under review, exchange-rate gains of € 1.3 million compared with exchange-rate losses of € 0.9 million. The influence of exchange rate fluctuations on the operating result is only eliminated in exceptional cases by means of suitable hedging instruments.

## DEPRECIATION AND AMORTISATION

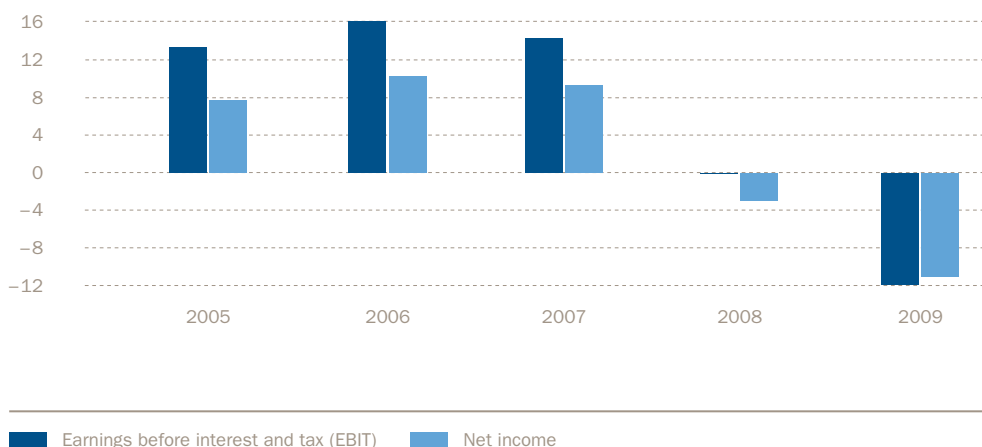
Depreciation and amortisation for the financial year totalled € 3.6 million (previous year € 4.8 million). The fall is principally attributable to the reductions for impairment of intangible assets in the previous year. In 2009 depreciation and amortisation clearly exceeded investment in the financial (€ 1.3 million, previous year € 6.4 million), showing that technotrans is in a position to adapt its replacement investment flexibly to the prevailing business circumstances.

## FINANCE RESULT

Despite the financial crisis, technotrans was able to capitalise on the advantageous fall in interest rates on the market during the course of the financial year, with interest of € -0.8 million diminishing the finance result rather less than in the previous year (€ -1.2, -0.6 million) even though financial liabilities changed only insubstantially year on year.

## EARNINGS

IN € MILLION



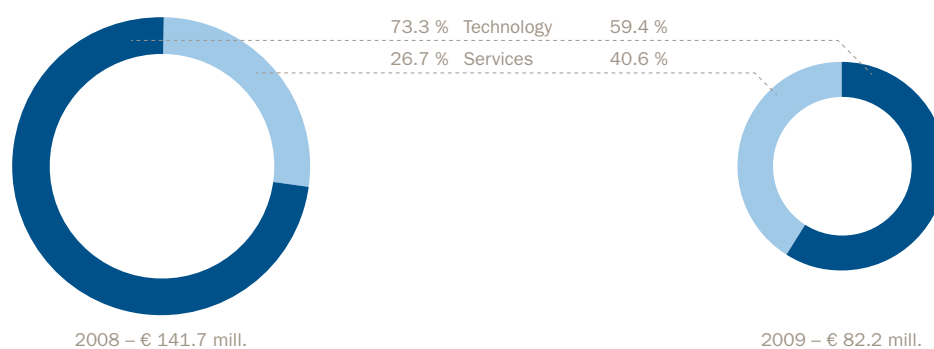
## TAX EXPENSE

With € 0.3 million virtually no income tax was due in 2009 because of the considerable net loss for the year of technotrans AG and various group companies (€ 2.9, 5.3 million). Conversely, deferred tax assets produced deferred tax income of € 2.7 million (€ 1.3, 1.1 million).

A net result for the year of € 10.3 million is reported for 2009 (€ -2.9, 9.1 million). This corresponds to earnings per share, for shares outstanding, of € -1.65 (previous year € -0.45, -1.33).

**REVENUE BY SEGMENTS**

(%)

**Segment Report****REVENUE**

The economic crisis hit the Technology segment especially hard. Revenue for this business area fell by 53.0 percent to € 48.8 million (€ 103.8, 116.9 million). Pressure also came from the buildup of inventories at customers during the 2008 financial year, which created a lasting barrier to technotrans sales and in essence caused a situation where the downturn in revenue was much sharper than the market average.

The Services segment, on the other hand, weathered the crisis fairly well but likewise experienced a fall in revenue of 11.7 percent to € 33.4 million (€ 37.8, 36.2 million).

**EARNINGS (EBIT)**

The non-recurring effects outlined above inevitably also affected the results for the segments.

The Technology segment posted earnings before interest and taxes (EBIT) of € -16.2 million in the past financial year (€-4.3, 7.7 million). Alongside the shortfall in revenue, this was substantially due to the non-recurring effects mentioned above.

EBIT for the Services segment amounted to € 4.2 million (€ 4.0, 5.9 million) and therefore showed a slight improvement on the previous year, when the figure had already been diminished by restructuring measures. The operating margin amounted to 12.7 percent in 2009 (previous year 10.6 percent) and therefore returned to a satisfactory level.

#### BY REGION

Because of the customer structure, the revenue of the Technology segment focuses very strongly on Germany. However, the revenue share there fell from 70.0 to 67.6 percent due to weak sales by printing press manufacturers. There was an opposite trend elsewhere in Europe, with the revenue share climbing from 9.0 to 11.7 percent. The expanding Asian market gained in importance, accounting for 9.6 percent of revenue (previous year 8.9 percent), while America lost ground to a similar degree; the revenue share there fell from 12.1 to 11.1 percent.

The performance of the Services segment was comparatively stable. The revenue share in Germany rose from 52.0 to 56.0 percent. This reflects the change in the strategy of printing press manufacturers, which are increasingly obtaining parts from the headquarters in Sassenberg. The revenue share for the rest of Europe remained stable at 22.0 percent. There was a slight yielding of the revenue share in Asia from 7.9 to 7.1 percent. The Americas fell more sharply, with revenue there accounting for only 15.0 percent of the total compared with 18.1 percent in the previous year.

#### EMPLOYEES

At the end of 2009 381 employees belonged to the Technology segment (previous year 540), and 244 employees to the Services segment (previous year 269). For the sake of simplicity, the general administrative areas have been distributed between the segments pro rata in these figures.

## Financial Position

#### PRINCIPLES AND AIMS OF THE FINANCIAL MANAGEMENT SYSTEM

The purpose of the financial management system remains to ensure that technotrans is of its own accord able to generate both the financial resources required to fund the organic growth of its operations and the investments required in this connection. This aim was still achieved even amid the difficult conditions prevailing in the 2009 financial year. The financing required over and above this volume was covered by additional borrowed funds. However, following recent major investment projects such as the new building in Sassenberg and the introduction of the new ERP software mySAP, no major individual projects were embarked upon in 2009.

technotrans makes use of selected derivative financial instruments exclusively to hedge interest rate risks for non-current financial liabilities. The company in addition steers the financing required within the group by way of the credit facilities available to technotrans AG. There are no exchange rate factors affecting external financial liabilities. Within the group, short-term and long-term lending between the group companies exists to some degree in order to maintain adequate liquidity locally. Substantial liquidity holdings (cash and cash equivalents) moreover exist in EUR, USD and GBP. No instruments for the hedging of foreign currency positions or liabilities are used.

technotrans' capital structure comprises a sound equity base and a demand-led level of borrowing. In the past 24 months, technotrans has made use of the available but hitherto undrawn revolving credit lines to fund its investment projects as well as to cover additional financing needs (for example for the share buy-back and the out-of-court settlement). The company has latterly benefited from the general fall in interest rates, as the greater portion of its borrowed funds is on a variable or short-term rate. At the balance sheet date, the average weighted borrowing interest rate is approx. 3.5 percent. It can be assumed that the terms will change noticeably in the future, among other reasons because of downstream rating markdowns and the general reticence to take on new credit business.

At December 31, 2009 there was a surplus of current financial liabilities compared with non-current loans within the maturities of our gearing. Together with our four principal banks, we are currently drawing up a new external financing structure for technotrans that will in future a) assure adequate liquidity in the medium to long term, b) continue to reflect the company's requirements for its business operations, and c) provide potential leeway. As matters stand, no substantial increases in credit will be necessary; in the first instance this is about restructuring wisely, making use of the available assets. The negotiations are expected to be concluded in the course of the first quarter of 2010. The credit terms overall will be adjusted according to term and performance, but will remain in line with the market.

technotrans does not use off-balance-sheet financial instruments (such as sale & lease back). There were no substantive changes to the credit lines or restrictions on availability in the 2009 financial year. Based on the borrowed funds currently available, the most recent financial and liquidity planning of technotrans AG shows there will be adequate liquidity for the full fiscal year of 2010 to meet the anticipated payment obligations.

#### CASH FLOW

On the basis of a net loss for the year of € -10.3 million (previous year € -2.8 million), the cash flow from operating activities before changes to net current assets totalled € -4.4 million (€ 12.5 million).

Successful working capital management made a positive contribution totalling € 17.7 million to the development in cash flow; on the other hand the reduction of liabilities had a negative effect, including in particular the use of the provision for the patent dispute as a cash item as part of the settlement payment (€ 3.7 million).

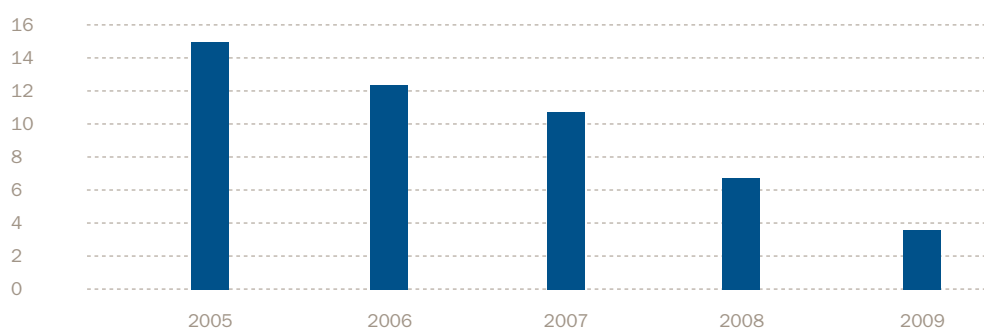
Overall, the net cash from operating activities amounted to € 3.6 million (€ 6.7 million). This positive operating cash flow was sufficient to cover investment spending (€ 1.3 million), and the free cash flow amounted to € 2.4 million (€ 0.4 million). As expected, it therefore remained positive for the year as a whole.

The amount in loans raised of € 3.0 million contrasted with repayments of loans totalling € 2.4 million, and the net cash used in financing activities consequently amounted to € 0.6 million.

Cash and cash equivalents at year-end rose by € 3.3 million or 48 percent to € 10.3 million (€ 6.9 million).

### CASH FLOW FROM OPERATING ACTIVITIES

IN € MILLION



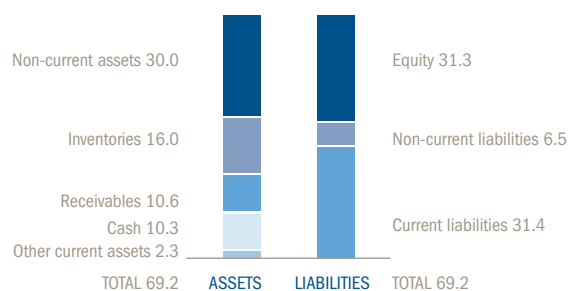
## Net Worth

### BALANCE SHEET TOTAL, EQUITY RATIO

The balance sheet total for the technotrans Group fell by 21.0 percent to € 69.2 million (87.6, 97.9 million). The equity ratio remained a satisfactory 45.2 percent and was therefore only marginally down on the prior-year figure (47.7 percent).

### BALANCE STRUCTURE

IN € MILLION





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#### ASSETS SIDE

The non-current assets fell by 11.9 percent to € 30.0 million, mainly as a result of the depreciation of property, plant and equipment and the impairment of goodwill and of the property in Gersthofen based on an impairment test.

The current assets fell by 26.7 percent from € 53.6 million to € 39.2 million. This decrease was mainly due to the reduction in working capital. Inventories fell by 31.6 percent or € 7.4 million to € 16.0 million. Trade receivables were equally down, falling by 49.9 percent to € 10.6 million. On the other hand cash improved in the course of the year from € 6.9 million to € 10.3 million.

#### EQUITY AND LIABILITIES SIDE

Within equity and liabilities, equity fell from € 41.8 million to € 31.3 million mainly as a result of the net loss for the year.

The liabilities at the balance sheet date totalled € 37.9 million (€ 45.8, 41.0 million). They consist of non-current liabilities, which fell from € 18.4 million to € 6.5 million, and current liabilities, which rose from € 27.4 million to € 31.4 million. Because of the financing structure, there was a shift in the maturities of financial liabilities at the balance sheet date.

Within the non-current category, both provisions (€ -3.6 million) and non-current financial liabilities (€ -8.3 million) were lower.

The main changes in the current category concerned financial liabilities (€ +8.9 million) and, in particular, provisions. These likewise fell, in this instance by 29.5 percent to € 6.8 million (previous year € 9.6 million). This is first and foremost attributable to the reduction of provisions in respect of personnel and, to a lesser extent, to adapted provisions for warranties. In tandem with the business trend, prepayments fell to € 2.0 million (previous year € 2.9 million).

At the balance sheet date, technotrans had financial liabilities totalling € 21.7 million (€ 21.1, 12.9) million. Only bank overdrafts are exposed to an interest rate risk, and an amount of € 10.5 million was in use at the balance sheet date. The non-current financial liabilities stem principally from investments in intangible assets and property, plant and equipment; they are protected in part by land charges. Details of the structure of financial liabilities are provided in the Notes to the Consolidated Financial Statements (Section 11).

At the balance sheet date, technotrans had unused (overdraft) borrowing facilities in place amounting to € 5.5 million. The long-standing business ties with our banks have remained steady throughout the crisis. However, the current environment of the financial crisis provides no guarantee that they will be willing or able to continue to fill the role of our financing partner to the extent to which we are accustomed. As a listed company, technotrans moreover has access to capital market instruments.

#### NET DEBT AND GEARING

The group's net debt, in other words the ratio of interest-bearing liabilities less cash, was € 12.4 million at the reporting date and was therefore reduced by 29.4 percent compared with the previous year (€ 17.5 million). Gearing, in other words the ratio of net debt to equity, improved from 41.9 to 39.5 percent.

#### PROVISIONS

Provisions fell by € 6.4 million in 2009 to € 7.7 million (previous year € 14.1 million). This development was prompted on the one hand by an decreased need for creating provisions to reflect the general business performance, and on the other hand by the full use of the long-term provision reported as € 3.7 million in the previous year for a patent dispute, which was brought to a conclusion in 2009 by way of an out-of-court settlement. The long-term provisions of around € 1.0 million comprised personnel-related obligations (partial retirement and pensions) and provisions for impending losses from a long-term rental agreement. The short-term provisions (€ 6.7 million, previous year € 9.6 million) largely consist of other obligations towards personnel (€ 2.3 million), payments to be made under warranty (€ 3.4 million) and other provisions (€ 1.0 million).

#### OFF-BALANCE-SHEET FINANCIAL INSTRUMENTS

The technotrans Group does not make use of any off-balance-sheet financial instruments, in other words leased or rented assets.

### Annual Financial Statements of technotrans AG

At the reporting date of December 31, 2009 the balance sheet total of technotrans AG amounted to € 68.4 million (previous year € 94.1 million). The equity ratio was 44.5 percent (previous year 53.2 percent). Revenue of € 64.5 million was earned in the past financial year (previous year € 116.1 million). The net loss for the year is reported as € -19.6 million (previous year € -9.9 million). The requirements for payment of a dividend for 2009 are therefore not met, as in 2008.

## Investment and Depreciation

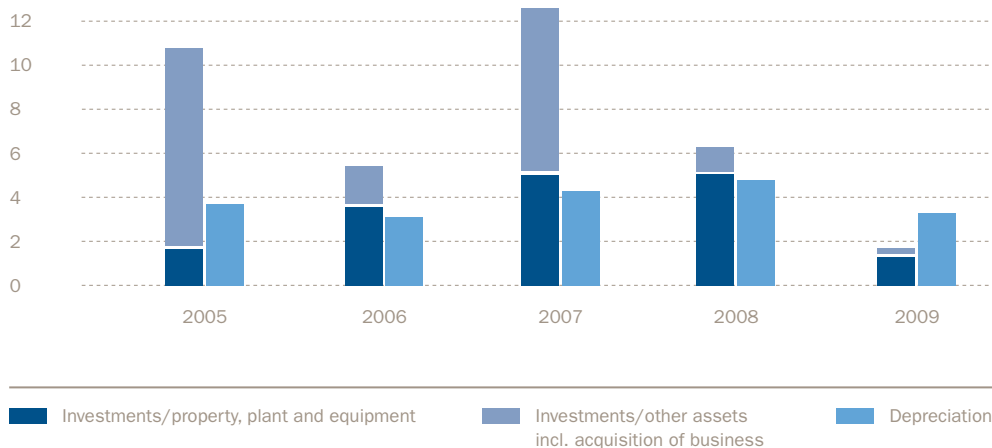
Investments in fixed assets amounted to only € 1.3 million in the 2009 financial year (previous year € 6.5 million). In line with business, spending was therefore restricted to a reasonable minimum level. Investment spending was mainly for replacement purchases such as company vehicles and IT equipment. Because of the low level of manufacturing penetration, the scaling-back of investment spending has no impact on the efficiency of the production.

The only expenditure on self-constructed intangible assets that were not capitalised is the development expenditure reported in the Income Statement (2009: € 2.8 million, 3.5 percent of revenue).

Depreciation and amortisation for the 2009 financial year totalled € 3.6 million (previous year € 4.8 million). Investment in previous years, for example in the mySAP software, the new building at Sas- senberg and the international ales and service network, is the main source of annual depreciation.

At the time of preparation of this report, no investment requiring an exceptional level of financing are planned for fixed assets or intangible assets.

### INVESTMENT AND DEPRECIATION IN € MILLION



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## Overall Statement on Business Progress

The most recent quantitative revenue forecast made at the time of the first-half report, anticipating revenue of € 85 to 95 million, was missed. Bearing in mind that the 2009 financial year was characterised by exceptionally negative momentum, we are not satisfied with having not met our target. The 42 percent drop in revenue in 2009 to € 82.2 million was the most extreme reversal in the history of the company. The Technology segment was particularly hard hit, with revenue nosediving by 53 percent. The fall for the Services segment was a comparatively mild 11.7 percent. The reported figure for earnings before interest and taxes (EBIT) of € 11.9 million includes a wide range of positive and negative non-recurring effects. With an adjusted operating result (excluding non-recurring effects) of around € -1.8 million, we have not met our target of breaking even at this level.

Nevertheless this demonstrates that the company has been adjusted successfully to the lower level of revenue and we are confident of returning to sustained profitability in the 2010 financial year.

Earnings per share are therefore likewise distinctly negative at € -1.65, so the requirements for distributing half of our consolidated net profit in the form of a dividend are not met.

A positive operating cash flow of € 4.2 million was again earned in the past financial year, among other reasons thanks to successful working capital management. After interest (€ 0.7 million net), income taxes (€ 0.1 million) and investment (€ 1.2 million net) there remained a positive free cash flow of € 2.4 million.

The equity ratio remains satisfactory at 45.2 percent. Net debt was successfully reduced to € 12.4 million.

All in all, both the Income Statement and the Balance Sheet reflect how the economic crisis and its consequences have deeply affected the company. Nevertheless, in implementing the wide range of measures to adjust to the lower volume of business we have paved the way for posting an operating profit once more in 2010, based on an unchanged business volume compared with last year. There are increasing signs that the downturn has bottomed out and there are already initial signs of a mild recovery. These are, however, still too tentative to allow any reliable conclusions to be drawn on when the recovery will reach the printing industry. We therefore expect to see business pick up only slightly in the 2010 financial year and will act accordingly if that recovery does not materialise.



## Corporate Governance Declaration

### Declaration of Conformity and Corporate Governance Report

The German Corporate Governance Code contains the recognised standards of responsible corporate management. Once a year, the Code is updated by the government commission to reflect national and international developments. The Board of Management and Supervisory Board report below on corporate governance at technotrans AG and explain departures from the recommendations and suggestions of the Code.

Responsible corporate management is a high priority at technotrans. One fact which serves to illustrate this clearly is the low number of departures from the 82 recommendations and 16 suggestions with which the Code expects companies to comply, over and above the statutory requirements. The latest declaration of conformity dated December 2009 states:

“The Board of Management and the Supervisory Board declare that the recommendations of the Government Commission on the German Corporate Governance Code as set forth in the version dated June 18, 2009 have been complied with in the 2009 financial year and will be complied with in the future with the exception of the following recommendations

Article 3.8 (D&O insurance for Board of Management and Supervisory Board – no excess)

No excess is envisaged in the old contracts. The requirement of the Corporate Governance Code in this respect will be complied with upon the forthcoming extensions of the contracts in 2010.

Article 4.2.3 (Remuneration structure for Board of Management)

The previous remuneration structure did not conform to the new requirements of the current Corporate Governance Code in every detail. The contracts have been revised with a view to satisfying these requirements from the 2010 financial year.

Article 5.4.6 (Reporting of breakdown of the remuneration paid to members of the Supervisory Board, but not for each individual)

The total remuneration of members of the Supervisory Board is indicated in the Notes section of the financial statements, categorised by fixed and variable components, as specified in the articles of incorporation by the Shareholders' Meeting. To protect the privacy of the Supervisory Board members, the amounts are not broken down by individual.”

The reasons for the departures, which have in essence remained unchanged for many years, are to be explained. In taking out D&O insurance, no excess was agreed because neither would this have significantly affected the premium nor can it be assumed that an excess would heighten the sense of responsibility of the members of the corporate bodies, for fear of more than simply their office or job being at stake in the event of mistakes being made. From 2010, the specified excess for the Board of Management will be introduced.

The second departure relates to the disclosure of the Supervisory Board's remuneration. The total remuneration of members of the Supervisory Board is indicated in the Notes section of the financial statements, categorised by fixed and variable components, as specified in the articles of incorporation by the Shareholders' Meeting. To protect the privacy of the Supervisory Board members, the amounts are merely not broken down by individual. For the same reason, and with the approval of the Shareholders' Meeting, the remuneration of the members of the Board of Management is likewise not broken down by individual. The breakdown according to fixed and variable components is shown in the Notes section of the financial statements (page 135).

In addition to the recommendations, the Corporate Governance Code contains suggestions, compliance with which is not binding. Nor are explanations for departures from the suggestions required. technotrans does not depart significantly from these suggestions. One departure is in respect of the suggestion that the remuneration of the Supervisory Board should contain long-term incentivising components. The present remuneration system as approved by the Shareholders' Meeting does not contain any such components, which would be difficult to formulate. According to the Corporate Governance Code, the principle of diversity is moreover to be upheld in the composition of the Board of Management and Supervisory Board. In view of the size of the company and of its corporate bodies, this criterion has not hitherto been regarded as a priority.

The recommendations and suggestions of the Corporate Governance Code as well as the statutory requirements form an integral part of the day-to-day working practices of the Board of Management and Supervisory Board. The corporate bodies examine compliance with the standards at regular intervals, to ensure that the issues at stake are always observed in the interests of the shareholders, the employees and not least the company itself.

## Organisation and Legal Corporate Structure

### MANAGEMENT AND CONTROL

As well as the parent technotrans AG, the technotrans Group at December 31, 2009 comprises 15 companies in Europe, America and Asia, at a total of 18 locations. A detailed list of participating interests is provided in the Notes to the Consolidated Financial Statements (II. a), Group.

The business dealings of technotrans AG are managed by the Board of Management, in accordance with the legal requirements and articles of incorporation. The management of the subsidiaries and the heads of the various functions and product areas each report to one member of the Board of Management. The Board of Management is advised, overseen and monitored by the Supervisory Board. It reports regularly, promptly and comprehensively to the Supervisory Board on all material issues concerning the business performance and corporate strategy, as well as potential risks.



Four of the six members of the Supervisory Board are elected by the shareholders, and two members are elected representatives of the employees of technotrans AG. Details of the composition of the company's corporate bodies and of the distribution of responsibilities between the members of the Board of Management are provided in the section "Corporate Bodies".

The shareholders of technotrans AG exercise their rights through the Shareholders' Meeting. The annual Shareholders' Meeting normally takes place in the May of the following financial year. The Shareholders' Meeting is chaired by the Supervisory Board Chair. The Shareholders' Meeting decides on all tasks assigned to it by law (including the election of Supervisory Board members, amendments to the articles of incorporation, the appropriation of profits and capital measures).

## Modus Operandi of the Board of Management and Supervisory Board

According to the law, the members of the Board of Management are jointly authorised to manage the company. The spokesman of the Board of Management is in charge of operations, with the focus on Sales, Quality and Service worldwide, the Finance Director is responsible for various administrative areas, and the Technical Director is head of the technology areas. All members are closely involved in operating activities.

The Supervisory Board appoints the members of the Board of Management, in accordance with the articles of incorporation. It issues the Board of Management with rules of procedure that contain a list of transactions requiring the approval of the former, as well as a schedule of responsibilities. The Board of Management members normally attend the meetings of the Supervisory Board and report in writing and orally on the individual agenda items and draft resolutions, as well as answer the questions of the Supervisory Board members. The Supervisory Board is to adopt rules of procedure.

The Supervisory Board receives the agenda and a detailed written document one week prior to its meetings. Before its plenary meeting, preliminary talks are held with the employees' representatives at which the members of the Board of Management explain details and answer questions.

The Supervisory Board Chair in particular regularly meets the Board of Management and discusses topical issues with it. Outside these meetings, the Board of Management informs the Supervisory Board Chair of current developments.

The Supervisory Board has formed three committees (Audit Committee, Personnel Committee and Nominating Committee), which prepare certain resolutions. The composition of the committees is described in the Report of the Supervisory Board. The Audit Committee met twice in 2009, and the Personnel Committee four times. The work of the Nominating Committee was suspended. The Supervisory Board examines the efficiency of its work at least once a year with the aid of a structured questionnaire. The Supervisory Board Chair reports to the shareholders at the Shareholders' Meeting on the activities of the Supervisory Board and its committees.

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## Transparent Corporate Communications

Open, transparent corporate communications are a central aspect of good corporate governance. As well as clear, intelligible content, this aspect entails equal access to information about the company for all target groups.

technotrans attaches considerable importance to the internet as an information medium that is independent of time and place, and moreover freely accessible. technotrans' website ([www.technotrans.com](http://www.technotrans.com)) accordingly provides visitors with a wide range of well-structured information about every aspect of the company. In the "Investor Relations" section, for instance, comprehensive financial information about technotrans can be called up, such as Annual and Interim Reports, ad hoc information and press releases. All information is posted on the website simultaneously in German and English.

The scheduled dates of the principal recurring events, such as the publication dates of the Annual and Interim Reports and the date of the Shareholders' Meeting, are summarised in a financial calendar. This calendar is published sufficiently well in advance and posted on technotrans' website.

## Additional Information

### ACCOUNTING

The Consolidated Financial Statements of technotrans AG are prepared in accordance with the International Financial Reporting Standards (IFRS) in € thousands. Each financial year ends on December 31. Following their compilation by the Board of Management, the Consolidated Financial Statements are examined by the independent auditor and approved by the Supervisory Board. The Consolidated Financial Statements are published within 90 days after the reporting date.

It has been agreed with the independent auditor that the Supervisory Board Chair or the Chair of the Audit Committee will be informed without delay of reasons for exclusion or exemption, or of misstatements in the declaration of conformity which come to light during the audit. The independent auditor reports without delay to the Supervisory Board Chair on all material issues arising and events occurring during the auditing of the Consolidated Financial Statements.

### REMUNERATION OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

The remuneration system of the Board of Management will reflect the latest standards and statutory requirements from financial year 2010. As well as fixed remuneration components, the members of the Board of Management receive performance-related, variable remuneration components with a multi-year assessment basis. At technotrans this period is three years, with payment of the variable remuneration correspondingly tiered, in amounts representing 50, 30 and 20 percent. A cap has in addition been introduced for termination indemnities and will in future be a maximum of one year's salary. The overall remuneration of each Board of Management member has been approved by the Supervisory Board.

The company moreover provides fringe benefits in the form of contributions to a provident fund and a group accident insurance policy; in addition, company cars are available to the members of the Board of Management. The amended contracts envisage that the excess to the D&O insurance cover for the members of the Board of Management representing one and a half times the fixed annual income will be introduced within the deadline, with effect from July 1, 2010.

The Supervisory Board is remunerated in accordance with the articles of incorporation passed by the Shareholders' Meeting. These specify that the members of the Supervisory Board receive, over and above reimbursement of their expenses, a fixed remuneration of € 7,500.00 for each full financial year for which they have belonged to the Supervisory Board, payable at the close of the Shareholders' Meeting that gives discharge for the preceding financial year, unless the Shareholders' Meeting resolves otherwise.

Each member of the Supervisory Board is moreover entitled to a variable amount of annual remuneration, calculated as follows: the variable total remuneration of the Supervisory Board corresponds to 1.5 percent of the consolidated net profit declared in the approved Consolidated Financial Statements, first reduced by 4 percent of the dividend-bearing share capital of the company. The Chair of the Supervisory Board receives 4/15, the Deputy Chair of the Supervisory Board 3/15 and each other member of the Supervisory Board 2/15 of the variable total remuneration. The variable remuneration is payable at the close of the Shareholders' Meeting which determines the appropriation of profits and is no more than three times the fixed remuneration. The following applies accordingly for the Chair and Deputy Chair:

The Chairman receives twice the fixed amount of remuneration, and the Deputy Chairman one and a half times the fixed amount. Members of a committee formed by the Supervisory Board moreover each receive 50 percent of the amount of their fixed remuneration for that activity. The total remuneration for activities on committees is capped at the amount of fixed remuneration. Members of the Supervisory Board who have not held office for a full financial year receive a time proportional amount of the fixed and variable remuneration, in accordance with their period of office; this applies correspondingly for the separate remuneration of membership of a Supervisory Board committee.

The company reimburses every Supervisory Board member for the value-added tax incurred on their remuneration. In the 2009 financial year Supervisory Board members did not receive any payments for services provided personally, such as consultancy or intermediary services.

At December 31, 2009 the members of the Board of Management held 59,800 shares of technotrans AG, and the members of the Supervisory Board 66,429 shares. Directors' holdings are shown in detail in the Notes section of the financial statements, on page 136. There were no transactions in technotrans shares by members of its corporate bodies (directors' dealings) in the 2009 financial year.



## OTHER INFORMATION

### Disclosures under Takeover Law and Explanatory Notes

1. The issued capital as at December 31, 2009 comprises 6,907,665 no par value and fully paid no par value shares each representing a nominal amount of € 1 of the share capital. The shares of technotrans AG are registered shares. Exclusively ordinary shares have been issued; the rights and obligations arising from them conform to the relevant statutory regulations. They are subject to restrictions on voting rights and transfer only in those cases laid down by law, and not pursuant to the articles of incorporation. The Board of Management has not been notified of any voting trust agreements between shareholders.
2. No direct or indirect interests in the capital amounting to more than ten percent of the voting rights are known.
3. All shares carry identical rights. No shares are equipped with special rights, in particular none imparting authority to control.
4. Employees participating in the capital exercise their voting rights directly.
5. The statutory requirements pursuant to Sections 84, 85 of German Stock Corporation Law (AktG) on the appointment and dismissal of the members of the Board of Management are applied. The articles of incorporation of the company contain no regulations over and above Section 84 of German Stock Corporation Law. Pursuant to Section 179 of German Stock Corporation Law, amendments to the articles of incorporation require a resolution of the Shareholders' Meeting carried by a voting majority of 75 percent.
6. The Board of Management is, with the approval of the Supervisory Board, authorised to increase the share capital on one or more occasions by up to a total of € 3,300,000.00 until April 30, 2010, through the issue of new shares against contributions in cash or in kind; a total of 60,344 shares were issued on the basis of this authorisation by December 31, 2009. The subscription right of shareholders may be excluded insofar as the requirements of Section 186 Paragraph 3 Sentence 4 of German Stock Corporation Law are met in the case of employee shares or the acquisition of companies or of participating interests in companies, if the acquisition or participating interest is in the properly understood interests of the company and the purpose of the company in question lies within the scope of the company's purpose; the subscription right may moreover be excluded for the purpose of compensating for fractional amounts.

The Board of Management is furthermore authorised until October 31, 2010 to acquire treasury shares of a nominal amount of up to € 690,000.00. If acquired by stock exchange dealings, the purchase price per share shall not exceed or undercut by more than 10 percent the average Xetra closing price (or, insofar as the Xetra closing price serves as the basis for this authori-

sation, the closing price determined by a successor system taking the place of the Xetra system) on the Frankfurt Stock Exchange on the five trading days preceding the acquisition. If acquired on the basis of a public offer to buy, the acquisition price per share shall not exceed or undercut by more than 10 percent the average Xetra closing price on the Frankfurt Stock Exchange on the five last trading days before initial disclosure of the offer.

The Board of Management is authorised to retire all or some of the treasury shares acquired on the basis of the authorisation, without the need for a further shareholders' resolution.

The Board of Management is furthermore authorised to dispose of the acquired shares via the stock market or to third parties, by cash sale. In these cases the selling price shall not undercut the average Xetra closing price on the Frankfurt Stock Exchange on the five trading days prior to sale by more than 5 percent. The Board of Management is, with the approval of the Supervisory Board, moreover authorised to dispose of the acquired treasury shares in a manner other than via the stock market or by offering them to all shareholders if transfer to a third party takes the form of counter-performance in the context of the acquisition of companies or of participating interests. The price at which the acquired treasury shares are surrendered to a third party shall not significantly undercut the average Xetra closing price on the Frankfurt Stock Exchange on the last five trading days before the concluding of the agreement on the acquisition of the company or participating interest. The acquired treasury shares may also be used in fulfilment of obligations in respect of conversion options granted as a result of the issuing of convertible bonds. The subscription right of the shareholders is excluded for the use of treasury shares in the last three cases.

By December 31, 2009 a total of 690,000 treasury shares had been acquired via the stock market on the basis of the authorisation. At the end of 2008, 54,132 shares from this total and at the end of 2009 a further 39,618 shares were distributed to the employees as part of their Christmas bonus.

The Board of Management is furthermore authorised, in accordance with the shareholders' resolution of May 8, 2009 and with the approval of the Supervisory Board, to issue bonds with a term of a maximum of 5 years on one or more occasions up until May 7, 2014 of an aggregate nominal amount of up to € 10 million and to grant the bearers of bonds conversion options on up to 690,000 treasury shares.

7. There are no key agreements by the parent company that are conditional on a change of control following a takeover bid.
8. No compensation has been agreed with the members of the Board of Management or employees in the event of a takeover bid.

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## Shares

The shares of technotrans AG have been traded on the stock market since March 1998. As a company listed in the Prime Standard segment, we must meet the highest possible standards of transparency. These include quarterly financial reporting in German and English, publishing a corporate calendar, holding at least one Analysts Conference per year and publishing ad hoc information, including in English.

Transparency and credibility are the cornerstones of our communications with the capital market. We inform shareholders, analysts, media and the general public regularly and promptly in press releases and ad hoc information about our business performance and the situation of the company. All publications are also available on the internet. In addition to the written reports, individual aspects are explained and questions answered in telephone conferences or face-to-face talks. The result of this information policy that is candid and open to scrutiny is a relationship of trust with all capital market operators, based on a mutual respect, and we attach very high importance to it.

The shares of technotrans AG were converted from bearer to registered shares in October 2008. Since the changeover, we have been able to communicate directly with our company's shareholders. Having knowledge of the shareholder structure furthermore enables us to target our investor relations work even better.

The share price performance reflected the drastic slump in the printing industry in the first few months of the 2009 financial year. After opening the year on € 3.79, the trading price retreated over the next few weeks to its intraday year-low (and all-time low) of € 2.97 on March 10, the day of the Annual Press Conference. Confidence returned to the capital market over subsequent months and the shares recorded their year-high of € 6.10 on September 28. The shares surrendered some of the ground they had gained, to close 2009 on € 5.89.

The below-average liquidity of the shares throughout the entire year created a difficult environment for investors wishing to reduce their holding. Major disposals by two funds from the English-speaking world (Blackrock and Legg Mason) therefore brought the trading price under additional pressure, as did the general tone of announcements by the printing industry. Particularly in economically challenging times, it proved to be virtually impossible to position technotrans' equity story independently of other businesses in the industry. In addition to our own announcements about our business performance, we expect reports that the order books of printing press manufacturers are once again filling up to play an instrumental role in lifting the future share price.

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## SHARE PRICE

JANUARY 1, 2005 TO FEBRUARY 23, 2010 (BLUE: TECHNOTRANS, BLACK: TECDAX)



## Research and Development

Research and development is of decisive importance to the success of the company. Products and processes that it has created improve the printing process, help printers worldwide to save money and protect the environment and, through their innovative nature, often serve as the catalyst for new concepts that bring the company long-term growth.

The offices and laboratories are located primarily at the group's main base in Sassenberg. A total of around 38 employees based there are working steadfastly on new products, nurturing them from the initial idea, through the prototype stage and product qualification tests, to production maturity. The R&D ratio (development spending in relation to revenue) is generally between three and four percent; in the 2009 financial year it was 3.5 percent. In response to the dramatic slump in revenue brought on by the economic crisis, R&D spending too was therefore reduced by 45.3 percent. For all the need to adjust our cost structures, here again we exercised a degree of restraint because even in such difficult times we continue to be responsible for making the company future-proof.

Activities in 2009 focused mainly on projects to optimise existing products and processes. The spotlight was placed on environmentally friendly printing, cleaning and spray dampening systems, and the updating of individual components in the field of ink supply systems. On the other hand we postponed projects that our customers are not currently prioritising, in close consultation with them.

Development spending is shown in the Income Statement. If the appropriate requirements are satisfied, development expenditure is recognised as an intangible asset pursuant to IAS 38 and reported as such in the Balance Sheet. These assets are tested for impairment if there are indications that the assets might be impaired. No development expenditure was recognised as an intangible asset in 2009, because the appropriate requirements were not satisfied. Following the full impairment of previous such items in 2008, the Balance Sheet no longer includes any.



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In rare instances, external capacity is called upon for special development tasks and, much more rarely still, development work is financed in part with external support, usually by the printing press manufacturers. Once again, no public funds were claimed in 2009.

technotrans owns a large number of patents, licences and similar rights. Within the context of the company's efforts to protect its own market position, this area has now acquired considerable significance and particular attention is consequently now devoted to it.

## Purchasing and Procurement

The relationship between technotrans and its suppliers is characterised by an open-handed approach based on a spirit of partnership. Many such relationships have evolved over many years, and in some cases stretch back decades. Not least in response to the growing demands being placed on central procurement following the concentration of manufacturing operations at Sassenberg, we have taken measures to optimise the number of components that we source from our suppliers. The changeover to material group management will help us to combine articles into groups and reduce the number of suppliers worldwide still further. To aid this process, we are monitoring the ratios of number of suppliers per € 1 million purchasing volume and number of articles per € 1 million purchasing volume, and believe there is still potential for further improvement in the short to medium term. Because managing articles and suppliers generates processing costs, optimisation will also directly benefit the company's performance.

With the exception of commodities, we do not choose our suppliers first and foremost on price. Rather, when working through the complex selection process for suppliers we look at a wide range of aspects that together represent the most advantageous solution for the group. Time and again, our long-standing business partners from our home region have demonstrated their ability to compete fully with rivals from Eastern Europe and Asia. We are delighted that this local sourcing also helps to secure jobs in Germany.

The traditionally low level of manufacturing penetration made it easier for technotrans to adjust to lower volumes. We reported sharply falling levels of demand to our suppliers very early on in the economic crisis in order to give them the opportunity to reduce their capacities in good time. We are monitoring developments at our key suppliers very closely, but we have not received any indications that they have encountered difficulties in this connection. The punctuality and quality of supplies have not been seriously disrupted at any time.

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## Production, Technology and Logistics

technotrans reduced the number of its manufacturing locations from four to two in the 2009 financial year. The production of equipment specifically for the US market at Mt. Prospect (USA) was halted, as was production at Gersthofen, where the Ink Supply area of expertise was latterly based. Production operations were transferred from both locations to Sassenberg by the end of the year; the bulk of production now takes place there, with the remainder handled by a relatively small plant in China.

Production in the proper sense involves first and foremost the assembly of components that are purchased from suppliers. Manufacturing penetration is therefore comparatively low. The higher volumes following the transfer of operations from other locations help the Sassenberg plant to continue manufacturing efficiently. The concentration of technical and market expertise moreover ensures that all products are developed and sold based on the same high standards.

The process of increasing the efficiency of production operations moved forward in the 2009 financial year. Significant progress was achieved thanks to the involvement of external consultants and a receptive attitude among the employees in the areas concerned. We are convinced that the overall effect will be amplified by any upswing in volume.

technotrans applies an advanced quality management system that contributes very effectively towards meeting the market's high expectations of our equipment and technologies. This process includes selecting from potential suppliers, critically assessing specimens, performing incoming quality checks on components and also production checks during the process. A comprehensive test procedure is used to establish that equipment is free from faults prior to its dispatch. Systems and equipment that have not yet reached production maturity are monitored intensively by a team of engineers during extensive field tests. There are also special facilities for running simulations in order to find out more about material characteristics over the entire lifetime of equipment, for example.

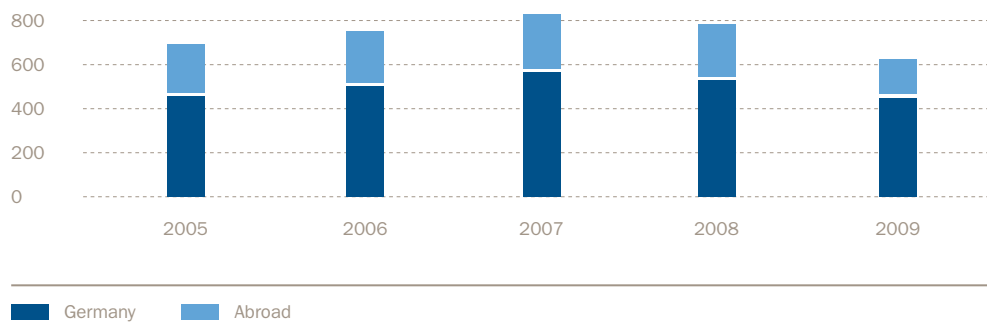
We thoroughly revised our logistics concept in the course of 2009. One major factor behind this move was the change in requirements following the transfer of operations from the Mt. Prospect and Gersthofen production plants. Thanks to optimised stock levels, faster processing paths in the manufacturing area, more flexible manufacturing structures and an even leaner materials flow, we expect to realise substantial efficiency gains over the next few years.

## Employees

### TOTAL AND CHANGES

As at January 1, 2010 the technotrans Group had 625 employees, 186 fewer than at the end of 2008 and 206 fewer than at the end of 2007. In absolute terms the number of jobs shed was most acute in Germany, where the workforce was reduced by 105 employees, from 565 to 460. Relatively speaking, however, the consolidation process affected the international locations more, where the employee total fell by 81, from 246 to 165 employees. The Mt. Prospect (USA) location was particularly hard hit, falling from 97 to 42 employees in the course of the year. The current plans envisage a further slight reduction in the employee total over the coming months as a result of the measures already taken; at present we therefore expect that capacity will eventually be 26 percent down on the average employee total for the 2008 financial year. The instrument of short-time has moreover been implemented since March 2009 to reduce capacity further. With personnel expenses averaging € 48 thousand per employee based on the entire workforce of the group, this measure enabled us to safeguard 46 jobs in 2009.

### EMPLOYEES BY REGION SINCE 2005



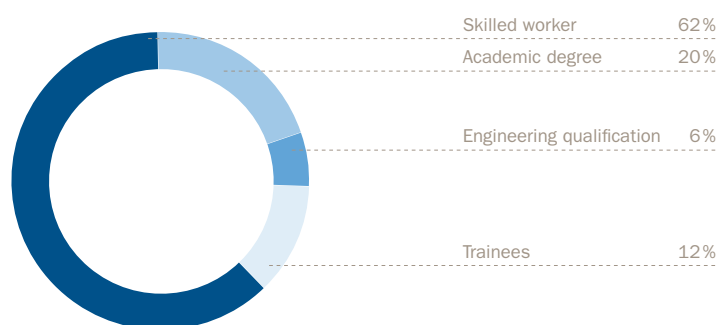
### APPRENTICES

technotrans attaches considerable importance to vocational training. We believe we not only have a social responsibility to help young people up the first few rungs of their career ladder, but would also like to be able to recruit junior employees for the company from our own ranks. With 39 apprentices in Germany, apprentices account for 8.3 percent of the overall workforce there. We therefore narrowly missed our target of 10 percent apprentices, but 11 new apprentices were appointed in 2009; the figure in the previous year was only 8. The extensive range of vocational qualifications will furthermore be extended for the next intake of apprentices to include the Bachelor of Engineering dual training course.

As well as providing excellent specialist training, we help apprentices to acquire so-called soft skills. Last year, four apprentices were able to go on foreign placements under the Leonardo da Vinci mobility programme sponsored by the EU, and acquire experience of working in the Netherlands, Ireland and France as a means of building on their intercultural skills.

#### QUALIFICATIONS OF THE EMPLOYEES

(%)



#### QUALIFICATIONS AND AGE STRUCTURE

technotrans is a high-tech company, a fact that is moreover reflected in the qualifications of its employees. In addition to the apprentices, 62 percent of employees have undergone training leading to qualifications, 6 percent have an engineering qualification and 20 percent have an academic background. technotrans is furthermore a young company: around 55 percent of the workforce are under 40 years old, and only 1.5 percent are over 60. The average age is 38; this figure is therefore virtually unchanged from the previous year.

#### REMUNERATION STRUCTURE, PERSONNEL EXPENSES

Personnel expenses totalled € 32.0 million in 2009 (previous year € 41.6 million). Around € 2.2 million of the reduction amounting to almost € 10 million was attributable to savings realised through the introduction of short-time. Moreover, personnel-related provisions amounting to around € 1.0 million could be liquidated. On the other hand expenses were increased by € 1.5 million for measures to assist employees being made redundant, including redundancy plans. Because certain capacity cutbacks had not yet achieved their full effect by the end of 2009, we initially expect personnel expenses for the 2010 financial year to reach around € 29 million.

Revenue per capita fell from € 172 thousand in 2008 to € 122 thousand in the 2009 financial year. Based on current revenue expectations for the 2010 financial year, we expect this figure to recover to around € 145 thousand, which is therefore on its way to its former magnitude. For that reason, we plan to retain the instrument of short-time for the foreseeable future until the signs of a recovery take on more definite contours in our industry, too.

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A new remuneration model was drawn up in the 2009 financial year with the assistance of external consultants and is to replace the existing model from 2010. The old model already pursued the objective of enabling employees to share in the company's success. However, by being narrowly based on EBIT it was no longer able to meet its intended purpose of incentivising employees.

The new model was presented to the employees at the end of 2009 and accepted in the form of individual contractual agreements. The project involved first of all recording and evaluating all posts within the company. In the next step, all posts were assigned to function groups and, within those groups, to a specific remuneration band. The remuneration bands were defined based on the pay structure at technotrans, taking into account the market's customary remuneration levels. In future the size of pay adjustments will be negotiated by the Works Council and the Board of Management. Employees who are in the lower zone of a band and achieve average performance can receive larger pay increases than employees who are in the upper zone of a band and perform the same. To allow the structured assessment of employee performance, an assessment system was also introduced alongside the new remuneration model.

The new model preserves the link between profit-sharing and the EBIT margin. Upward of an EBIT margin of 5 percent, a bonus is paid out for employees who are not taking part in a royalty scheme. As previously, the level of the royalty share is determined by both individual and corporate performance.

## Corporate Communications

### EXHIBITIONS, SHOWS

The technotrans Group again had stands at industry exhibitions worldwide, including in Milan, Dubai, Beijing, Paris, Chicago, Tokyo, Vienna and Melbourne. This presence in the marketplace is an important means of providing local support for our major customers, the printing press manufacturers. It is also part of our push-and-pull strategy: particularly where end customers have scope for deciding for or against equipping their systems with technotrans technology, we want to impress the advantages of our solutions upon them at first hand. Convinced end customers in turn provide the printing press manufacturers with suitable confirmation that they are giving the market what it wants in fitting technotrans equipment.

During the past financial year we were again able to convince printing press manufacturers planning to re-equip their customer presentation areas of the merits of showcasing technotrans technology in this reference context. Such demonstration areas include manroland's PTC in Augsburg and Komori's European showroom in the Netherlands.



## Report on Post-Balance Sheet Date Events

### Economic Development since the Start of the Year

The economic prospects have not changed significantly since the start of the year. Hopes of an upswing in the global economy are based on the more dynamic performance of emerging countries, while industrial nations are for the most part only expected to recover tentatively. The investment propensity is already increasing in various industries, though this trend has not yet reached the printing industry. The latest announcements on incoming orders for major printing press manufacturers worldwide do not yet reveal any significant improvement, with the situation at best stabilising at a low level.

### New Financing Concept

Over the past few months we have taken steps to safeguard our liquidity requirements through a medium to long-term financial framework. A conclusion to negotiations on the new financing concept with our long-standing lenders is expected in the course of the first quarter of 2010.

### Overall Statement

No events of particular significance affecting the financial performance, financial position and net worth of the company occurred after the end of the 2009 financial year.



## Opportunities and Risks Report

### Risk Management System and Internal Controlling System

As a company with activities worldwide the technotrans Group is, within the context of its business processes, exposed to a wide range of risks that are part and parcel of any entrepreneurial activity. In order to seize specific opportunities, it is necessary to take assessable and manageable risks in a deliberate and controlled manner. As part of a systematic and efficient risk management system, principles of risk policy are drawn up and current developments regularly logged, analysed, evaluated and – if necessary – appropriate countermeasures taken. The risk management system helps to safeguard the group permanently as a going concern by identifying as early as possible all risks that could materially impair the net worth, financial position and financial performance of the group. The internal controlling system (ICS), which constitutes an integral part of the risk management system, is described in summary form below.

The group-wide risk management system observes the following risk principles, among others:

- The overriding risk principle at technotrans is to protect the company as a going concern. No action or decision may endanger the company as a going concern.
- Any risks to the company as a going concern are to be reported to the Board of Management without delay.
- Necessary risks are consciously accepted to a certain extent in return for economic success. Risks to income must carry the promise of an appropriate opportunity of a return.
- Risks are to be avoided as far as possible or, insofar as economically advisable, insured against, continually monitored and brought to the attention of the Board of Management, as well as the Supervisory Board if necessary, in the context of regular risk reporting. In the event of residual risks, countermeasures must be taken.

The risk management system is designed to promote the awareness of opportunities and risks among technotrans employees, and to guard against potential risks. The necessary procedures and rules of communication within individual corporate divisions have been defined and established by the Board of Management. The superior in charge of each area of operations is responsible for compliance with the standards and regulations on how to handle risks, and control is exercised through audits by Group Controlling as well as by the Board of Management. The risk management system including the ICS is moreover regularly updated and thus provides the basis for the systematic identification, analysis, evaluation, steering, documentation and communication of the various risk types and profiles. The same is true of our compliance programme. We do not tolerate any contravention of applicable law and to that end regularly examine and refine the internal set of rules as well as our own compliance organisation.



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## Organisation of the Risk Management System

Organisationally, risk management is integrated into the tasks of Group Controlling and ensures that reports are submitted on a regular basis to the Board of Management and the Supervisory Board, or Audit Committee. This organisational structure also makes it possible to identify tendencies and risks early on with the aid of indicators, and thus ensures that the group's Board of Management can immediately implement suitable measures if there is a negative shift.

The objective of the ICS for the financial reporting process is to guarantee with reasonable assurance, through the implementation of controls, that the (Consolidated) Financial Statements conform to the regulations, despite the risks identified. The non-central organisation of the ICS for financial reporting features a uniform, centrally defined reporting structure which, based on the local statutory requirements, is in harmony with the group principles. The subsidiaries report periodically to IFRS standards, for group reporting purposes. Newly established or acquired companies are integrated into this reporting process as swiftly as possible. There are no uniform ERP and bookkeeping systems throughout the entire group, and integration into Group Accounting is by means of uniform reporting structures. To guarantee uniform reporting, there exist corporate guidelines such as financial reporting and consolidation manuals, compliance with which is examined in regular compliance audits. At intermittent intervals internal checks of the subsidiaries' financial reporting are performed in situ, checks and plausibility tests are carried out on a test basis, and at the end of the financial year the local financial statements are audited before they are released for the Consolidated Financial Statements. All measures taken and the ongoing refinement and adjustment of the ICS help to assure the reliability of financial reporting. On the other hand even suitable, functioning systems cannot provide any absolute guarantee that risks will be identified and controlled.

Group-wide, technotrans has a standardised organisation for risk management. Risks within technotrans AG and its subsidiaries are recorded promptly and non-centrally within the regular risk reports. These include changes to risks already identified, as well as new developments that could lead to the creation of additional risks. The risks are analysed, evaluated based on their probability and the potential loss involved, and matched up with appropriate measures. Residual risks are evaluated again and further measures are earmarked for them.

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## Risk Categorisation

Taking account of the potential impact of a loss and the probability of risks materialising, risks are categorised as low, medium, high, or a threat to the company's future as a going concern. The identified risks that were known to the Board of Management at the time of preparation of the Management Report are explained below.

### GENERAL ECONOMIC RISKS

The global economy has slowed down dramatically in the wake of the financial crisis. In a departure from typical cyclical fluctuations, which are normally of a magnitude of two or three percent, the experts believe that the global economy will have contracted by five percent in 2009. Any forecasts regarding future economic developments are currently subject to considerable uncertainty. It is therefore possible that technotrans might not adjust in time or in an appropriate manner to an unexpected upswing or to a further downturn, and that the revenue and earnings performance will consequently deviate from the targets. On the basis of the flexibility we have recently demonstrated, however, we assess this risk as "medium". On the other hand, changes in the principal exchange rates (euro – dollar – yen) have very little direct influence on technotrans' revenue and earnings, because the value of goods and services sold to the USA and Japan by the printing industry has latterly exhibited a continuing downward trend.

### INDUSTRY-SPECIFIC RISKS

The printing industry, as part of the mechanical engineering sector, was hit particularly hard by the downturn in economic activity in 2008-2009. The economic crisis brought on a drastic downturn in the investment propensity of printers within a very short time frame. For the most part this was due to the poor level of orders for printers and therefore to insufficient capacity utilisation. We are currently working on the assumption that the market as a whole will not regain the level of the strong years 2007/2008 in the short term. Certain sectors such as newspaper printing are moreover experiencing the beginnings of structural change. We therefore forecast that this sector will only show a below-par performance even if there is an economic recovery. Thanks to our good market position on the one hand and the newspaper printing's comparatively minor share of our overall business volume on the other, we classify this risk as "low".

As a systems supplier to the printing industry, technotrans concentrates on the core skill of liquid technology. The most important area of application is offset printing, which accounts around 65 percent of the entire printing market. As a result of technological advances digital printing has narrowed the gap on offset printing for smaller print runs, with the result that increasing substitution is expected in the future. Because the applications in question are limited to small formats and moreover because we have also been supplying technologies for digital printing for many years now, we rate this risk to the future development of technotrans as "low".

The main customer group for technotrans is, by the very nature of its business, printing press manufacturers worldwide. In the Technology segment, technotrans generates around 60 percent of its revenue from business with the five biggest printing press manufacturers in the world. It would not be possible to compensate in the short term for the unexpected defection of one of these customers to a competitor, and indeed would be very difficult to do so in the medium term. The disappearance of one of these customers from the market would likewise potentially have a considerable impact on the financial position and financial performance of our company in the short term. Conversely, we would not expect it to have any lasting impact on our business because this consolidation would probably not exercise any influence on overall sales of printing presses in general. We constantly monitor the creditworthiness of our major customers. However, as we have been working in close partnership with these customers in some cases for decades, we are certain that we would detect changes e.g. in payment practices at a very early stage. The recent developments furthermore mean that the volumes of business with each individual major customer have fallen significantly, and this too has clearly reduced the risk of a major debt default. This, coupled with tighter management of accounts receivable, leads us to rate the risk of a major debt default as currently only “medium”. We rate the industry-specific risks overall as “medium”.

#### RISKS OF CORPORATE STRATEGY

The aim of technotrans' corporate strategy is long-term growth. In order to create the maximum possible sales potential in the printing industry, new product areas are regularly being created. The market launch of new, self-developed products harbours some risk potential, which we counter by means of careful strategic and operational planning. Close cooperation with our customers and suppliers is one of the key factors in successfully launching new products or product lines. For example, new materials are first tested intensively to verify their ability to withstand the extreme conditions in a printing shop, and products nearing maturity are put through intensive field tests to confirm in advance that they meet the requirements of day-to-day operations. There are risks throughout the entire launch process when new products are brought onto the market. This can for instance lead to increased warranty outlay at the start of the product life-cycle. The provisions for warranties earmarked for this purpose are adequately endowed on the basis of statistical experience. There remains the residual risk of the actual costs being higher than expected, despite intensive examination of equipment. Furthermore, adverse economic developments may considerably delay the launch of new products.

To underpin its long-term organic growth targets, technotrans has made selective acquisitions in the past and intends to do so again in the future. Despite the meticulous preparation of such acquisitions and the integration of these activities into the group according to schedule, the possibility cannot be excluded that the expectations placed on the acquisition are not realised to the extent planned due to internal or external factors.

Taking account of the potential impact of a loss and the probability of risks materialising, technotrans categorises the identified risks as “medium”.

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#### PROCUREMENT AND PURCHASING RISKS

technotrans' expertise focuses primarily on the development of concepts for controlling and monitoring processes in the sphere of liquid technology. The components used in its equipment are usually bought in from specialist suppliers. The procurement of these components is subject to the usual risks such as price stability, availability and quality. While carefully weighing up the benefits on the one hand and the associated risk on the other, the Purchasing Department closely steers these business processes, assures an optimum supply and identifies alternative procurement sources. However, it is not possible to exclude the short-term loss of a supplier negatively affecting production, for example. We consider this risk to be "medium".

#### PRODUCTION RISKS

In response to the sharp downturn in the level of orders, production capacity within the group has initially been adjusted to the new volume of business. Flexibility has also suffered as a result, because customer requests received at short notice are now much more difficult to fulfil. This can have an adverse effect on customer satisfaction. In the past we have usually managed to find a satisfactory solution to customers' deadline requests or unusual specification requests by maintaining an intensive dialogue with them, but that may no longer always be possible in the future. The transfer of production operations from Gersthofen and Mt. Prospect (USA) to Sassenberg places added demands on the production planning and processing activities in Sassenberg. Particularly in the first few months, there is a risk of inefficiency or gaps in special expertise that will need to be filled. Many customers currently find themselves in a similar economic situation and are therefore tolerant of temporary shortcomings. It is nevertheless possible that dissatisfaction among customers could lead to at least a temporary loss of market shares. We hold this risk in check by carefully preparing all measures and consulting closely with our customers, as a result of which it is rated as "low".

Within the framework of its group-wide organisational structures, technotrans operates a complex quality management system. This system assures the high standard of quality that technotrans customers expect, and above all technotrans expects of itself. According to the principle of "quality before speed", technotrans assures its quality standards by means of complex test methods. The probability of a serious individual risk due to quality problems is therefore classified as "low".

#### PERSONNEL RISKS

Thank to their many years of experience, certain employees in the group possess an outstanding level of knowledge comprising knowledge of the markets, technology, customers, competitors and products. The unexpected temporary or permanent loss of one of these colleagues represents a high risk that we counteract by adopting a strong team emphasis and specifically promoting the sharing of expertise. There is additionally the risk that we might not be able to recruit sufficient experts on the open market, if needed. We tackle these risks by positioning ourselves as an attractive employer and for example offering modern incentive and remuneration systems for employees and managers. We nevertheless rate both risks as "medium" in the present market environment.

### IT RISKS

IT security is a permanent process in which risks and corresponding precautionary measures are evaluated. Along with the international expansion of business activities, the demands on the group's worldwide IT environment are rising. ERP software (mySAP) was introduced at the German locations in April 2008, and its systematic roll-out at the subsidiaries is also planned in the medium to long term. Such a complex software changeover routinely entails technical, temporal, project organisational and financial risks; on the other hand it will optimise the data basis and data quality throughout the group in the future. The risk potential for process stability within the group is rated overall as a "medium" risk.

### FINANCIAL RISKS

The core tasks of technotrans AG as the group parent include coordinating and directing the financing required within the group, and steering financial dependencies. technotrans AG assures its solvency and financial flexibility based on annual financial planning derived from the budget and rolling monthly liquidity planning. The liquidity position of the companies in the group is largely satisfactory for financing their operating business and as a temporary cushion for adverse developments. technotrans AG steers requirements of financial resources exclusively via German banks on a bilateral basis. In the current financial crisis, however, our long-standing business relations with our banks do not offer any guarantee that they will be willing or able to continue to fill the role of financing partner to the extent to which we are accustomed. We have therefore taken steps to safeguard our liquidity requirements through a medium to long-term financial framework. A conclusion to negotiations on the new financing concept with our long-standing lenders is expected in the course of the first quarter of 2010. As a listed company, technotrans moreover has access to capital market instruments. If the banks were to withdraw the promised financing unexpectedly and major customers were simultaneously unable to meet their obligations to pay in the usual manner, the liquidity position could deteriorate sharply.

Exchange rate movements do not represent any significant risk potential for technotrans because most deliveries are billed in euros. We will tackle the potentially increased future importance of our Chinese production location by using appropriate instruments to hedge foreign currency risks as necessary. On the other hand, speculative transactions are fundamentally prohibited.

The participating interests of the technotrans Group outside the eurozone are largely exposed to translation risks, in other words risks related to the effect of currency translations at different exchange rates. Thanks to our strong position in the euro market, exchange rate fluctuations within operating business have only minor influence on the consolidated result. Exchange rate movements affecting the translation of the equity of companies located outside the eurozone moreover result in changes to the equity of the group that must be recognised in the accounts. Translation risks are fundamentally not hedged.

Interest rate hedging instruments were used in the year under review to hedge against interest rate risks. Please refer to Section 11 of the Notes to the Consolidated Financial Statements for details of the hedged underlying transactions.

Investment is essential for the growth of the company in view of its forward-looking nature, but it also entails risks. This risk is steered and reduced through defined procedures and methods (internal approval processes) for such projects. No material risks from investing activities are currently identifiable.

Taking account of the potential impact of a loss and the uncertainty with regard to their probability, technotrans categorises the identified financial risks as “high”.

#### OTHER RISKS

technotrans had been involved in a patent dispute with a competitor for several years. This dispute – and the associated risk – were brought to an end in 2009 by way of an out-of-court settlement. There nevertheless exists the possibility that other court disputes based on a wide variety of claims could arise in the future and have considerable influence on the financial position and financial performance. We rate the probability of such an occurrence that is a threat to the company as a going concern as “low”.

As a manufacturer of systems and devices, technotrans endeavours to minimise its own negative impact on the environment. Compliance with all the relevant environmental regulations is monitored on a regular basis. As virtually an out-and-out assembly business, the risk potential from our own manufacturing operations must be rated as extremely low. We moreover promote the responsible use of resources by our customers and actively adopt market trends moving in that direction. We therefore perceive no risks to the group in the environmental sphere.

### Conclusion of Risk Report

The overall risk situation remains under control and the Board of Management is not aware of any potential economic or legal threat to it as a going concern.

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## Opportunities

In order to exploit the opportunities open to the company to their full potential, developments are pursued and ideas realised. Certain risks are consciously taken in assessing the prospects of these projects to be positive.

### GENERAL ECONOMIC OPPORTUNITIES

Following the dramatic collapse in revenue in the 2009 financial year we expect an economic recovery to be accompanied by a renewed willingness to invest by printers worldwide. technotrans has succeeded in increasing its market shares during the crisis and we are therefore confident of participating overproportionally in an upswing in our industry. This hope is underpinned by the fact that technotrans' revenue suffered much more acutely than the market as a whole because its customers had accumulated substantial inventories. A recovery in demand to the actual level would therefore also have a positive effect on revenue performance.

### INDUSTRY-SPECIFIC OPPORTUNITIES

technotrans has steadily been expanding its product range over many years. The economic environment proved a major stumbling block to the implementation of its strategy of "more technotrans per printing press". We will continue to capitalise systematically on the opportunities that our product range presents.

Various current trends such as the growing industrialisation of printers, increasing automation and rising demand for technologies that help to protect the environment and save resources moreover provide us with attractive opportunities even in a market environment that is characterised by consolidation.

### OPPORTUNITIES OF CORPORATE STRATEGY

technotrans is a growth company and in recent years we have successfully developed activities that have offered us opportunities for growth in niche markets also outside the printing industry. In order to fully exploit the growth potential of our company in the medium and long term too, we intend to step up these activities, thereby creating additional opportunities for ourselves.

### PERFORMANCE OPPORTUNITIES

The various consolidation measures within the group have always additionally pursued the objective of exploiting every opportunity to increase efficiency and realise synergies. As a result of the transfer of production from Gersthofen and Mt. Prospect to Sassenberg the volume here has risen considerably, as has the variety of the products being built. Over the next few months we will continue working intensively on optimising processes and working capital to ensure that we realise the desired benefits of these measures.





## Report on Expected Developments

### Future Parameters

The future development of the technotrans Group is influenced by various general parameters such as global economic development, the development of the capital goods industry and the development of the printing press industry. Over and above this, we intend to continue creating fresh potential for revenue through new products. The development of the group will therefore also be shaped by the extent to which and the speed with which we succeed in implementing this strategy.

According to International Monetary Fund (IMF) estimates, the global economy in 2010 will recover much faster than initially expected. Global economic output, for example, is likely to rise by 3.9 percent. Germany is expected to achieve stronger growth than the eurozone. The outlook is especially bright for many emerging countries, whereas the recovery in industrial nations is taking longer to get going and remains dependent on state stimulus programmes. The IMF experts believe that these programmes should remain in place until there are palpable signs of a rebound in consumer demand and an improvement in the labour market.

On the other hand, at the start of 2010 many experts e.g. at the World Economic Forum are warning of a whole battery of risks that the global economy is facing. They are particularly following developments in China, the world's fastest-growing national economy. If the Chinese economy were to grow by less than six percent in 2010, this would also have repercussions for the German export industry.

Exports will largely determine the fortunes of German industry in 2010. Growth of between one and two percent is estimated at the start of the year. Many major markets in industrial nations remain plagued by persisting weakness, with their capacity utilisation well below the norm, and there is consequently unlikely to be much economic stimulus from investment there. Nevertheless, thanks to supportive monetary and financial policies it is unlikely that there will be a renewed downturn in demand and production. The dynamic performance of Asian markets could even lead to a substantial rise in exports.

Another risk to the development of exports is the euro exchange rate. Experts believe that an exchange rate of 1.60 to the US dollar could harm Europe's and Germany's export and growth prospects to such an extent that growth would be kept down to one rather than two percent. However, the latest assumptions anticipate a weakening of the euro as 2010 continues, so this scenario is currently improbable.

Various sentiment indicators had pointed towards a recovery in the German economy and various key markets in the latter part of 2009. The Federal Statistical Office's announcement of zero growth in the final quarter was therefore all the more unexpected. Low capacity utilisation and financing hurdles continue to put the brakes on any stronger inclination to invest. Although there are increas-

ing signs at the start of 2010 that the freefall in orders has finally come to an end, there is no reason to believe that a rapid recovery will occur. Business is therefore not expected to return to pre-crisis levels until 2013 or 2014.

#### RELEVANT MARKET (PRINTING INDUSTRY)

Most capital goods manufacturers therefore start the new year with muted expectations. The incoming orders data for printing press manufacturers makes it quite clear that any recovery is still a long way off for this industry. The German printing industry is likewise not yet experiencing any buoyancy. No steady upswing is therefore forecast for 2010 because the consequences of the global economic crisis are still being felt very directly. The German Advertising Association expects to see a renewed fall in advertising spending in 2010, and this will result in a further downturn in revenue for the German printing industry. The assessment of the business situation at the end of 2009 remains down at -32. Despite the forecast of growth in gross domestic product of between 1.2 percent (ifo Institute) and 2 percent (German Institute for Economic Research), we will probably have to wait until 2011 before we see a lasting recovery. According to data released by bvdm (German Printing and Media Industries Federation), print production is expected to grow between 1 and 2 percent in the medium to long term. The growth rates in emerging countries will probably be much higher.

With the newspaper market likely to continue contracting, we expect furthermore that the economic environment will promote a trend towards the industrialisation of printers with highly efficient, well-structured processes. The number of printers is expected to continue falling and the average size of such businesses will continue to grow. The aspect of sustainability is moreover expected to play an ever more important role in the awarding of contracts. Print jobs from the private as well as the public sector will increasingly be awarded to companies that operate energy-efficiently and with minimal CO<sub>2</sub> emissions.

#### BY REGION

The economy will recover faster in emerging countries than in industrial countries, and the propensity to invest will also recover faster there. This, among other factors, will also motivate global brand manufacturers, as the customers of printers, to step up their activities in Asia. The price pressure on German companies will therefore if anything increase. The forecasts indicate that the export ratio of German printers is set to rise overproportionally; the same should equally be true of other industrial countries and serves as an indication that this branch of industry is no exception to the process of globalisation.

#### OVERALL STATEMENT

Considerable uncertainty still surrounds the economic recovery worldwide in 2010. We must currently assume that the upswing will if anything be faltering, and that the propensity of printers to invest will only improve in the second half of the year. As matters stand we therefore do not expect to see any significant cyclical impetus for our industry and are instead pinning our hopes on 2011.

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## Future Development of the Group

We expect to see a tentative recovery in business during the current financial year, on the one hand based on the forecasts that predict a mild recovery in investment propensity at least in the second half of the financial year. On the other hand we expect demand from our customers to move back towards normal levels as they progress with reducing inventories; the falls in our revenue should therefore move more closely in line with the general market trend. A third aspect that prompts us to be cautiously optimistic is the fact that we succeeded in increasing our market shares during the crisis, and also have a large number of products in our range that have not yet been able to reach their full potential. Last but not least, the Ipex exhibition that will take place in May, held every four years mid-way through the drupa cycle, might be the turning point in the investment propensity of printers.

For the above reasons, and taking into account the factors outlined previously, we expect that the technotrans Group will be able to increase its revenue to around € 85 to 90 million in the 2010 financial year. This would represent growth of more than 5 percent. Because the signs of a lasting recovery in our industry are not yet sufficiently firm at the time of writing this report, we presently believe a figure towards the lower end of this range is more likely.

We expect growth will be driven predominantly by the Technology segment, which we believe is capable of a growth rate just into double figures over the year as a whole. The factors presented above will affect almost exclusively this segment. Our optimism for the Services segment is rather more cautious. At present, customers are even making cutbacks on maintenance and parts. It is becoming difficult to counter this effect because installation business for major projects is likewise inevitably no better than flat. The growth that gds AG is targeting for 2010 will at best compensate for these trends. The relatively high revenue contribution of the Services segment to business as a whole and the fact that the downturn in 2009 was relatively moderate confirm our view that this area plays an important part in keeping our business stable.

Based on this scenario, we will initially look to complete the process of consolidation in 2010. In transferring operations from the Gersthofen (Germany) and Mt. Prospect (USA) production plants at the end of 2009, we have laid the foundations for drawing maximum benefit from the advantages of this move in the course of the financial year. The top priority for the next few weeks is therefore to eradicate the coordination problems that such measures often entail.

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Our goal for the 2010 financial year is to return to sustained profitability. The measures we have been taking since 2008 should pave the way for an EBIT margin of at least 3 to 5 percent in the 2010 financial year. If revenue should stage a stronger recovery in the course of the year than currently anticipated, the margin will be correspondingly bigger. If revenue should unexpectedly be lower than our current targets, we will need to take further action if we are to achieve our goal. Appropriate plans, which would affect the very essence of the company, are in the proverbial drawer. We hope that we will not need to implement them.

Furthermore, we expect that interest expenses in the current financial year be slightly up on the prior-year level. Assuming we achieve our goal of a profit before tax, we again expect an effective tax rate for the group of 30 to 32 percent. In those circumstances, we would therefore be able to show a net profit for the year.

Our second big priority concerns the financing of the company. We are planning to earn a positive operating cash flow once more in the 2010 financial year. technotrans should again be able to finance operating business and the planned investments – predominantly replacement investments in the sphere of IT and plant and equipment – from cash flow in 2010. This should ultimately also result in a positive free cash flow for the year as a whole. We would want to use surplus financial resources first and foremost for the repayment of financial liabilities. With the financial crisis still fresh in our minds, here too our primary concern is to secure the independence of the company rather than to pay a dividend.

One important task for technotrans in 2010 will be to tap into additional applications outside the printing industry for its core skills. In the medium to long term, the underlying conditions in our core market that are portrayed elsewhere in this Management Report do not permit the growth rates that we would consider adequate for the successful development of the company. Our aim is to build up an additional basis for growth outside the printing industry over the next three to five years.

We are currently examining a large number of options that we could pursue either independently or through acquisitions, with certain common features: they all involve niche markets in which technotrans could play a significant role. The applications can directly tap into our core skills and offer highly promising potential in the long term. We are setting aside considerable resources for exploring these markets of the future, but will only disclose details once they have taken on sufficiently definite contours, in the best interests of both the company and its stakeholders.

For that reason, too, we stand by the strategic significance of Research & Development for technotrans. The drive to access new areas of application in the 2010 financial year will render it necessary to involve Development in projects at an early stage, and it will have to contribute by verifying potential opportunities. We are consequently at least not planning to reduce R&D spending any further.

As matters stand we expect that the price rises for certain raw materials will be offset by price reductions for other components, with the net effect that no significant increases in purchase prices are expected for 2010.

### Future Projects to Increase Efficiency and Optimise Processes

The transfer of production from Gersthofen and Mt. Prospect to Sassenberg creates potential for us to build our product lines more efficiently using existing structures and processes, and to use existing capacity more flexibly. The next few months will reveal the effectiveness of these measures.

The structure of the group and the employee total have been adjusted to 2010 revenue levels and we hope that a slight rise in revenue during the course of the year will confirm our decision not to have made any more trenchant cutbacks here. We have been using short-time at the group's biggest location, Sassenberg, since March 2009 as a means of adapting more closely to the specific market environment. We are planning to continue using this instrument for the next few months, by which time we hope that our expectations of a tentative recovery in the market will have been fulfilled.

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## Overall Statement

At the time of compiling this report, the prospects for the 2010 financial year are still subject to considerable uncertainty. On a macroeconomic level the recovery following the economic crisis already appears to be a done deal, except that we in the printing industry have not yet detected any signs of it reaching us. Our prediction that such signs will become apparent in the second half of 2010 is already in the realm of speculation. Nevertheless, it also increases the likelihood that 2011 will finally bring the anticipated change of fortunes.

Our current perception is that technotrans passed the nadir of the recession in 2009 and that the situation as a whole will ease gradually in 2010: According to our current assessment there will be a modest rise in revenue to € 85 to € 90 million and the company will return to profitability because the measures implemented during the crisis will increasingly achieve their full effect. In addition, we will make initial moves to achieve greater independence from the printing industry as our biggest sales market.

Following a 30 percent contraction in the market and a 50 percent downturn for technotrans, it therefore at least seems plausible to us that we will detect clear signs of a rebound by 2011 at the latest. Our revenue expectations for 2011 are thus rather more optimistic than for 2010, with all the positive consequences for the financial performance and financial position that this entails.

Because of the current uncertain economic and industry specific prospects for 2010 it is not possible to determine the exact timeframe of the recovery expected by the Management. Due to these factors a quantified expectation for the revenue and the positive consequences for the financial performance and financial position that this entails for fiscal year 2011 is therefore not possible.

### DISCLAIMER:

The Management Report contains future-related statements. Considerable variation between anticipated developments and actual results is possible due to any aforementioned or other element of uncertainty, or if the assumptions on the basis of which the forecasts are made prove to be incorrect.

# FINANCIAL STATEMENTS & FURTHER INFORMATION



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- 
-  Worldwide, technotrans' employees generated revenue of € 82.2 million in 2009.
  -  59.4 percent of revenue was realised by the Technology segment.
  -  The aim is always to achieve a world market share in excess of 50 percent.
  -  technotrans has over 40 years of experience in the development of processes in the sphere of liquid technology.
  -  As technotrans is a hightech-company 20 percent of the employees hold an academic degree.





## Consolidated Balance Sheet

<b>ASSETS</b>	<b>Note</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
		€ '000	€ '000	€ '000
<b>Non-current assets</b>				
Property, plant and equipment	1	21,985	25,456	23,305
Goodwill	2	0	2,459	2,354
Intangible assets	3	2,650	3,343	11,275
Income tax receivable	7	402	420	459
Financial assets	4	622	677	639
Deferred tax	26	4,325	1,668	1,324
<b>Total</b>		<b>29,984</b>	<b>34,023</b>	<b>39,356</b>
<b>Current assets</b>				
Inventories	5	16,045	23,462	25,648
Trade receivables	6	10,654	21,258	17,959
Income tax receivable	7	566	240	2,072
Other assets	8	1,719	1,701	2,107
Cash and cash equivalents	9	10,274	6,928	10,748
<b>Total</b>		<b>39,258</b>	<b>53,589</b>	<b>58,534</b>
<b>Total assets</b>		<b>69,242</b>	<b>87,612</b>	<b>97,890</b>

THE FIGURES AT THE BALANCE SHEET DATE OF DECEMBER, 31 OF THE RESPECTIVE YEARS.

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
		€ '000	€ '000	€ '000
<b>Equity</b>	10			
Issued capital		6,908	6,908	6,908
Capital reserve		40,322	40,322	40,322
Retained earnings		13,243	16,775	13,788
Other reserves		-18,839	-19,337	-13,213
Net profit/net loss for the period		-10,347	-2,852	9,067
<b>Total</b>		<b>31,287</b>	<b>41,816</b>	<b>56,872</b>
<b>Non-current liabilities</b>				
Financial liabilities	11	5,338	13,679	4,762
Provisions	15	975	4,545	5,072
Other liabilities	12	219	129	116
Deferred tax	26	12	31	1,001
<b>Total</b>		<b>6,544</b>	<b>18,384</b>	<b>10,951</b>
<b>Current liabilities</b>				
Financial liabilities	11	16,335	7,409	8,184
Trade payables	13	4,524	4,831	7,194
Prepayments received	14	1,976	2,914	3,757
Provisions	15	6,752	9,582	8,983
Income tax payable	16	144	667	231
Other liabilities	17	1,680	2,009	1,718
<b>Total</b>		<b>31,411</b>	<b>27,412</b>	<b>30,067</b>
<b>Total equity and liabilities</b>		<b>69,242</b>	<b>87,612</b>	<b>97,890</b>



## Consolidated Income Statement

	Note	2009	2008	2007
		€ '000	€ '000	€ '000
<b>Revenue</b>	18	82,210	141,677	153,170
of which Technology		48,808	103,840	116,925
of which Services		33,402	37,837	36,245
Cost of sales	19	-65,551	-105,932	-102,824
<b>Gross profit</b>		<b>16,659</b>	<b>35,745</b>	<b>50,346</b>
Distribution costs	20	-13,749	-18,857	-17,312
Administrative expenses	21	-10,908	-13,177	-12,828
Development costs	22	-2,839	-5,189	-6,302
Other operating income	23	4,189	3,044	1,814
Other operating expenses	24	-5,281	-1,604	-1,832
<b>Earnings before interest and tax (EBIT)</b>		<b>-11,929</b>	<b>-38</b>	<b>13,886</b>
Financial income		48	232	282
Financial charges		-826	-1,451	-840
<b>Net finance costs</b>	25	<b>-778</b>	<b>-1,219</b>	<b>-558</b>
<b>Accounting profit</b>		<b>-12,707</b>	<b>-1,257</b>	<b>13,328</b>
Income tax expense	26	2,360	-1,595	-4,261
<b>Net profit/net loss for the period</b>		<b>-10,347</b>	<b>-2,852</b>	<b>9,067</b>
<b>of which:</b>				
Profit/loss attributable to technotrans AG shareholders		-10,347	-2,852	9,067
Profit/loss attributable to minorities		0	0	0
<b>Earnings per share (€)</b>	27			
(basic)		-1.65	-0.45	1.33
(diluted)		-1.65	-0.45	1.32



## Consolidated Statement of Recognised Income and Expense

	Note	2009	2008	2007
		€ '000	€ '000	€ '000
<b>Net profit/net loss for the period</b>		<b>-10,347</b>	<b>-2,852</b>	<b>9,067</b>
<b>Other result</b>	10			
Exchange differences from the translation of foreign group companies		97	-1,376	-1,008
Exchange rate differences from the net investment in a foreign business		-492	962	-354
Change in the fair value of cash flow hedges		13	-12	39
<b>Other profit after tax</b>		<b>-382</b>	<b>-426</b>	<b>-1,323</b>
<b>Overall result for the financial year</b>		<b>-10,729</b>	<b>-3,278</b>	<b>7,744</b>
<b>of which:</b>				
Profit/loss attributable to technotrans AG shareholders		-10,729	-3,278	7,744
Profit/loss attributable to minorities		0	0	0



## Consolidated Cash Flow Statement

	Note	2009	2008	2007
		€ '000	€ '000	€ '000
<b>Cash flows from operating activities</b>	28			
Net profit/net loss for the period		-10,347	-2,852	9,067
Adjustments for:				
Depreciation and amortisation		3,551	4,761	4,297
Impairment loss acc. to IAS 36		4,093	7,454	0
Share-based payment transactions		200	187	66
Income tax expense		-2,360	1,595	4,261
Gain (-) / loss (+) on the disposal of property, plant and equipment		127	38	-219
Foreign exchange losses (+) / gains (-)		-414	74	54
Financial income		-48	-232	-282
Financial charges		826	1,451	840
<b>Cash flows from operating activities before working capital changes</b>		<b>-4,372</b>	<b>12,476</b>	<b>18,084</b>
Change in:				
Receivables		10,294	-2,993	242
Inventories		7,389	2,186	2,627
Other non-current assets		27	-38	-407
Liabilities		-2,716	-2,624	-330
Provisions		-6,399	-135	-657
<b>Cash from operating activities</b>		<b>4,223</b>	<b>8,872</b>	<b>19,559</b>
Interest income		30	206	262
Interest expense		-776	-1,245	-606
Income taxes paid		163	-1,086	-8,590
<b>Net cash from operating activities</b>		<b>3,640</b>	<b>6,747</b>	<b>10,625</b>

	Note	2009	2008	2007
		€ '000	€ '000	€ '000
<b>Cash flows from investing activities</b>	29			
Acquisition of intangible assets and of property, plant and equipment		-1,306	-6,460	-7,957
Acquisitions		0	0	-4,483
Proceeds from the sale of property, plant and equipment		101	76	1,197
<b>Net cash used for investing activities</b>		<b>-1,205</b>	<b>-6,384</b>	<b>-11,243</b>
<b>Cash flows from financing activities</b>	30			
Proceeds from injection of equity		0	0	992
Buy-back of treasury shares		0	-7,461	-2,468
Cash receipts from the raising of short-term and long-term loans		3,024	9,709	6,500
Cash payments from the repayment of loans		-2,438	-1,567	-3,505
Distributions to investors		0	-4,504	-4,733
<b>Net cash used in financing activities</b>		<b>586</b>	<b>-3,823</b>	<b>-3,214</b>
Net effect of currency translation in cash and cash equivalents		325	-360	-469
Net increase in cash and cash equivalents		3,346	-3,820	-4,301
Cash and cash equivalents at start of period		6,928	10,748	15,049
<b>Cash and cash equivalents at end of period</b>	9, 31	<b>10,274</b>	<b>6,928</b>	<b>10,748</b>



## Statement of Movements in Equity

(SEE NOTES, SECTION 10)	Issued capital	Capital reserve	Retained earnings
	€ '000	€ '000	€ '000
<b>January 1, 2007</b>	<b>6,762</b>	<b>38,076</b>	<b>17,114</b>
<b>Overall result for the financial year</b>			
Net profit/net loss for the period	0	0	9,067
<b>Other result</b>			
Exchange differences from the translation of foreign group companies	0	0	1,407
Exchange rate differences from the net investment in a foreign business	0	0	0
Change in the fair value of cash flow hedges	0	0	0
<b>Other result</b>	<b>0</b>	<b>0</b>	<b>1,407</b>
<b>Overall result for the financial year</b>	<b>0</b>	<b>0</b>	<b>10,474</b>
<b>Transactions with shareholders of technotrans AG</b>			
Capital increases	146	2,246	0
Distributions	0	0	-4,733
Share buy-back	0	0	0
Issuance of treasury shares	0	0	0
<b>Transactions with shareholders of technotrans AG</b>	<b>146</b>	<b>2,246</b>	<b>-4,733</b>
<b>December 31, 2007 / January 1, 2008</b>	<b>6,908</b>	<b>40,322</b>	<b>22,855</b>
<b>Overall result for the financial year</b>			
Net profit/net loss for the period	0	0	-2,852
<b>Other result</b>			
Exchange differences from the translation of foreign group companies	0	0	-984
Exchange rate differences from the net investment in a foreign business	0	0	0
Change in the fair value of cash flow hedges	0	0	0
<b>Other result</b>	<b>0</b>	<b>0</b>	<b>-984</b>
<b>Overall result for the financial year</b>	<b>0</b>	<b>0</b>	<b>-3,836</b>
<b>Transactions with shareholders of technotrans AG</b>			
Distributions	0	0	-4,504
Share buy-back	0	0	0
Issuance of treasury shares	0	0	-592
<b>Transactions with shareholders of technotrans AG</b>	<b>0</b>	<b>0</b>	<b>-5,096</b>
<b>December 31, 2008</b>	<b>6,908</b>	<b>40,322</b>	<b>13,923</b>

Other reserves				Group equity
Exchange differences	Reserve for exchange rate differences from the financing of investments	Hedging reserve	Treasury shares	
€ '000	€ '000	€ '000	€ '000	€ '000
<b>-6,628</b>	<b>-1,335</b>	<b>-52</b>	<b>0</b>	<b>53,937</b>
0	0		0	9,067
-2,415	0	0	0	-1,008
0	-354	0	0	-354
0	0	39	0	39
<b>-2,415</b>	<b>-354</b>	<b>39</b>	<b>0</b>	<b>-1,323</b>
<b>-2,415</b>	<b>-354</b>	<b>39</b>	<b>0</b>	<b>7,744</b>
0	0	0	0	2,392
0	0	0	0	-4,733
0	0	0	-2,468	-2,468
0	0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,468</b>	<b>-4,809</b>
<b>-9,043</b>	<b>-1,689</b>	<b>-13</b>	<b>-2,468</b>	<b>56,872</b>
0	0	39	0	-2,852
-392	0	0	0	-1,376
0	962	0	0	962
0	0	-12	0	-12
<b>-392</b>	<b>962</b>	<b>-12</b>	<b>0</b>	<b>-426</b>
<b>-392</b>	<b>962</b>	<b>-12</b>	<b>0</b>	<b>-3,278</b>
0	0	0	0	-4,504
0	0	0	-7,461	-7,461
0	0	0	779	187
<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,682</b>	<b>-11,778</b>
<b>-9,435</b>	<b>-727</b>	<b>-25</b>	<b>-9,150</b>	<b>41,816</b>





## Statement of Movements in Equity (continued)

<b>(SEE NOTES, SECTION 10)</b>	<b>Issued capital</b>	<b>Capital reserve</b>	<b>Retained earnings</b>
	€ '000	€ '000	€ '000
<b>January 1, 2009</b>	<b>6,908</b>	<b>40,322</b>	<b>13,923</b>
<b>Overall result for the financial year</b>			
Net profit/net loss for the period	0	0	-10,347
<b>Other result</b>			
Exchange differences from the translation of foreign group companies	0	0	-310
Exchange rate differences from the net investment in a foreign business	0	0	0
Change in the fair value of cash flow hedges	0	0	0
<b>Other result</b>	<b>0</b>	<b>0</b>	<b>-310</b>
<b>Overall result for the financial year</b>	<b>0</b>	<b>0</b>	<b>-10,657</b>
<b>Transactions with shareholders of technotrans AG</b>			
Distributions	0	0	0
Share buy-back	0	0	0
Issuance of treasury shares	0	0	-370
<b>Transactions with shareholders of technotrans AG</b>	<b>0</b>	<b>0</b>	<b>-370</b>
<b>December 31, 2009</b>	<b>6,908</b>	<b>40,322</b>	<b>2,896</b>

Other reserves				Group equity
Exchange differences	Reserve for exchange rate differences from the financing of investments	Hedging reserve	Treasury shares	
€ '000	€ '000	€ '000	€ '000	€ '000
<b>-9,435</b>	<b>-727</b>	<b>-25</b>	<b>-9,150</b>	<b>41,816</b>
0	0	0	0	-10,347
407	0	0	0	97
0	-492	0	0	-492
0	0	13	0	13
<b>407</b>	<b>-492</b>	<b>13</b>	<b>0</b>	<b>-382</b>
<b>407</b>	<b>-492</b>	<b>13</b>	<b>0</b>	<b>-10,729</b>
0	0	0	0	0
0	0	0	0	0
0	0	0	570	200
<b>0</b>	<b>0</b>	<b>0</b>	<b>570</b>	<b>200</b>
<b>-9,028</b>	<b>-1,219</b>	<b>-12</b>	<b>-8,580</b>	<b>31,287</b>



## Notes to the Consolidated Financial Statements

<b>SEGMENT REPORT</b>		<b>Technology</b>	<b>Services</b>	<b>Other</b>	<b>Consolidated/ not allocated</b>	<b>Group</b>
BY DIVISION						
		€ '000	€ '000	€ '000	€ '000	€ '000
<b>External revenue</b>	<b>2009</b>	<b>48,808</b>	<b>33,402</b>	<b>0</b>	<b>0</b>	<b>82,210</b>
	2008	103,840	37,837	0	0	141,677
	2007	116,925	36,245	0	0	153,170
<b>Internal revenue</b>	<b>2009</b>	<b>8,226</b>	<b>7,494</b>	<b>0</b>	<b>-15,720</b>	<b>0</b>
	2008	17,524	7,448	0	-24,972	0
	2007	19,323	7,852	0	-27,175	0
<b>Inter-segment revenue</b>	<b>2009</b>	<b>0</b>	<b>703</b>	<b>0</b>	<b>-703</b>	<b>0</b>
	2008	0	1,493	0	-1,493	0
	2007	0	1,650	0	-1,650	0
<b>Segment result</b>	<b>2009</b>	<b>-16,175</b>	<b>4,246</b>	<b>0</b>	<b>0</b>	<b>-11,929</b>
	2008	-4,309	4,021	250	0	-38
	2007	7,662	5,894	330	0	13,886
<b>Segment assets</b>	<b>2009</b>	<b>36,527</b>	<b>17,149</b>	<b>0</b>	<b>15,566</b>	<b>69,242</b>
	2008	58,704	19,652	0	9,256	87,612
	2007	65,824	17,463	0	14,603	97,890
<b>Depreciation and amortisation</b>	<b>2009</b>	<b>1,615</b>	<b>1,936</b>	<b>0</b>	<b>0</b>	<b>3,551</b>
	2008	3,796	965	0	0	4,761
	2007	3,271	1,026	0	0	4,297
<b>Impairment loss acc. to IAS 36</b>	<b>2009</b>	<b>3,498</b>	<b>595</b>	<b>0</b>	<b>0</b>	<b>4,093</b>
	2008	7,454	0	0	0	7,454
	2007	0	0	0	0	0

## I. APPLICATION OF IFRS – BASIC NOTES

technotrans AG is a publicly traded corporation domiciled in Germany. These Consolidated Financial Statements of technotrans AG and its subsidiaries (the „group“) at December 31, 2009 were approved for presentation to the Supervisory Board by resolution of the Board of Management of March 1, 2010. The task of the Supervisory Board is to examine the Consolidated Financial Statements and declare whether it will sign off the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared on the basis of Section 315 a of German Commercial Code („Consolidated financial statements to international financial reporting standards“) in accordance with the International Financial Reporting Standards (IFRS) and the accompanying interpretations of the International Accounting Standards Board (IASB). All standards the application of which is mandatory from January 1, 2009, as adopted by the European Union pursuant to Regulation 1606/2002, were applied.

The Consolidated Financial Statements are based on standard recognition and measurement principles. They are expressed in € thousand.

## II. GROUP

### a) Reporting entity

technotrans AG and all major companies (15 subsidiaries) that technotrans AG controls directly or indirectly are included and fully consolidated in the Consolidated Financial Statements. technotrans AG is deemed to exercise control over a company if it holds more than half the voting rights in it or is able to determine the financial and business policy of a company in other ways, such as to derive benefit from its activity.

One company (gds Schweiz GmbH) was included in consolidation for the first time in the year under review. gds Schweiz GmbH was established on November 1, 2009 with a share capital of CHF 20,000. 51% of the shares were taken on by gds AG. The company's contribution to the net profit/net loss for the period was € 2 thousand.

The following table shows the reporting entity:

Company	Domicile		Interest	Equity*	Revenue*	Profit after tax*
			%	€ '000	€ '000	€ '000
<b>technotrans AG (Sassenberg and Gersthofen)</b>	<b>D</b>	<b>Sassenberg</b>	<b>Parent company</b>	<b>30,448</b>	<b>64,489</b>	<b>- 19,610</b>
gds AG	D	Sassenberg	100	1,777	1,441	131
gds Schweiz GmbH	CH	Regensdorf	51	16	75	2
technotrans graphics limited	GB	Colchester	100	3,447	3,656	138
technotrans france s.a.r.l, (Saint-Maximin and Madrid)	F	Saint- Maximin	100	1,567	6,381	155
technotrans italia s.r.l.	I	Legnano	100	1,257	2,755	214
technotrans scandinavia AB	S	Åkersberga	100	7,091	105	151
technotrans rus 000	RUS	Moscow	100	80	262	-55
technotrans america, Inc.	USA	Mt. Prospect	100	1,982	10,619	-1,171
technotrans américa latina ltda.	BR	São Paulo	100	-1,629	906	-187
technotrans Asia pacific limited	PRC	Hong Kong	100	-916	2,138	-765
technotrans printing equipment, (Beijing) Co. Ltd.	PRC	Beijing	100	-163	1,054	-268
technotrans trading (Shanghai) co. Ltd.	PRC	Shanghai	100	-44	313	-47
technotrans japan k.k.	J	Yokohama	100	110	504	779
technotrans technologies pte ltd. (Singapore and Melbourne)	SGP	Singapore	100	88	1,733	-583
technotrans middle east FZ-LLC	V.A.E.	Dubai	100	320	1,501	90

\* EQUITY, REVENUE AND PROFIT/LOSS AFTER TAX HAVE BEEN CALCULATED IN ACCORDANCE WITH THE REGULATIONS APPLICABLE LOCALLY FOR EACH SUBSIDIARY.

## b) Consolidation methods

The Consolidated Financial Statements are based on the group companies' annual financial statements (Commercial Balance Sheet II based on IFRS) prepared in accordance with standard recognition and measurement principles at December 31, 2009.

Capital consolidation for the subsidiaries is performed according to the purchase method pursuant to IFRS 3. The costs of acquisition of the business combination in each case correspond to the fair values of the technotrans shares issued at the time of acquisition, the cash components paid and the costs directly allocable to the business combination. These costs of acquisition are distributed between the identifiable assets, liabilities and contingent liabilities of the acquiree by their recognition at the respective fair values at the time of acquisition. The remaining positive differences are recognised as goodwill. Goodwill is recognised as an asset and subjected to an impairment test annually.

All intra-group receivables and liabilities, revenues, expenses and income as well as balances from intra-group supplies are eliminated on consolidation. Where necessary, deferred taxes are stated for consolidation processes affecting income.

## c) Recognition and measurement principles

With the exception of certain financial instruments that are reported at fair value, the Consolidated Financial Statements are prepared based on historical cost.

### ESTIMATES AND JUDGMENTS MADE FOR FINANCIAL REPORTING PURPOSES

The preparation of the Consolidated Financial Statements in accordance with IFRS requires the Board of Management to make estimates and assumptions which exercise influence on the amounts reported and the disclosures made on them in the Notes. All estimates and assumptions are made to the best of our knowledge, in the interests of providing a true and fair view of the net worth, financial position and financial performance of the group. Such estimates and assumption-based policies involve uncertainty and may change in the course of time. The actual results may deviate from these assessments.

The assessments and underlying assumptions are examined on a regular basis. If a reassessment results in a difference, that difference is reported in the accounting period in which the reassessment was made if it relates to that period only. It is recorded in the accounting period in which the reassessment was made, as well as in subsequent periods if it also influences the subsequent periods.

Judgments and assessments made by the Board of Management that are subject to a significant degree of uncertainty and bring with them the risk of significant adjustments in future financial years concern the following matters in particular:

#### 1) ACCOUNTING OF ACQUISITIONS

Goodwill is reported in the Consolidated Balance Sheet following acquisitions. Upon the initial consolidation of an acquisition, all identifiable assets, liabilities and potential liabilities are stated at their fair value at the date of acquisition. Assets such as land, buildings, and plant and equipment are normally measured on the basis of independent appraisals, while the fair value of an intangible asset is determined internally according to its nature and the complexity of determining the fair value, using an appropriate measurement technique. The assumptions made here are regularly subject to forecasting uncertainty. No major exercise of judgment was required here in 2009.

#### 2) ASSESSMENT OF THE VALUE OF GOODWILL RECOGNISED IN THE ACCOUNTS

technotrans examines goodwill for potential reductions for impairment at least once a year. The company uses measurement methods that are based on discounted cash flows over a period of five years. The recoverable amount corresponds to the higher of the fair value less the costs of disposal, or the value in use. The forecasts take into account past experience and are based on estimates made by the management (incorporating growth rates) about future development. Although the management works on the basis that the assumptions applied in calculating the recoverable amount are reasonable, unforeseeable changes to these assumptions could produce an impairment loss that could adversely affect the net worth, financial position and financial performance. For details of the impact on the annual financial statements for 2009, see the Notes, Section 2 "Goodwill".

#### 3) ASSESSMENT OF THE VALUE OF ASSETS

At each balance sheet date the group is to assess whether there is any indication that the carrying amount of an item of property, plant and equipment, an investment property or an intangible asset might be impaired. In that case, the recoverable amount of the asset in question is estimated. The recoverable amount corresponds to the higher of the fair value less the costs of disposal, or the value in use. In order to determine the value in use, the discounted future cash flows of the asset in question need to be determined. This estimate involves key assumptions about the underlying economic situation and future cash flows. Changes to these assumptions or circumstances could result in additional reductions for impairment in the future, or in reversals. For key exercises of judgment in the context of financial reporting for 2009, see the Notes, Section 1 "Property, plant and equipment".

#### 4) RECOGNITION AND MEASUREMENT OF PROVISIONS

The determination of all provisions, and in particular of provisions for warranties, provisions for litigation settlements, and provisions for impending losses from long-term rental agreements, inherently involves estimates. As shown under Section 15, technotrans AG was a party in a patent dispute with a competitor. The Board of Management regularly analysed the latest information on this case and created a provision for likely obligations, including the estimated legal costs. External lawyers are also involved in the evaluation process. The instituting of legal proceedings or the formal submission of a claim against technotrans AG does not automatically mean that a provision for the risk in question is appropriate.

#### 5) INCOME TAX EXPENSE

Because the group has operations and generates income in many different countries, it is subject to widely varying tax laws in a large number of tax regimes. Although the management believes it has made a reasonable estimate of fiscal imponderables, there can be no assurance that the outcome of such fiscal imponderables will correspond to the original estimate. Any differences could have an impact on the tax liabilities and the deferred taxes. At every balance sheet date, the group assesses whether the realisability of future tax benefits is sufficiently probable for the reporting of deferred tax assets. This requires the management among other things to assess the tax benefits that arise from the available tax planning strategies and future taxable income. The deferred tax assets reported could decrease if the estimates of planned taxable income are reduced or if changes to current tax laws restrict the realisability of future tax benefits (cf. Section 26, "Income tax expense" for the effect on the Group Accounts 2009).

The Board of Management has coordinated the development, selection and reporting of such recognition and measurement principles, as well as its judgments and assessments, with the Audit Committee.

The application of a specific IFRS is indicated in the notes to the individual items of the financial statements. The following methods of recognition and measurement were fundamentally applied:

**Property, plant and equipment** are reported at historical cost less depreciation and accumulated impairment losses. Retrospective costs of acquisition are capitalised where they increase the value of the property, plant and equipment. In the case of self-constructed assets, the cost of conversion is calculated on the basis of prime costs as well as the systematically allocable fixed and variable production overheads, including depreciation. Borrowing costs are not recognised. Regular maintenance and repair costs are recorded as an expense after they have occurred.



Property, plant and equipment are depreciated according to the straight-line method, on the basis of their useful life. The residual value, useful life and method of depreciation are reassessed annually. Components of property, plant and equipment with a significant purchase value in relation to the total value are depreciated separately as appropriate. Upon sale or retirement, the costs and the corresponding accumulated depreciation for the assets derecognised from the Balance Sheet; any gains or losses arising are recognised in the Income Statement.

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#### USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT

	Years
Buildings	25 to 50
Land improvements, fixtures and fittings	10 to 15
Tools, plant and equipment	3 to 10
Hardware, vehicle fleet	3 to 5

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Where there is a basis for impairment, property, plant and equipment are examined for impairment pursuant to IAS 36. Insofar as necessary, the carrying amount for property, plant and equipment is adjusted to the recoverable amount. If the circumstances which led to this measure subsequently cease to apply, this impairment is reversed at most by the net carrying amount that would have applied if no such reductions for impairment had been made. There is no investment property pursuant to IAS 40 (Investment Property).

All reported **goodwill** results from business combinations which were agreed and completed before March 31, 2004. Pursuant to IAS 36, goodwill is to be examined for impairment once a year or if any basis for a reduction for impairment is established, by performing an impairment test. Insofar as necessary, the carrying amount is reduced to the “recoverable amount”. Pursuant to IAS 36.124, such impairment is not reversed where the circumstances which led to it subsequently cease to apply. Pursuant to IAS 21.47, goodwill is considered to be an asset of the subsidiary in question and translated at the closing rate.

**Intangible assets**, namely concessions and industrial and similar rights and values acquired for consideration, are carried at cost. They are amortised by the straight-line method, according to their useful life. The residual value, useful life and method of depreciation are reassessed annually.

Self-constructed intangible assets are recognised at cost. Development expenditure on the fundamental reengineering of a product is capitalised if the product is technically and economically realisable, the development is saleable, the expenditure can reliably be measured and the group possesses adequate resources to complete the development project. Pursuant to IAS 38.65 ff, these comprise the directly allocable prime costs that are necessary to develop the asset, to produce it and to prepare it so that it is ready for the use intended by the Management between the start of the development phase and its conclusion. The conditions for capitalisation as laid down in IAS 38.21, 38.22 and 38.57 are met. Amortisation of development expenditure recognised as an intangible asset commences as soon as the asset is available for use. This usually coincides with the start of its commercial use. All self-constructed intangible assets acquired for consideration have a finite useful life.

The notes on property, plant and equipment apply analogously to any necessary impairment of intangible assets to the “recoverable amount”.

In accordance with IAS 12, **deferred taxes** are accounted for using the balance sheet liability method in respect of temporary differences between the carrying amounts in the Commercial Balance Sheet and the Tax Balance Sheet (liability method) and in respect of tax loss carryforwards where they are likely to be used. The deferred taxes are measured on the basis of the locally applicable tax rates that apply or have been announced at the balance sheet date.

Deferred tax assets and liabilities are also recognised on temporary differences arising from business combinations, except for temporary differences on goodwill where the latter are fiscally disregarded.

The **inventories** recognised are always measured at cost of acquisition or cost of conversion, using the weighted average cost method, or at the net realisable value if lower. In accordance with IAS 2, cost of conversion includes the direct costs of material and direct costs of labour, as well as allocable fixed and variable production overheads arising in the manufacturing process, by way of target costing.

The net realisable value is the anticipated sales proceeds less the estimated costs of completion and the costs necessary to make the sale. If the reasons which have led to downward valuation cease to apply, a reversal is made.

**Trade receivables** and other current receivables are fundamentally reported at amortised cost, using the effective interest rate method. Reductions for impairment that are applied in the form of individual and general bad debt allowances take adequate account of the credit risk. Objective failures result in the derecognition of the receivable in question. Non-current, non-interest-bearing receivables are discounted.

**Cash and cash equivalents** are reported at face value and converted into euros at the closing rates. They comprise cash on hand and demand deposits, as well as financial assets that can be converted into cash within three months.

**Issued capital** (no par value shares) is reported at the nominal amount.

**Treasury shares** If the company acquires treasury shares, these are offset against equity. The purchase and sale, issuance and retirement of treasury shares are not recognised within income, but as an addition to equity. Differences between the cost of the issued shares and their fair value upon their sale or issuance are offset against retained earnings.

**Liabilities** are fundamentally recognised at amortised cost. Liabilities in foreign currency are translated in accordance with IAS 21.21 and 23 (a). Financial liabilities are not recognised in the Income Statement at fair value. When initially recognised, they are therefore measured at fair value including the transaction costs and subsequently at amortised cost, using the effective interest method.

**Provisions** are created to cover obligations to third parties if obligations existing at the reporting date are likely to result in a future outflow of resources and the latter amount can reliably be estimated. They are recognised at the likely amount at which settlement will take place.

Provisions for warranties are created at the time of sale of the goods in question. Their level is based on past developments in warranties and on a consideration of all possible future warranty claims, weighted according to probability.

Provisions for impending losses from onerous contracts are formed if the economic benefit expected to result from the contract is less than the unavoidable costs for the fulfilment of the contract.

**Provisions for pensions** and provisions for similar obligations are measured according to the projected unit credit method. Actuarial gains and losses are recognised as income within administrative expenses in the year in which they occur.

**Derivative financial instruments** are recognised at market value. At technotrans, derivative financial instruments were used exclusively for hedging interest rate risks at December 31, 2009. Where they qualify as cash flow hedges, corresponding adjustments to the market price are recognised within equity, with no effect on income.

**Revenues** from the sale of goods are recognised in accordance with IAS 18.14 as soon as the significant risks and rewards associated with ownership of the products sold have been transferred to the buyer. Revenues from services are recognised as soon as the service has been performed.

Revenue from contracts comprising several contractual elements (e.g. sales of goods in combination with installation and commissioning services) are fundamentally realised upon acceptance by the customer.

Revenue is reported less reductions in proceeds such as bonuses, rebates and trade discounts.

**Financial income and charges** are reported on an accrual basis in line with the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or manufacture of a qualifying asset are capitalised as part of the cost of that asset pursuant to IAS 23. No financing costs were capitalised in the 2009 financial year.

**Currency translation:** The financial statements of all foreign group companies prepared in foreign currency are translated according to the concept of the functional currency (IAS 21). The local currency of the country in which they are based is fundamentally recognised as the functional currency of the companies included in the Consolidated Financial Statements. However, in the case of the Singapore subsidiary the euro is considered to be the functional currency, as its primary economic environment (revenues and expenses) is determined predominantly by the euro.

Business transactions concluded by a group company in a currency other than its functional currency are translated into and reported in the functional currency for the first time at the spot exchange rate on date of the business transaction. At each subsequent balance sheet date, monetary items (cash, receivables and liabilities) that were originally in a currency other than the functional currency are translated at the closing rate; the resulting exchange rate differences are recognised in the Income Statement. Non-monetary items are translated at the historical rate.

The assets and liabilities of foreign subsidiaries are translated at the mean rate at the balance sheet date (closing rate), and included in the Consolidated Financial Statements. Expenses and income are translated at the mean rate for the year. The resulting differences are netted against equity, with no effect on income. Exchange differences compared with prior-year translation are likewise netted within equity, with no effect on income.

Exchange rate differences from the net investment in a foreign business (group company) are reported within equity with no effect on income; they are only recognised in the Income Statement upon disposal of the net investment.

The following rates were applied in currency translation:

RATES FOR CURRENCY TRANSLATION	Mean rates for the financial year			Mean rates at balance sheet date		
	2009	2008	2007	31.12.2009	31.12.2008	31.12.2007
USD	1.3948	1.4708	1.3705	1.4406	1.3917	1.4721
JPY	130.3400	152.4500	161.2500	133.1600	126.1400	164.9300
GBP	0.8909	0.7963	0.6843	0.8881	0.9525	0.7333
SEK	10.6191	9.6152	9.2501	10.2520	10.8700	9.4415
CNY	9.5277	10.2236	10.4178	9.8350	9.4956	10.7524
HKD	10.8114	11.4541	10.6912	11.1709	10.7858	11.4800
CHF	1.5100	1.5874	1.6427	1.4836	1.4850	1.6547
BRL	2.7674	2.6737	2.6690	2.5113	3.2436	2.6130
AED	4.6813	5.4028	5.0345	5.3343	5.1340	5.4115
RUB	44.1376	36.4207	35.0183	43.1540	41.2830	35.9860



## Changes in recognition and measurement principles

The Consolidated Financial Statements of technotrans AG at December 31, 2009 include all standards and interpretations adopted by the European Union, the application of which is mandatory from January 1, 2009.

The following standards and interpretations were to be applied for the first time:

<b>STANDARD/ INTERPRETATION</b>	<b>Applicable date</b>	<b>Content</b>	<b>Anticipated effects on Consolidated Financial Statements</b>
<b>IAS 1:</b> Presentation of Financial Statements	<b>January 1, 2009</b>	The principal amendments to IAS 1 relate to the presentation of non-equity holder related changes.	No significant, the presentation was adjusted in the previous accounts
<b>IAS 23:</b> Borrowing Costs	<b>January 1, 2009</b>	The principal amendment to IAS 23 concerns the deletion of the option of recognising borrowing costs that can be attributed directly to the acquisition, construction or manufacture of a qualifying asset directly as an expense.	None to date, because no suitable means of attributing possible
<b>IFRS 2:</b> Share-based Payment	<b>January 1, 2009</b>	The amendments to IFRS 2 lay down certain definitions of IFRS 2 more precisely.	None
<b>Amendments to IFRS 7:</b> improvements to Financial Instruments: Disclosures	<b>January 1, 2009</b>	The amendments to IFRS 7 concern disclosures on the determination of fair values and on the liquidity risk.	No significant, the presentation was adjusted
<b>IFRS 8:</b> Customer Loyalty Programmes	<b>January 1, 2009</b>	IFRS 8 introduces the "management approach" to segment reporting. The determination of segment information is to reflect the structure of the internal reporting that is used by the group's decision-makers.	Segment reporting was adjusted
<b>IFRIC 13 -</b> Customer Loyalty Programmes	<b>January 1, 2009</b>	IFRIC 13 behandelt die Rechnungslegung von Kundenbindungsprogrammen.	None
<b>Amendments to IAS 32 and IAS 1:</b> Puttable Financial Instruments and Obligations arising on Liquidation	<b>January 1, 2009</b>	The amendments to IAS 32 and IAS 1 essentially concern questions of distinguishing between equity and borrowed capital.	None
<b>Amendments to IFRS 1 and IAS 27:</b> Cost of an Investment in a Subsidiary, Jointly Controlled Entities or Associates	<b>January 1, 2009</b>	The amendments to IFRS 1 and IAS 27 concern the determination of the cost of an investment in a subsidiary upon initial application of the International Financial Reporting Standards (IFRS) in IFRS individual financial statements.	None
<b>Improvements to International Financial Reporting Standards 2008</b>	<b>January 1, 2009</b>	Amendments were made with the objective of adjusting the wording in individual IFRS in order to clarify the existing rules, as well as amendments that have an effect on reporting, recognition or measurement.	No significant
<b>Amendments to IFRIC 9 and IAS 39:</b> Embedded Derivatives	<b>January 1, 2009</b>	The amendments to IFRIC 9 and IAS 39 clarify the treatment of derivative financial instruments embedded in other contracts when a hybrid financial asset is reclassified out of the fair value through profit or loss category.	None

During the 2009 financial year the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) published further standards, interpretations and amendments to existing standards, the application of which was not yet mandatory in the 2009 financial year.

The following standards and interpretations as adopted by the European Union by December 31, 2009 have not yet been observed in these accounts:

<b>STANDARD/ INTERPRETATION</b>	<b>Applicable date</b>	<b>Content</b>	<b>Anticipated effects on Consolidated Financial Statements</b>
<b>IFRS 3R:</b> Business Combinations	<b>July 1, 2009</b>	The amendments to IFRS 3 essentially comprise provisions on purchase price components, successive share purchases, goodwill and minority interest	None
Amendments to <b>IAS 27:</b> Consolidated and Separate Financial Statements	<b>July 1, 2009</b>	IAS 27 specifies that purchases and sales of participating interests in connection with a change of control result in the measurement of the shares held or remaining in the group through profit and loss. Transactions with no change of control are reflected within equity.	None
Amendment to <b>IAS 39:</b> reclassification of financial assets: timing of introduction and transitional arrangements	<b>July 1, 2009</b>	The amendments to IAS 39 and IFRS 7 relate to the timing of introduction of and transitional arrangements for the amendments to IAS 39 and IFRS 7 that were published by the IASB in October 2008 in connection with the amendments "Reclassification of Financial Assets".	None
<b>IFRIC 12:</b> Service Concession Arrangements	<b>March 29, 2009</b>	Deals with the question of how companies offering public services are to report the resulting rights and obligations.	None
<b>IFRIC 15:</b> Agreements for the Construc- tion of Real Estate	<b>January 1, 2010</b>	Deals with financial reporting by companies developing real estate	None
<b>IFRIC 16:</b> Hedges of a Net Investment in a Foreign Operation	<b>July 1, 2009</b>	Deals with the hedge accounting of net investments in a foreign operation.	None
<b>IFRIC 17:</b> Distributions of Non-cash Assets to Owners	<b>July 1, 2009</b>	Concerns aspects of how a company is to measure assets other than cash that are distributed as dividend.	None
<b>IFRIC 18:</b> Transfers of Assets from Customers	<b>July 1, 2009</b>	Relevant for the energy sector	None
Amendments to <b>IAS 32:</b> Classification of Rights Issues	<b>February 1, 2009</b>	Deals with the classification of certain shareholder contributions as equity or borrowed capital	None



### III. NOTES TO THE CONSOLIDATED BALANCE SHEET

01

#### Property, plant and equipment

	Property*	Other assets, plant and other equipment	Construction in progress	Property, plant and equipment
	€ '000	€ '000	€ '000	€ '000
<b>Cost at December 31, 2006/January 1, 2007</b>	<b>21,307</b>	<b>14,525</b>	<b>190</b>	<b>36,022</b>
Foreign currency translation differences	-95	-135	-4	-234
Additions	702	2,340	2,011	5,053
Additions from corporate acquisition	0	92	0	92
Disposals	-1,236	-1,926	0	-3,162
Transfers	0	257	-257	0
<b>Cost at December 31, 2007/January 1, 2008</b>	<b>20,678</b>	<b>15,153</b>	<b>1,940</b>	<b>37,771</b>
Foreign currency translation differences	36	-84	2	-46
Additions	2,942	2,124	36	5,102
Disposals	-263	-1,575	0	-1,838
Transfers	1,919	21	-1,940	0
<b>Cost at December 31, 2008/January 1, 2009</b>	<b>25,312</b>	<b>15,639</b>	<b>38</b>	<b>40,989</b>
Foreign currency translation differences	5	48	0	53
Additions	240	845	47	1,132
Disposals	-83	-995	0	-1,078
Transfers	0	61	-61	0
<b>Cost at December 31, 2009</b>	<b>25,474</b>	<b>15,598</b>	<b>24</b>	<b>41,096</b>

\* LAND, LAND RIGHTS AND BUILDINGS, INCLUDING BUILDINGS ON LAND OWNED BY OTHERS

The additions to property, plant and equipment in 2009 consist primarily of operationally necessary conversions at the Sassenberg location following the transfer of production operations from Gersthofen and Mt. Prospect (USA). In 2007 and 2008 they arose substantially from the investment in the new building at Sassenberg.

	Property*	Other assets, plant and other equipment	Construction in progress	Property, plant and equipment
	€ '000	€ '000	€ '000	€ '000
<b>Accumulated depreciation at December 31, 2006/January 1, 2007</b>	<b>4,708</b>	<b>9,188</b>	<b>0</b>	<b>13,896</b>
Foreign currency translation differences	-16	-20	0	-36
Depreciation for the year	711	2,098	0	2,809
Disposals	-305	-1,898	0	-2,203
<b>Accumulated depreciation at December 31, 2007/January 1, 2008</b>	<b>5,098</b>	<b>9,368</b>	<b>0</b>	<b>14,466</b>
Foreign currency translation differences	3	-70	0	-67
Depreciation for the year	864	1,973	0	2,837
Disposals	-217	-1,486	0	-1,703
<b>Accumulated depreciation at December 31, 2008/January 1, 2009</b>	<b>5,748</b>	<b>9,785</b>	<b>0</b>	<b>15,533</b>
Foreign currency translation differences	8	33	0	41
Depreciation for the year	829	1,863	0	2,692
Disposals	-25	-830	0	-855
Impairment loss acc. to IAS 36	1,700	0	0	1,700
<b>Accumulated depreciation at December 31, 2009</b>	<b>8,260</b>	<b>10,851</b>	<b>0</b>	<b>19,111</b>
<b>Residual carrying amounts at December 31, 2007</b>	<b>15,580</b>	<b>5,785</b>	<b>1,940</b>	<b>23,305</b>
<b>Residual carrying amounts at December 31, 2008</b>	<b>19,564</b>	<b>5,854</b>	<b>38</b>	<b>25,456</b>
<b>Residual carrying amounts at December 31, 2009</b>	<b>17,214</b>	<b>4,747</b>	<b>24</b>	<b>21,985</b>

\* LAND, LAND RIGHTS AND BUILDINGS, INCLUDING BUILDINGS ON LAND OWNED BY OTHERS

Reductions for impairment amounting to € 1.7 million were applied to land and buildings in 2009. Of this figure, € 1.1 million applied to the Technology Segment and € 0.6 million to Services. The decision to concentrate all production capacity at Sassenberg prompted a change of use of the land and buildings at Gersthofen during the 2009 financial year. At the balance sheet date the use of the location was not clearly defined because there are plans both for its continued use by the company and to rent part of it out. In view of the change of use, an impairment test was performed for the property at the end of the 2009 financial year. The relevant recoverable amount for determining the impairment loss corresponds to the fair value less the costs of disposal of the property. The internal valuation was conducted on the basis of an updated property valuation using the income capitalisation method based on the “Federal Ordinance on Principles for the Determination of the Current Values of Real Estate – WertV”. The impairment loss was reported under the cost of sales.

Self-constructed assets totalling € 0 thousand (2008: € 113 thousand, 2007: € 120 thousand) were capitalised in the 2009 financial year. No reversals were applied in the year under review. Land charges totalling € 17,250 thousand (previous year: € 17,250 thousand) have been registered as collateral for long-term loans (cf. Section 11, “Financial liabilities”).



## Goodwill

	€ '000
<b>Cost at January 1, 2007</b>	<b>6,571</b>
Foreign currency translation differences	-212
Cost at December 31, 2007/January 1, 2008	6,359
Foreign currency translation differences	105
Cost at December 31, 2008/January 1, 2009	6,464
Foreign currency translation differences	-66
<b>Cost at December 31, 2009</b>	<b>6,398</b>
<b>Accumulated impairment at January 1, 2007</b>	<b>4,005</b>
Accumulated impairment at December 31, 2007 and December 31, 2008/January 1, 2009	4,005
Impairment loss acc. to IAS 36	2,393
<b>Accumulated impairment at December 31, 2009</b>	<b>6,398</b>
<b>Residual carrying amounts at December 31, 2007</b>	<b>2,354</b>
<b>Residual carrying amounts at December 31, 2008</b>	<b>2,459</b>
<b>Residual carrying amounts at December 31, 2009</b>	<b>0</b>

The carrying amount for goodwill reported for the previous year is allocated to the cash-generating unit Technology. It results from the acquisition of BVS Beratung Verkauf Service Grafische Technik GmbH, Stadtbergen (1998), now the Gersthofen plant of technotrans AG, and of Steve Barberi Company, Inc. and Farwest Graphic Technologies LLC, Corona, USA (2001), now merged with technotrans america, Inc., Mt. Prospect.

The cash-generating unit to which goodwill was allocated was subjected to an impairment test pursuant to IAS 36.10 at the end of the 2009 financial year. For this, the carrying amount of a cash generating unit is compared with the recoverable amount.

At technotrans, the recoverable amount corresponds to the value in use. The key assumptions made for this value in use were as follows: The starting point for the cash flow forecasts on which goodwill is based was the revenue plans for the 2010 to 2014 financial years that were last updated in December 2009. No separate revenue plans for the cash-generating unit in question were drawn up for subsequent financial years; instead, further average revenue growth rates of 1.5% (market trend for the printing industry) based on external analyses were assumed.

Discounting of the anticipated cash flows is based on a weighted pre-tax cost-of-capital rate of 11.9 percent.

This test revealed a full write-down of the goodwill amounting to € 2,393 thousand for the cash-generating unit Technology.

The dramatic downturn in revenue will recover only slowly in the plans prepared, and the outstanding level of the 2006/2007 financial years will probably not be regained in the specific period under review. On the other hand, the set of measures already initiated to align the entire group with these significantly downscaled expectations will have a run-on effect. Contrary to this finding, the plans assume that there will be a moderate rise in revenue. Both effects together mean that it will take a time horizon of approximately two years to exceed the critical magnitude. Cost planning was based on the cost ratios after elimination of the non-recurring effects in the financial year 2009.

The impairment loss according to IAS 36 of € 2,393 thousand for the 2009 financial year is reported under the cost of sales.



## Intangible assets

	Concessions, industrial and similar rights	Development expenditure recognised as an intangible asset	Intangible assets
	€ '000	€ '000	€ '000
<b>Cost at December 31, 2006/January 1, 2007</b>	<b>4,344</b>	<b>6,076</b>	<b>10,420</b>
Foreign currency translation differences	-53	-9	-62
Additions			
acquired separately	1,933	0	1,933
from internal development	670	303	973
from business combination	6,439	0	6,439
Disposals	-640	0	-640
<b>Cost at December 31, 2007/January 1, 2008</b>	<b>12,693</b>	<b>6,370</b>	<b>19,063</b>
Foreign currency translation differences	-14	0	-14
Additions			
acquired separately	1,078	0	1,078
from internal development	280	0	280
Disposals	-5	0	-5
<b>Cost at December 31, 2008/January 1, 2009</b>	<b>14,032</b>	<b>6,370</b>	<b>20,402</b>
Foreign currency translation differences	25	0	25
Additions			
acquired separately	175	0	175
from internal development	0	0	0
Disposals	-8	0	-8
<b>Cost at December 31, 2009</b>	<b>14,224</b>	<b>6,370</b>	<b>20,594</b>
<b>Accumulated amortisation at December 31, 2006/January 1, 2007</b>	<b>3,882</b>	<b>3,107</b>	<b>6,989</b>
Foreign currency translation differences	-40	-8	-48
Amortisation for the year	891	596	1,487
Disposals	-640	0	-640
<b>Accumulated amortisation at December 31, 2007/January 1, 2008</b>	<b>4,093</b>	<b>3,695</b>	<b>7,788</b>
Foreign currency translation differences	-27	0	-27
Amortisation for the year	1,284	640	1,924
Impairment loss acc. to IAS 36	5,419	2,035	7,454
Disposals	-80	0	-80
<b>Accumulated amortisation at December 31, 2008/January 1, 2009</b>	<b>10,689</b>	<b>6,370</b>	<b>17,059</b>
Foreign currency translation differences	28	0	28
Amortisation for the year	861	0	861
Disposals	-4	0	-4
<b>Accumulated amortisation at December 31, 2009</b>	<b>11,574</b>	<b>6,370</b>	<b>17,944</b>
<b>Residual carrying amounts at December 31, 2007</b>	<b>8,600</b>	<b>2,675</b>	<b>11,275</b>
<b>Residual carrying amounts at December 31, 2008</b>	<b>3,343</b>	<b>0</b>	<b>3,343</b>
<b>Residual carrying amounts at December 31, 2009</b>	<b>2,650</b>	<b>0</b>	<b>2,650</b>

Investment in intangible assets was substantially lower in the 2009 financial year than in previous years, as planned. Thanks to the completed implementation of the ERP software mySAP in the previous year, the investment volume was yet again clearly reduced and is now back at the level prior to the implementation of SAP. The additions mainly consist of acquired software that is unrelated to SAP and represents updates to other IT systems.

Development expenditure of € 2,839 thousand (2008: € 5,189 thousand, 2007: € 6,302 thousand) has been recognised as an expense due to nonfulfilment of the requirements for recognition pursuant to IAS 38.57, because the economic use was not sufficiently certain.

The spotlight of activities in 2009 was on various products from the ranges of dampening solution circulators and ink roller temperature control units, cleaning systems and filtration systems, which have been optimised from both an economical and an environmental viewpoint.

There are no concessions, industrial and similar rights or development expenditure recognised as an intangible asset with an unlimited useful life. The useful life taken as the basis for the amortisation of software recognised as an intangible asset is three to five years.

The amortisation of concessions, industrial and similar rights has been allocated to the cost of sales, distribution costs, general administrative expenses and development costs by means of cost centre accounting.



04

## Financial assets

	31/12/2009	31/12/2008	31/12/2007
	€ '000	€ '000	€ '000
Rent deposits	156	163	148
Market value of interest rate caps	1	0	63
Partial retirement bankruptcy cover	448	447	364
Other	17	67	64
	<b>622</b>	<b>677</b>	<b>639</b>

To provide cover in the event of bankruptcy pursuant to Section 8a of German Partial Retirement Law, corresponding funds totalling € 448 thousand were invested as fixed-term deposits and pledged in the employees' favour. The terms reflect the arrangements of each individual contract; the pledgee is obliged to release the credit balances over and above the total amount of its claims to be covered. The furnishing of security takes effect in the even of insolvency of the pledger pursuant to Section 8a of German Partial Retirement Law.

## 05

## Inventories

	31/12/2009	31/12/2008	31/12/2007
	€ '000	€ '000	€ '000
Raw materials and supplies	7,867	10,849	11,438
Work in progress	2,591	5,029	3,924
Finished goods and merchandise	5,587	7,584	10,286
	<b>16,045</b>	<b>23,462</b>	<b>25,648</b>

Of total inventories, € 6,546 thousand (2008: € 6,258 thousand, 2007: € 6,629 thousand) are reported at the fair value less distribution costs. Impairment of inventories totalling € 1,470 thousand (2008: € 877 thousand, 2007: € 1,213 thousand) was recognised as an expense in the 2009 financial year. In the same period, reversals led to an income of € 0 thousand (2008: € 45 thousand, 2007: € 228 thousand), as higher net realisable values could be assumed than in the previous year.

## 06

## Trade receivables

In the Technology segment, receivables outstanding are owed mainly by major printing press manufacturers.

In the year under review, impairment on receivables totalling € 832 thousand (2008: € 405 thousand, 2007: € 496 thousand) was booked to distribution costs in the Income Statement. There was no default interest invoiced but still outstanding at the balance sheet date. Impairment was applied in order to measure the receivables at fair value. This impairment is based on the one hand on the results of statistical evaluations of past debt defaults and on the other hand on the estimates of the account managers responsible.

The following table provides an overview of impairment of receivables:

<b>IMPAIRMENT OF RECEIVABLES</b>	31/12/2009	31/12/2008	31/12/2007
	€ '000	€ '000	€ '000
Opening level	1,099	928	838
Allocated	832	405	496
Derecognition of receivables	-161	-93	-324
Cash receipts for receivables written off	-133	-88	-53
Exchange differences	-32	-53	-29
<b>Closing level</b>	<b>1,605</b>	<b>1,099</b>	<b>928</b>

## 07

## Income tax receivable

This comprises ongoing income tax receivable as well as a corporation tax credit balance from previous years. At December 31, 2009 technotrans AG still had a corporation tax credit balance of € 509 thousand from previous years. This rebate (Section 37 (5) of German Corporation Tax Law) has been capitalised at the present value of € 437 thousand (2008: € 481 thousand, 2007: € 521 thousand). The rebate will be paid in nine equal annual instalments between 2009 and 2017; the income tax receivable has correspondingly been allocated pro rata to current and non-current assets. The interest for determination of the present value is 3.75 percent.

## 08

## Other assets

	31/12/2009	31/12/2008	31/12/2007
	€ '000	€ '000	€ '000
<b>Financial assets</b>			
Receivables from suppliers	287	459	598
Insurance for pension cover	70	66	63
Other	90	18	0
<b>Other assets</b>			
Prepaid expenses	758	500	799
Creditable input tax	400	399	461
Miscellaneous	114	259	186
	<b>1,719</b>	<b>1,701</b>	<b>2,107</b>

## 09

## Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and cash on hand. This item in addition includes fixed-deposit credit balances with an original term of up to three months. The fair value of cash and cash equivalents corresponds to the carrying amount. There were no marketable securities at the balance sheet date.



## 10

## Equity

The development in equity is shown in the Statement of Movements in Equity. The equity of the group totalled € 31,287 thousand at December 31, 2009 (2008: € 41,816 thousand, 2007: € 56,872 thousand).

## ISSUED CAPITAL

At December 31, 2009 the issued capital (capital stock) of technotrans AG comprised 6,907,665 issued and 6,311,415 outstanding no par value registered shares. The shares outstanding are fully paid. Each no par value share represents a nominal amount of € 1 of the share capital. All shares carry identical rights. No special rights or preferences are granted to individual shareholders. The same applies to dividend entitlements.

	Shares issued			Shares outstanding		
	2009	2008	2007	2009	2008	2007
<b>Position at January 1</b>	<b>6,907,665</b>	<b>6,907,665</b>	<b>6,761,783</b>	<b>6,271,797</b>	<b>6,765,004</b>	<b>6,761,783</b>
Issued for cash (conditional capital)	0	0	85,538	0	0	85,538
Issued for contribution in kind (approved capital)	0	0	60,344	0	0	60,344
Issued to employees (as Christmas bonus)	0	0	0	39,618	54,132	0
Buy-back of treasury shares	0	0	0	0	-547,339	-142,661
<b>Position at December 31</b>	<b>6,907,665</b>	<b>6,907,665</b>	<b>6,907,665</b>	<b>6,311,415</b>	<b>6,271,797</b>	<b>6,765,004</b>

## APPROVED CAPITAL

The Shareholders' Meeting on May 13, 2005 authorised the Board of Management to raise the share capital by the issue of new shares on one or more occasions up until April 30, 2010, against contributions, by up to a total of € 3,300,000, with the approval of the Supervisory Board.

60,344 new shares were issued in 2007 in connection with the rotoclean business combination (capital increase for contribution in kind). Following the issue of these shares, there remains approved capital of € 3,239,656.

#### CONDITIONAL CAPITAL

At the Shareholders' Meeting on May 8, 2009 the Board of Management was, with the approval of the Supervisory Board, authorised to issue bearer and/or registered bonds with a term of a maximum of 5 years on one or more occasions up until May 7, 2014 of an aggregate nominal amount of up to € 10 million and to grant the bearers of bonds conversion options on up to 690,000 no par value registered treasury shares in accordance with the respective terms of the bonds (convertible bond terms).

The conversion options granted to the bearers of the bonds may cover shares in the company representing an amount of up to € 690,000.00 of the share capital. As well as in euros, the convertible bonds may be issued in the legal currency of an OECD country, limited to the corresponding euro countervalue.

The shareholders have a fundamental right to subscribe to bonds. The bonds may also be accepted by a bank or a consortium of banks with the obligation to offer them to the shareholders for subscription. In addition, however, the Board of Management is, with the approval of the Supervisory Board, authorised to exclude the statutory subscription right of the shareholders to the bonds within the limits laid down individually and specifically by the authorisation.

The Board of Management is authorised, with the approval of the Supervisory Board, to specify the further details of the issuance and features of the convertible bonds and their terms itself, meaning in particular the currency, interest rate, issuing amount, term and denomination of the convertible bonds, the conversion price and period, the exchange ratio and payment of the countervalue in money instead of exchange for treasury shares.

The Shareholders' Meeting of May 4, 2001 approved the creation of conditional capital for the issuing of subscription rights to members of the Board of Management, employees of technotrans AG and the management and employees of subsidiary companies, pursuant to Section 15 of German Stock Corporation Law. No new subscription rights were issued in the 2006 financial year; nor were any stock options exercised. As of the close of the Shareholders' Meeting in 2009, all subscription rights issued in previous years and still outstanding at the time of the Shareholders' Meeting expired. Share-based payments (subscription rights) last affected the result for the period in 2007.

The exercise prices and the movements in the number of stock options held by employees are as follows:

<b>STOCK OPTIONS</b>	<b>2005 tranche</b>	<b>2004 tranche</b>	<b>2003 tranche</b>	<b>2002 tranche</b>	<b>2001 tranche</b>	<b>Weighted average exercise price</b>
Cash exercise price	15.73€	11.65€	6.59€	16.49€	43.55€	€
<b>Options outstanding at December 31, 2004</b>	<b>0</b>	<b>98,514</b>	<b>88,948</b>	<b>91,685</b>	<b>81,795</b>	<b>18.86</b>
Issued	119,130	0	0	0	0	15.73
Exercised	0	0	83,601	0	0	6.59
Terminated	3,138	6,113	951	5,042	0	13.78
Lapsed	0	0	0	0	81,795	43.55
<b>Options outstanding at December 31, 2005</b>	<b>115,992</b>	<b>92,401</b>	<b>4,396</b>	<b>86,643</b>	<b>0</b>	<b>14.56</b>
Exercised	0	0	1,853	76,329	0	16.26
Terminated	4,093	2,370	0	3,447	0	15.02
Lapsed	0	0	0	6,867	0	16.49
<b>Options outstanding at December 31, 2006</b>	<b>111,899</b>	<b>90,031</b>	<b>2,543</b>	<b>0</b>	<b>0</b>	<b>13.82</b>
Exercised	0	84,555	983	0	0	11.59
Terminated	3,758	390	975	0	0	13.68
Lapsed	0	0	585	0	0	6.59
<b>Options outstanding at December 31, 2007</b>	<b>108,141</b>	<b>5,086</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15.55</b>
Exercised	0	0	0	0	0	0
Terminated	8,430	600	0	0	0	15.46
Lapsed	0	4,486	0	0	0	11.65
<b>Options outstanding at December 31, 2008</b>	<b>99,711</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15.73</b>
Exercised	0	0	0	0	0	0.00
Terminated	0	0	0	0	0	0.00
Lapsed	99,711	0	0	0	0	15.73
<b>Options outstanding at December 31, 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## CAPITAL RESERVE

The premium from the past share issues from the issuance of shares under conversion options from conditional capital and from the issuance of ordinary shares from approved capital (capital increase for cash) was paid into the capital reserve. The costs of the share issues were deducted.

Pursuant to Section 150 (4) of German Stock Corporation Law, the capital reserve may only be used to square an accumulated loss (provided retained earnings are not simultaneously liquidated for the payment of dividends) or for a capital increase from company funds.

## RETAINED EARNINGS

The reported retained earnings comprise:

	31/12/2009	31/12/2008	31/12/2007
	€ '000	€ '000	€ '000
Legal reserve	233	233	233
Other reserves pursuant to resolution on the appropriation of profits	12,583	16,115	13,128
Reserve for share-based payment measures	427	427	427
<b>Subtotal</b>	<b>13,243</b>	<b>16,775</b>	<b>13,788</b>
Net profit/net loss for the period	-10,347	-2,852	9,067
	<b>2,896</b>	<b>13,923</b>	<b>22,855</b>

Pursuant to Section 150 (2) of German Stock Corporation Law, allocations to the legal reserve are to be made until the legal reserve and the capital reserve together represent one-tenth of the share capital. No further allocation to the legal reserve was therefore necessary in 2009. Use of the legal reserve to cover losses, implement capital increases from company funds and pay dividends is fundamentally excluded.

Other reserves are funded from accumulated profits by resolution on the appropriation of profits.

The difference of € 370 thousand between the cost of the shares and their fair value at the time of issuance, resulting from the issuance of treasury shares, was offset against retained earnings.

Pursuant to Section 272 (4) of German Commercial Code, an amount of € 3,512 thousand of other retained earnings may only be liquidated if the treasury shares are put back into circulation, sold or retired or the value of the treasury shares falls further below cost.

IFRS 2 stipulates that the issuance of stock options be recognised in the Income Statement. At technotrans, the stock options granted to the employees under the stock options scheme are affected by this standard (cf. Section 10, "Conditional capital"). Because the vesting period for the stock options granted in previous years has already expired and no new stock options were granted, an expense of € 66 thousand was last reported within equity with an income effect in the 2007 financial year (2006: € 204 thousand). The reserve for share-based payment measures amounted to € 427 thousand at the balance sheet date. In previous years, income tax of € 26 thousand in 2007 and € 78 thousand in 2006 had been booked for this purpose.

## OTHER RESERVES

	31/12/2009	31/12/2008	31/12/2007
	€ '000	€ '000	€ '000
Hedging reserve	-12	-25	-13
Reserve for exchange rate differences from financing of investment	-1,219	-727	-1,689
Exchange differences	-9,028	-9,435	-9,043
Treasury shares	-8,580	-9,150	-2,468
	<b>-18,839</b>	<b>-19,337</b>	<b>-13,213</b>

Pursuant to IAS 39, the negative market value of the interest rate swaps implemented was recognised in the hedging reserve, following deduction of deferred tax assets (cf. Section 32 "Financial instruments"). In the 2009 financial year, a gain of € 18 thousand (2008: € 17 thousand loss, 2007: € 65 thousand gain) was reported under the other result within equity, with no effect on income. In return, deferred tax of € 5 thousand (2008: € 5 thousand, 2007: € 26 thousand) was booked with no effect on income.

technotrans scandinavia AB and gds AG extended loans to technotrans america inc. and technotrans AG extended loans to technotrans américa latina ltda. and technotrans Asia pacific limited; which are to be regarded as net investment in foreign operations. Pursuant to IAS 21.32 and IAS 12.61, the accumulated translation differences up to the balance sheet date and any taxes on these are netted directly within equity. In the 2009 financial year exchange rate losses totalling € 492 thousand (2008: € 962 thousand gain, 2007: € 354 thousand loss) was netted directly within equity under the other result; € 97 thousand of this amount is attributable to the reclassification of exchange rate gains from previous years into the Income Statement. The taxes on these amounts, likewise netted within equity, amount to € 0 thousand (2008: € 303 thousand, 2007: € 148 thousand).

The exchange differences include differences from the translation of the subsidiaries' equity to be consolidated at the historical rate and at the rate on the balance sheet date. Exchange differences from the translation of accumulated profits for previous years are reported in the Statement of Movements in Equity, under retained earnings.

#### TREASURY SHARES

At the Shareholders' Meeting on May 8, 2009 the shareholders authorised the Board of Management to buy back treasury shares in accordance with Section 71 (1) No. 8 of German Stock Corporation Law. This scope of this authorisation is for the buying back of a proportion of up to € 690,000.00 of the share capital (690,000 no par value shares, corresponding to 9.98% of the share capital at the time of the resolution) and is valid until October 31, 2010. No shares were bought back during the period January to December 2009. Pursuant to IAS 32.33 the shares bought back are deducted from equity at their cost (including incidental costs). The buy-back is in line with the strategic objectives of the company. In the 2009 financial year, 39,618 no par value shares with a fair value of € 200 thousand were issued to employees by way of a Christmas bonus. At the reporting date of December 31, 2009 the total treasury shares amounted to 596,250 ordinary shares. They represent 8.63% of the share capital.

#### CAPITAL MANAGEMENT

At December 31, 2009 the equity ratio was 45.2% (2008: 47.7%). One of the most important financial objectives for technotrans AG is to assure its solvency at all times, and increase the long-term value of the group. The creation of adequate liquidity reserves is very important in this respect. To achieve this objective, it implements various measures in order to reduce capital costs and optimise the capital structure, alongside practising effective risk management.

Methodologically, technotrans' capital management approach is based on financial market oriented indicators, such as the rate of return (target margin for EBIT: 10%), the equity ratio (target: > 50%), return on capital employed (ROCE) and gearing. technotrans is not subject to capital requirements laid down in the articles of incorporation. A sound capital structure provides technotrans with the stability that serves as the basis for a business model focusing on sustainability, and thus in the long term meets both the requirements of customer and supplier relations and serves the needs of the employees and shareholders.

In the past financial year, technotrans was downgraded in bank ratings compared with previous reporting periods due to the slump in revenue and earnings following the worldwide recession, but also because of the industry's continuing crisis.

## 11

## Financial liabilities

	31/12/2009	31/12/2008	31/12/2007
	€ '000	€ '000	€ '000
Current financial liabilities	16,335	7,409	8,184
Non-current financial liabilities	5,338	13,679	4,762
<b>Total financial liabilities</b>	<b>21,673</b>	<b>21,088</b>	<b>12,946</b>

There were no hedged liabilities at the balance sheet date. Interest rate hedges exist only in the case of financial liabilities.

TERMS TO MATURITY OF FINANCIAL LIABILITIES	up to 1 year	1 to 5 years	over 5 years	Total	Interest p.a.	Collateral
	€ '000	€ '000	€ '000	€ '000	%	
CHF fixed rate credit	131	0	0	131	4.95%	Land charge
€ fixed rate credit	484	2,219	0	2,703	nom. 3.50%	Land charge
€ fixed rate credit	599	1,687	0	2,286	nom. 3.85%	Land charge
€ fixed rate credit	38	905	511	1,454	nom. 4.40%	Land charge
€ fixed rate credit	2,000	0	0	2,000	3.10%	None
\$ fixed rate credit	8	16	0	24	1.90%	None
Variable € credit					6-month EURIBOR cover via interest rate swap (fixed rate: 5.43%)	Land charge
	575	0	0	575		
Variable € credit					3-month EURIBOR cover via interest rate cap (max. 3.5%)	Land charge
	2,500	0	0	2,500		
Variable € credit					3-month EURIBOR cover via interest rate cap (max. 4.5%)	None
	2,000	0	0	2,000		
Variable € credit					1-month EURIBOR + margin (currently 3.57%)	None
	2,000	0	0	2,000		
Variable € credit					1-month EURIBOR + margin (currently 3.55%)	None
	3,000	0	0	3,000		
Variable € credit					6-month EURIBOR + margin (currently 2.5%)	None
	2,000	0	0	2,000		
Variable € credit					3-month EURIBOR + margin (currently 3.4%)	None
	1,000	0	0	1,000		
<b>Total</b>	<b>16,335</b>	<b>4,827</b>	<b>511</b>	<b>21,673</b>		

A substantial portion of financial liabilities is collateralised by land charges totalling € 10,750 thousand on the company premises in Sassenberg, and € 6,500 thousand on the company premises in Gersthofen. One loan with an original countervalue of € 4,000 thousand has been financed in Swiss francs. This resulted in an exchange-rate loss of € 6 thousand (2008: exchange-rate loss of € 30 thousand, 2007: exchange-rate gain of € 16 thousand) in the 2009 financial year.

## 12

### Other liabilities

The other non-current liabilities comprise largely liabilities to employees.

## 13

### Trade payables

All trade payables have a term of up to one year. They relate predominantly to technotrans AG and technotrans america, Inc.

	31/12/2009	31/12/2008	31/12/2007
	€ '000	€ '000	€ '000
Trade payables	3,593	4,589	6,486
Outstanding purchase invoices	931	242	708
	<b>4,524</b>	<b>4,831</b>	<b>7,194</b>

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### Prepayments received

Advances received originate in the main from project business for technotrans AG and technotrans america, Inc. They are used for financing the finished goods included in the inventories but from which no revenue has yet been realised.

## 15

### Provisions

The obligations to personnel consist of gratuities, bonuses and performance-related pay for employees, as well as time credits. It is in the first instance uncertain when these obligations will have to be met. At December 31, 2009, 5 employees had taken out a partial retirement employment contract. The obligations from existing partial retirement employment contracts were measured on the basis of an actuarial appraisal and the provision amounts to € 472 thousand (2008: € 622 thousand, 2007: € 559 thousand). The new remuneration system of technotrans AG which was finalised at the end of 2009 means that there is a change to partial retirement obligations from potential partial retirement employment contracts, compared with previous years. Employees of technotrans AG who have passed their 57th birthday now no longer have an enforceable right to take out a partial retirement employment contract. Please refer to Section 4 with regard to bankruptcy cover.



Provisions for warranties are created for current statutory, contractual and constructive warranty obligations towards third parties. The provisions were measured taking experience as the starting point, incorporating the circumstances at the balance sheet date.

The other provisions comprise costs for the preparation of the annual accounts, commission payments and other costs. The factor of uncertainty both in this case and for payments to be made under warranty is principally the amount in question. At December 31, 2009 they also include provisions for impending losses from long-term rental agreements amounting to € 439 thousand (2008: € 0 thousand). These have arisen following the decision to transfer production operations from the USA (Mt. Prospect) to the technotrans AG location in Sassenberg and correspondingly include a component for tenancy obligations.

In September 2009 technotrans AG finally brought to an end the long-running patent dispute with a competitor by way of an out-of-court settlement. For payment of a settlement of € 6.5 million by way of compensation as well as other court costs amounting to € 883 thousand, the entire provision from the 2008 financial year was drawn on. The amount of € 3,697 thousand not covered by the provisions is shown under other operating expenses.

A direct pension pledge has been made to four employees of the former BVS Beratung Verkauf Service Grafische Technik GmbH. The "defined benefit obligation" (DBO) for purposes of calculating the provisions for pensions was determined on the basis of an actuarial report, using the 2005 G reference tables published by Prof. Dr. Klaus Heubeck. The calculation was based on an interest rate of 5.25 percent (previous year: 6.25 percent) and a pension trend of 2.0 percent (previous year: 2.0 percent). The development in pay levels and employee fluctuation were not taken into account, as those eligible for pensions have since left the company. The interest costs for the DBO in 2009 amount to € 10 thousand (previous year: € 10 thousand), and the actuarial gain to € 22 thousand (previous year: € 27 thousand gain). All expenses are recognised within administrative expenses. No pension payments were made in 2009.

Three of the pension obligations are backed by capital-forming life assurance policies, which constitute non-qualifying insurance policies pursuant to IAS 19.7. Their fair value is € 70 thousand (2008: € 66 thousand, 2007: € 63 thousand) and is reported under financial assets (Section 8). The anticipated return on these policies is 5.3 percent p.a. The actual income in the 2009 financial year was € 4 thousand.

	Obligations to personnel	Payments to be made under warranty	Other provisions	Provision for patent proceedings	Provisions for pensions	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
<b>Opening level at January 1, 2009</b>	<b>4,681</b>	<b>4,284</b>	<b>1,296</b>	<b>3,686</b>	<b>180</b>	<b>14,127</b>
Exchange rate movements	-2	-6	-10	0	0	-18
Used	2,099	191	1,191	3,686	0	7,167
Reversed	1,227	810	107	0	0	2,144
Allocated	1,454	109	1,359	0	7	2,929
<b>Closing level at December 31, 2009</b>	<b>2,807</b>	<b>3,386</b>	<b>1,347</b>	<b>0</b>	<b>187</b>	<b>7,727</b>
Long-term provisions	460	0	328	0	187	975
Short-term provisions	2,347	3,386	1,019	0	0	6,752

## 16

## Income tax payable

Income tax payable in the year under review relates substantially to technotrans graphics limited, technotrans france s.a.r.l. and technotrans italia.s.r.l as well as gds AG.

## 17

## Other liabilities

	31/12/2009	31/12/2008	31/12/2007
	€ '000	€ '000	€ '000
Sales tax	516	702	709
Operating taxes	413	445	409
Liabilities in respect of social insurance	245	190	180
Debtors with credit balances	235	228	108
Current liabilities from derivative financial instruments	18	36	4
Other	253	408	308
	<b>1,680</b>	<b>2,009</b>	<b>1,718</b>

## IV. NOTES TO THE CONSOLIDATED INCOME STATEMENT

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### Revenue

Revenue is recognised if the risks and rewards associated with ownership of the products sold have been transferred to the buyer. Where an acceptance procedure has been agreed with the customer, the revenue is not realised until the confirmation of acceptance has been received.

Revenue is shown broken down by division in the segment report. The geographical composition of revenue in 2009 was Germany € 51.7 million, rest of Europe € 13.1 million, America € 10.4 million and Asia € 7.0 million.

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### Cost of sales

The cost of sales comprises the cost of traded products and the cost price of merchandise sold. In accordance with IAS 2, it includes both costs which can be directly allocated, such as cost of materials and cost of labour, and also overheads, including pro rata depreciation and amortisation on property, plant and equipment used for production and on intangible assets. The costs of the field service are likewise reported under cost of sales. The other cost of sales mainly comprises translation costs, maintenance expense and rental expense. For technotrans america inc., € 439 thousand has been reported as additional rental expense in connection with allocations to the provision (cf. Section 15).

With regard to the impairment loss in 2009, please refer to Sections 1 and 2.

	2009	2008	2007
	€ '000	€ '000	€ '000
Cost of materials	33,652	62,581	69,581
Cost of labour	17,512	22,440	21,682
Impairment loss acc. to IAS 36	4,093	7,454	0
Subcontractors, personnel leasing	2,694	5,113	5,072
Travel expenses	1,798	2,987	2,895
Depreciation and amortisation	901	2,098	2,233
Operating requirements	796	1,298	1,167
Warranty	780	632	41
Other	3,325	1,329	153
	<b>65,551</b>	<b>105,932</b>	<b>102,824</b>

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## Distribution costs

The distribution costs include costs for the Distribution Department and for in-house services, and also the costs of advertising and logistics. This item also includes sales-related expenditure for commissions and impairment of receivables.

	2009	2008	2007
	€ '000	€ '000	€ '000
Cost of labour	8,386	10,031	9,540
Logistics costs	1,773	3,549	3,524
Impairment of receivables	832	405	496
Travel expenses	725	1,155	1,077
Promotional and exhibition costs	696	1,837	1,364
Depreciation and amortisation	317	335	260
Other	1,020	1,545	1,051
	<b>13,749</b>	<b>18,857</b>	<b>17,312</b>

The fall in exhibition costs in 2009 is mainly attributable to the directly allocable costs for drupa '08, the largest exhibition in the world for the printing industry, which takes place only once every four years. The other distribution costs for the financial year consist primarily of expenses for commissions, rent and entertainment expenses.

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## Administrative expenses

The administrative expenses comprise personnel and material costs for management and administration, insofar as not charged to other cost centres as internal services.

	2009	2008	2007
	€ '000	€ '000	€ '000
Cost of labour	4,578	6,448	6,909
Depreciation and amortisation	2,221	2,173	1,596
Consultancy, audits	1,690	1,404	1,238
IT costs	881	1,155	918
Other	1,538	1,997	2,167
	<b>10,908</b>	<b>13,177</b>	<b>12,828</b>

In the 2009 financial year, the fees for the auditors recorded as an expense pursuant to Section 319 Para.1 Sentences 1, 2 of German Commercial Code amounted to € 333 thousand (2008: € 416 thousand, 2007: € 280 thousand).

FEES FOR	2009	2008	2007
	€ '000	€ '000	€ '000
Auditing of the financial statements	265	298	226
Tax consultancy services	68	91	35
Other services	0	27	19
	<b>333</b>	<b>416</b>	<b>280</b>

The fees for the auditors of the Consolidated Financial Statements, KPMG AG Wirtschaftsprüfungsgesellschaft and its subsidiaries, include fees and expenses for the auditing of the Consolidated Financial Statements and the auditing of the annual financial statements of technotrans AG.

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### Research and development costs

No research costs were incurred. Development costs are charged as ongoing expenses until the criteria of IAS 38.57 are satisfied cumulatively. From that point on, development costs are recognised as an intangible asset (cf. Section 3 "Intangible assets"). The pro rata depreciation of assets within the development costs amount to € 112 thousand (2008: € 155 thousand, 2007: € 205 thousand).

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### Other operating income

	2009	2008	2007
	€ '000	€ '000	€ '000
Reversal of provisions	1,988	419	32
Foreign currency gains	1,335	908	948
Income unrelated to the accounting period	234	239	138
Insurance payments	84	49	15
Personnel-related revenue	81	108	37
Book profits on the disposal of assets	6	29	237
Derecognition of a subsequent purchase price liability	0	800	0
Other	461	492	407
	<b>4,189</b>	<b>3,044</b>	<b>1,814</b>

The income from the reversal of provisions results mainly from the reversal of provisions for payments to be made under warranty and from the reversal of provisions from obligations to personnel. Along with the introduction of a new remuneration model at technotrans AG, the provisions created in previous years could be reversed with an effect on income.

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### Other operating expenses

	2009	2008	2007
	€ '000	€ '000	€ '000
Expenses in connection with the settlement of the patent dispute	3,697	0	0
Foreign currency losses	921	982	1,002
Other operating taxes	174	162	155
Book losses on the disposal of assets	133	67	18
Expenses unrelated to the accounting period	90	83	107
Other	266	310	550
	<b>5,281</b>	<b>1,604</b>	<b>1,832</b>

As a result of the out-of-court settlement terminating the long-running patent dispute with a competitor, the expenses involved in this settlement that were not covered by the provision created are shown under other operating expenses. This component comprises € 3,314 thousand representing the difference between the provision and the settlement paid, and € 383 thousand for higher legal costs not covered by provisions.

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### Net finance costs

	2009	2008	2007
	€ '000	€ '000	€ '000
Financial income	48	232	282
Financial charges	-826	-1,451	-840
<b>Net finance costs</b>	<b>-778</b>	<b>-1,219</b>	<b>-558</b>

Interest income of € 31 thousand predominantly from bank credit balances was earned in 2009. Interest income of € 17 thousand (2008: € 26 thousand, 2007: € 20 thousand) from the compounding of the corporation tax credit balance was in addition recognised.

The interest expenses comprise mainly interest charged on the group's financial liabilities. No borrowing costs were capitalised in the reporting period.



## Income tax expense

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	€ '000	€ '000	€ '000
<b>Actual income tax expense</b>			
Tax expense for the period	-419	-2,875	-5,308
Tax rebates unrelated to the accounting period	81	-31	-8
<b>Summe</b>	<b>-338</b>	<b>-2,906</b>	<b>-5,316</b>
<b>Deferred tax</b>			
Deferred tax expense	-342	-327	-395
Deferred tax income	3,035	1,639	1,184
Changes to deferred tax resulting from tax rate changes	5	-1	266
<b>Total</b>	<b>2,698</b>	<b>1,311</b>	<b>1,055</b>
<b>Income tax expense</b>	<b>2,360</b>	<b>-1,595</b>	<b>-4,261</b>

Income tax expense includes corporation income tax and trade earnings tax for technotrans AG, and also comparable taxes on income for the foreign companies. Other operating taxes are included in other operating expenses. The actual income tax expense, resulting from items debited or credited directly to equity (exchange differences from the financing of investments), amounts to income of € 0 thousand (2008: expense of € 303 thousand; 2007: expense of € 122 thousand).

The actual income tax expense was reduced by € 0 thousand through the use of previously unused tax losses or temporary differences (2008: € 18 thousand).

The deferred tax is attributable to temporally divergent valuations in the companies' tax balance sheets and the Consolidated Balance Sheet in accordance with the balance sheet liability method.

The reported deferred tax assets also include tax relief claims where it is anticipated that existing tax loss carryforwards will be used in subsequent years. The deferred tax is calculated on the basis of the tax rates applicable or expected at the time of realisation in the individual countries concerned.

The applicable domestic tax rate of 29.63 percent (previous year 29.63 percent) calculated for the year under review is based on a corporation tax rate of 15.0 percent (previous year: 15.0 percent), a solidarity surcharge of 5.5 percent (previous year: 5.5 percent) and an effective trade earnings tax rate of 13.8 percent (previous year: 13.8 percent).

The following capitalised deferred tax assets and liabilities relate to recognition and measurement differences for the individual items on the Balance Sheet and to loss carryforwards which can be used in future.

DEFERRED TAX	2009		2008		2007	
	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000
Non-current assets	878	2	552	7	88	804
Inventories	432	15	589	247	550	337
Receivables	57	0	39	0	16	110
Provisions	133	104	282	104	309	100
Liabilities	4	9	4	24	13	20
Loss carryforwards	2,934	0	542	0	712	0
Cash flow hedging	5	0	11	0	6	0
<b>Total</b>	<b>4,443</b>	<b>130</b>	<b>2,019</b>	<b>382</b>	<b>1,694</b>	<b>1,371</b>
<b>Offsetting</b>	<b>118</b>	<b>118</b>	<b>351</b>	<b>351</b>	<b>370</b>	<b>370</b>
	<b>4,325</b>	<b>12</b>	<b>1,668</b>	<b>31</b>	<b>1,324</b>	<b>1,001</b>

The deferred tax assets from inventories in essence stem from the elimination of intercompany profits, and the deferred tax assets from non-current assets result largely from temporary differences for intangible assets purchased.

There are tax loss carryforwards amounting to € 21,059 thousand for 2009. Deferred taxes amounting to € 2,934 thousand were recognised as an asset an amount of € 9,840 thousand in agreement with IAS 12.34. No deferred tax assets were recognised on the remaining loss carryforwards of € 11,219 thousand and on deductible temporary differences of € 6,514 thousand due to uncertain expectations regarding the profitability of the respective Group companies.



The loss carryforwards may be carried forward for 20 years in the USA (€ 5,275 thousand), for seven years in Japan (€ 331 thousand), for five years in China (€ 1,462 thousand) and for an unlimited period in other cases. In view of the companies' uncertain earnings expectations, no deferred taxes were created in these instances.

The following table reconciles the theoretical tax expense with the actual income tax expense

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	€ '000	€ '000	€ '000
<b>Applicable tax rate</b>	<b>29.63 %</b>	<b>29.63 %</b>	<b>38.51 %</b>
<b>Consolidated earnings before taxes on income</b>	<b>- 12,707</b>	<b>- 1,258</b>	<b>13,328</b>
Theoretical tax expense	3,765	373	-5,133
Impairment (-) or reversal of impairment (+) on deferred tax assets on tax loss carryforwards and temporary differences	409	-142	416
Expense from the non-recognition of deferred tax assets on tax losses occurring in the financial year and temporary differences	-897	-806	-240
Tax effect			
from the use of deferred taxes on temporary differences and from tax loss carryforwards following impairment	0	18	276
from the non-tax-effective reduction for impairment of goodwill	-716	0	0
of non-deductibility of business expenses and tax-exempt income	-138	-822	242
Differences compared with local tax rates	-69	-184	-80
Changes to deferred tax resulting from tax rate changes	5	-1	266
Other taxes not relating to the period	1	-31	-8
<b>Actual and deferred income tax expense</b>	<b>2,360</b>	<b>- 1,595</b>	<b>- 4,261</b>
<b>Effective income tax rate</b>	<b>18.6 %</b>	<b>- 126.8 %</b>	<b>32.0 %</b>

Actual and deferred tax amounting to € 5 thousand that was directly allocable to equity arose in the year under review.



## Earnings per share

The figure for basic earnings per share is obtained by dividing the net profit for the period by the weighted average number of ordinary shares outstanding in the financial year:

		2009	2008	2007
Net profit for the period	(€ thousand)	- 10,347	- 2,852	9,067
Average number of ordinary shares outstanding in the year		6,273,425	6,369,270	6,842,926
<b>Basic earnings per share</b>	(€)	<b>- 1.65</b>	<b>- 0.45</b>	<b>1.33</b>

The subscription rights from the 2005 tranche issued on the basis of the existing stock options plan (cf. Section 10 "Equity") have no dilutive effect in 2009 pursuant to IAS 33.46, as the exercise price of the options issued of € 15.73 (2005) is above the average share price of € 4.42 for the year under review. All options moreover expired in the course of the year, and there is no new stock options plan.

In fiscal year 2007 the subscription rights issued (cf. Section 10 "Equity") under the employee stock options scheme had a dilutive effect. On this basis, the diluted earnings are the net profit for the period divided by the average weighted number of ordinary shares outstanding in the year plus the number of potentially dilutive ordinary shares:

		2009	2008	2007
Net profit for the period	(€ thousand)	- 10,347	- 2,852	9,067
Average number of potentially dilutive ordinary shares outstanding in the year		6,273,425	6,369,270	6,888,483
<b>Diluted earnings per share</b>	(€)	<b>- 1.65</b>	<b>- 0.45</b>	<b>1.32</b>

## V. NOTES TO THE SEGMENT REPORT

Segment information is provided on the basis of the business segments for internal reporting purposes. Segmentation according to the Technology and Services Divisions is performed in agreement with the internal reporting structure of the technotrans Group. The Segment Report itself is presented at the start of the Notes to the Consolidated Financial Statements.

The Technology segment generates revenue through sales of equipment in the area of liquid technology. The Services segment generates revenue through after-sales service activities, installation, maintenance, servicing and the supplying of spare parts as well as Technical Documentation

The revenue amounting to € 82,210 thousand (previous year: € 141,677 thousand) comprises € 39,234 thousand (previous year € 67,345 thousand) generated in Germany and € 42,976 thousand (previous year: € 74,332 thousand) internationally.

The assets allocable to the segments amounting to € 53,676 thousand (previous year: € 78,356 thousand) can be broken down by region as follows: Germany € 38,712 thousand (previous year € 56,450 thousand) and international € 14,964 thousand (previous year € 21,906 thousand).

The delivery prices for transactions between the segments are generally agreed on the same basis as transactions between a group company and a third party.

The Segment Report provides an analysis of earnings figures, assets and other key values. The segment information comprises both directly allocable amounts and amounts that can reasonably be split. The assets are distributed among those segments, the corresponding expenses and income for which likewise influence the segment result. The assets of € 15,566 thousand not allocated to the individual areas therefore refer to cash and cash equivalents (€ 10,274 thousand), current and non-current income tax receivable (€ 967 thousand) and deferred tax assets (€ 4,325 thousand).

No reconciliation between the segment and consolidated data is required, as the figures in the segment information coincide with those in the Income Statement, Balance Sheet and Cash Flow Statement. The result for the segments corresponds to the earnings before interest and taxes (EBIT) in the Income Statement. The accumulated result for both segments of € -11,929 thousand, reduced by the net finance costs reported in the Income Statement of € -778 thousand, produces the accounting profit (€ -12,707 thousand).

The share of revenue of the most important customer group of technotrans (comprising the printing press manufacturers) amounted to a total of € 39.0 million (48 percent). This group of customers represents € 30 million (61.5 percent) of the revenue for the Technology segment and € 9 million (27) percent of the revenue for the Services segment.

## VI. NOTES TO THE CASH FLOW STATEMENT

The Cash Flow Statement is structured according to cash flows from operating activities, investing activities and financing activities.

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### Cash flows from operating activities

The cash flows from operating activities (net cash) amounted to € 3,640 thousand (2008: € 6,747 thousand, 2007: € 10,625 thousand) in the past financial year. This includes cash from operating activities amounting to € 4,223 thousand (2008: € 8,872 thousand, 2007: € 19,559 thousand) as well as interest and income tax received and paid amounting to € -583 thousand (2008: € -2,125 thousand, 2007: € -8,934 thousand). The change in working capital in 2009 resulted overall in a positive cash flow contribution.

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### Cash flows from investing activities

The cash flows from investing activities comprise the acquisition of fixed assets (property, plant and equipment € 1,132 thousand and intangible assets € 174 thousand). The investment volume for the year under review was unchanged from the target level for 2009.

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### Cash flows from financing activities

Financial resources were boosted by the raising of new short-term and long-term loans amounting to € 3,024 thousand. The funds raised were in the first instance for financing overall investment in 2009 (€ 1,306 thousand) and to cover the payment obligation resulting from the patent dispute. Repayments (after adjustment for exchange rate differences) totalling € 2,438 thousand on short-term and long-term loans were made during the year under review. These include scheduled repayments to both German and foreign banks. No repayments of liabilities from credit were made ahead of schedule.

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### Cash and cash equivalents at end of period

Cash comprises cash on hand, demand deposits and fixed-term deposits with a term of less than three months. It corresponds to the cash and cash equivalents shown on the Balance Sheet.

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## VII. OTHER PARTICULARS

### Financial instruments

The financial instruments (financial assets and liabilities) are allocated to the following categories:

	Section	31/12/2009	31/12/2008	31/12/2007
		€ '000	€ '000	€ '000
<b>Financial assets measured at fair value with an income effect and classified as such upon initial recognition</b>				
· Market value of interest rate caps / interest rate caps	4/17	- 17	- 26	59
<b>Held-to-maturity investments</b>				
· Reinsurance for pensions	8	70	66	63
<b>Loans and receivables</b>				
· Rent deposits	4	156	163	148
· Partial retirement bankruptcy cover	4	448	447	364
· Other non-current assets	4	17	67	64
· Trade receivables	6	10,654	21,258	17,959
· Receivables from suppliers	8	287	459	598
· Other current assets	4	90	18	0
· Cash and cash equivalents	9	10,274	6,928	10,748
		<b>21,926</b>	<b>29,340</b>	<b>29,881</b>
<b>Financial liabilities measured at residual carrying amount</b>				
· Financial liabilities	11	21,673	21,088	12,946
· Other liabilities	12	219	129	116
· Trade payables	13	4,524	4,831	7,194
· Debtors with credit balances	17	235	228	108
· Other current liabilities	17	253	408	308
		<b>26,904</b>	<b>26,684</b>	<b>20,672</b>

NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY	From	From subsequent measurement			From	2009	2008
	interes	At fair	Currency	Impair-	disposal		
		value	trans-	ment			
	€ '000	€ '000	lation	€ '000	€ '000	€ '000	€ '000
Financial assets measured at fair value with an income effect and classified as such upon initial recognition	0	-10	0	0	0	-10	-28
Held-to-maturity investments	4	0	0	0	0	4	3
Loans and receivables	30	0	76	-832	0	-726	-199
Financial liabilities measured at residual carrying amount	-826	0	-54	0	0	-880	-1,516
	<b>-792</b>	<b>-10</b>	<b>22</b>	<b>-832</b>	<b>0</b>	<b>-1,612</b>	<b>-1,740</b>

#### NATURE AND EXTENT OF RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The credit risk is the risk that one party to a financial instrument will cause a loss for the other party as a result of not meeting its obligations. The market risk is based on the fact that the fair value or future cash flows from a financial instrument fluctuate as a result of changes in the market prices. The market risk assumes a more specific form in interest rate risks and exchange rate risks. The liquidity risk denotes the risk of crystallising difficulties in fulfilling financial obligations, e.g. the risk of being unable to prolong loans or secure new loans to repay loans due.

#### CREDIT RISKS

The credit risk with regard to financial assets measured at fair value and with an income effect is limited to the carrying amount reported. The change in the carrying amount in the period under review is not attributable to a change in the credit risk, but is rather a consequence of interest rate changes on the capital, money and credit markets. In order to assess this statement, the rating of transaction partners was used; this remained unchanged or changed only insignificantly in the period under review.

A substantial part of the credit risk for technotrans relates to the risk of defaulting on trade receivables and theoretically also the risk of the banks with which technotrans has credit balances declaring bankruptcy. There are credit risks equivalent to the carrying amounts shown; no security or claims against credit insurers exist.

The bad debt risk entails a concentration of risk because the major printing press manufacturers worldwide account for a substantial portion of technotrans' receivables. technotrans has enjoyed a partnership based on trust with these customers for many years, and no significant bad debt losses have arisen from these receivables from customers over the past three years.

In the case of new customers, technotrans endeavours to limit the bad debt risk by obtaining credit information and monitoring credit limits with IT assistance. Here too there exists a degree of credit risk because customers operate largely within the printing sector.

In addition to observing credit limits, technotrans regularly agrees retention of title until goods or services have been paid for in full. Only exceptionally technotrans demands security from customers.

The breakdown by region of credit risks from trade receivables is as follows:

	31/12/2009	31/12/2008	31/12/2007
	€ '000	€ '000	€ '000
<b>By region</b>			
Germany	5,301	11,714	9,511
Other eurozone countries	2,582	4,761	3,702
Rest of Europe	469	833	878
North America	1,199	2,377	2,264
South America	63	31	152
Asia & Middle East	1,040	1,542	1,452
<b>Total</b>	<b>10,654</b>	<b>21,258</b>	<b>17,959</b>
<b>By customer group</b>			
OEM (major printing press manufacturers)	4,417	12,906	11,018
End customers	6,237	8,352	6,941
<b>Total</b>	<b>10,654</b>	<b>21,258</b>	<b>17,959</b>
<b>Age structure of trade receivables (no impairment)</b>			
<b>Carrying amount</b>	<b>10,654</b>	<b>21,258</b>	<b>17,959</b>
of which: neither impaired nor overdue	6,412	12,929	11,029
of which: not impaired and			
Overdue by up to 30 days	1,768	4,620	3,698
Overdue by between 31 and 60 days	866	1,448	1,144
Overdue by between 61 and 90 days	307	485	450
Overdue by more than 90 days	1,169	1,767	1,638

With regard to the trade receivables that are not impaired but overdue, there is no indication at the balance sheet date that the debtors will not meet their obligations to pay.

#### LIQUIDITY RISK

technotrans manages the available liquidity with the goal of always being in a position to meet its payment obligations. technotrans AG uses rolling financial and liquidity planning to determine its liquidity requirements. Continuing credit facilities amounting to € 5.5 million (2008: € 8.5 million, 2007: € 11.1 million) existed at the balance sheet date.

The following table shows the contractual due dates of financial liabilities, including any interest payments:

	Carrying amount	Contractual/ expected payment	Due within				
			6 months	6 – 12 months	1 – 2 years	2 – 5 years	over 5 years
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
<b>At December 31, 2009:</b>							
Financial liabilities	21,673	22,874	3,698	13,211	2,957	2,458	550
Other non-current liabilities	219	219	142	n/a	n/a	n/a	77
Trade payables	4,524	4,524	4,515	7	2	n/a	n/a
Other current liabilities	488	488	488	n/a	n/a	n/a	n/a
<b>Total</b>	<b>26,904</b>	<b>28,105</b>	<b>8,843</b>	<b>13,218</b>	<b>2,959</b>	<b>2,458</b>	<b>627</b>
<b>At December 31, 2008:</b>							
Financial liabilities	21,088	23,228	6,839	1,255	8,500	5,563	1,071
Other non-current liabilities	129	129	129	n/a	n/a	n/a	n/a
Trade payables	4,831	4,831	4,780	51	n/a	n/a	n/a
Other current liabilities	636	636	636	n/a	n/a	n/a	n/a
<b>Total</b>	<b>26,684</b>	<b>28,824</b>	<b>12,384</b>	<b>1,306</b>	<b>8,500</b>	<b>5,563</b>	<b>1,071</b>
<b>At December 31, 2007:</b>							
Financial liabilities	12,946	14,086	1,171	7,582	1,755	2,277	1,301
Other non-current liabilities	116	116	n/a	n/a	25	91	n/a
Trade payables	7,194	7,194	5,648	1,546	n/a	n/a	n/a
Other current liabilities	416	416	416	n/a	n/a	n/a	n/a
<b>Total</b>	<b>20,672</b>	<b>21,812</b>	<b>7,235</b>	<b>9,128</b>	<b>1,780</b>	<b>2,368</b>	<b>1,301</b>



#### MARKET RISKS

At technotrans, only the fair values of the interest rate caps agreed (carrying amount and fair value € 1 thousand) and of the fixed-interest financial liabilities (carrying amount € 8,598 thousand) are fundamentally exposed to an interest rate risk. Potential interest rate fluctuations only affect the carrying amount in the case of interest rate caps. technotrans pursues the objective of only being exposed to interest rate risks to a limited degree. Long-term, variable-rate loans are therefore hedged by the use of interest rate swaps or interest rate caps, which are not needed in the case of short-term loans.

The trade receivables as well as cash and cash equivalents are exposed to foreign currency risks. At December 31, 2009 the trade receivables were denominated for the most part in euros; other noteworthy components were denominated in US dollars (USD 1.7 million, equivalent to € 1.2 million) and Sterling (GBP 0.3 million, equivalent to € 0.3 million). At December 31, 2009 there were foreign-currency receivables of USD 3.3 million (€ 2.4 million) and GBP 0.8 million (€ 0.8 million), and at December 31, 2007 of USD 3.3 million (€ 2.3 million) and GBP 0.6 million (€ 0.9 million).

Bank credit balances are held predominantly in euros. At December 31, 2009 the group held significant foreign-currency accounts in US dollars (USD 2.4 million, equivalent to € 1.7 million) and Sterling (GBP 2.5 million, equivalent to € 2.8 million). The foreign currency amounts quoted are held essentially by technotrans AG and the local national companies within the group. At December 31, 2008 there were foreign-currency credit balances of USD 1.6 million (€ 1.2 million) and GBP 1.6 million (€ 1.2 million), and at December 31, 2007 of USD 2.9 million (€ 2.0 million) and GBP 1.4 million (€ 2.0 million).

Financial liabilities are denominated predominantly in euros. At December 31, 2009 only an amount of € 0.1 million had been raised in Swiss francs (CHF 0.2 million (2008: € 0.7 million (CHF 1.0 million), 2007: CHF 1.7 million (€ 1.1 million)) and an amount of \$ 34 thousand (€ 24 thousand) raised in US dollars. A degree of foreign currency risk was taken on when the CHF loan was raised in 2000 because the aim at that time was to reduce the interest burden. Foreign exchange gains were accrued in the 2007 and 2009 financial years due to the weakness of the Swiss franc, but a foreign exchange loss in 2008.

Foreign currency risks are limited within the technotrans Group by the fact that production takes place principally in the euro and US dollar zones, and that the currency of production usually corresponds to the currency in which the customer is invoiced. Furthermore, there is a natural compensatory mechanism for exchange rate fluctuations in the fact that the production companies supply each other with products, thus acting as sales companies in their respective home countries. Where significant discrepancies occur, this exchange risk is usually hedged against by means of derivative financial instruments. There were no currency hedging transactions at December 31, 2009.

## SENSITIVITY ANALYSIS

A 10% appreciation in the euro compared with the principal foreign-exchange closing rates throughout the group would have had the following effects on equity and profit after tax, assuming that all other variables, and in particular interest rates remain unchanged:

	<b>Effect on equity</b>	<b>Effect on profit after tax</b>
	€ '000	€ '000
<b>At December 31, 2009</b>		
USD	180	-106
GBP	313	13
<b>At December 31, 2008</b>		
USD	293	-29
GBP	280	41
<b>At December 31, 2007</b>		
USD	306	33
GBP	320	36

The figures reflect the impact on the period under review of changes in both the closing rate and the average rate, in each case based on a 10% change compared with the translation rates applied in the respective consolidated financial statements.

A corresponding weakening of the euro would have had the opposite effect.

## HEDGING INSTRUMENTS

At the balance sheet date, there existed the following derivative financial instruments for hedging against the interest rate risk for variable interest-bearing loans denominated in euros (cf. Section 11); including these derivative financial instruments, the financial assets and financial liabilities are not exposed to any significant interest rate risk.

The market prices are obtained from the measurement of the outstanding items, disregarding any counter-cyclical trends in value from the positions. Pursuant to IFRS 7.27, the market prices are calculated by major German banks on the basis of discounted cash flows.

	<b>Nominal amount</b>	<b>Repaid</b>	<b>Balance</b>	<b>Fixed rate</b>	<b>Variable interest</b>	<b>Maturity</b>	<b>Market price</b>
	€ '000	€ '000	€ '000	% p. a.			€ '000
Interest rate swap	5,750	5,175	575	5.43	6-month EURIBOR	Dec. 2010	- 18
Interest rate cap	2,500	0	2,500	3.5	3-month EURIBOR	Mar. 2010	0
Interest rate cap	2,000	800	1,200	4.5	6-month EURIBOR	Sep. 2012	1

#### INTEREST RATE SWAP

The nominal amount or principal amount, terms, interest payment dates, interest rate adjustment dates, due dates and currencies of the hedged item and hedging instrument are the same. The efficiency of the hedge pursuant to IAS 39.88 (b) is high, reaching almost 100 percent. The requirements of IAS 39.88 are moreover satisfied.

The interest rate swap is recognised as a cash flow hedge at the market price; measurement gains and losses from changes in the market price are recognised in the hedging reserve, under equity, with no effect on income. The fair value of the hedging instruments at the balance sheet date is recognised at € 18 thousand under the current "Other liabilities" (Section 17). The underlying loan transactions are measured at amortised cost, using the effective interest method.

The deferred tax on the negative market prices of € 5 thousand was netted against the hedging reserve with no effect on income, with the result that the amount remaining in the hedging reserve was reduced to € 12 thousand.

Interest expense of € 1 thousand (2008: € 28 thousand, 2007: € 47 thousand) from current swap transactions was recognised as an expense in the past financial year.

#### INTEREST RATE CAPS

The interest rate caps do not qualify as cash flow hedges because they have been concluded for a fixed term, whereas the hedged loans (underlying transactions) allow early repayments, which technotrans intends to make subject to how the capital market is developing. These financial instruments are consequently recognised at fair value with an income effect. Measurement gains and losses are recognised in the Income Statement, with a loss of € 9 thousand in the 2009 financial year (2008: € 28 thousand loss).

The fair value of the interest rate caps of € 1 thousand is recognised under other assets (Section 4).

The maturities at the balance sheet date are as follows:

	<b>Maturity up to 1 year</b>	<b>Maturity 1 to 5 years</b>	<b>Maturity over 5 years</b>	<b>Total amount</b>
	€ '000	€ '000	€ '000	€ '000
<b>Interest rate swap</b>	575	0	0	575
<b>Interest rate cap</b>	2,900	800	0	3,700

Hedging transactions are concluded only with banks with the highest credit rating. There exist binding rules on the use of such derivative financial instruments, in the form of scopes of action, spheres of responsibility and internal guidelines. There is a theoretical credit risk only in the event of the market price being positive. As the hedging transactions are concluded exclusively with banks with a top-class credit rating, it is improbable that these financial instruments carry a credit risk.

Compared to the carrying amounts, the financial assets and financial liabilities are attributed the following fair values:

	<b>31/12/2009</b>		<b>31/12/2008</b>		<b>31/12/2007</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Market value of interest rate caps / interest rate caps	-17	-17	-26	-26	59	59
Reinsurance for pensions	70	70	66	66	63	63
Rent deposits	156	156	163	163	148	148
Partial retirement bankruptcy cover	448	448	447	447	364	364
Other non-current assets	17	17	67	67	64	64
Trade receivables	10,654	10,654	21,258	21,258	17,959	17,959
Receivables from suppliers	287	287	459	459	598	598
Other current assets	90	90	18	18	0	0
Cash and cash equivalents	10,274	10,274	6,928	6,928	10,748	10,748
Financial liabilities	-21,673	-21,894	-21,088	-21,074	-12,946	-12,928
Other non-current liabilities	-219	-219	-129	-129	-116	-116
Trade payables	-4,524	-4,524	-4,831	-4,831	-7,194	-7,194
Debtors with credit balances	-235	-235	-228	-228	-108	-108
Other current liabilities	-253	-253	-408	-408	-308	-308
<b>Total</b>	<b>-4,925</b>	<b>-5,146</b>	<b>2,696</b>	<b>2,710</b>	<b>9,331</b>	<b>9,349</b>
Gains (+) or losses (-) not entered		221		-14		-18

The carrying amounts for the financial instruments (for example, cash and cash equivalents, trade receivables and payables and other receivables and liabilities) fundamentally reflect their fair values. For receivables with a maturity of up to one year, their nominal value less the reductions for impairment performed provide the most reliable estimate of the fair value. The fair value of receivables with a maturity of over one year is indicated by their discounted cash flows.

The financial liabilities are an exception, because differences exist between the carrying amounts and fair values. The fair value of interest-bearing liabilities is indicated by the discounted cash flows from repayments and interest payments. The fair values of derivative financial liabilities were calculated by a major German bank on the basis of discounted cash flows.

The current reference interest rates of banks at the balance sheet date were requested and used in determining fair values. An appropriate risk premium was added. Discount rates of between 2.88 percent (CHF fixed rate credit) and 3.8 percent (€ fixed rate credit) were used for the current and non-current financial liabilities.



### Potential liabilities and other financial commitments

	31/12/2009			31/12/2008	31/12/2007
	up to 1 year	1 to 5 years	Total	Total	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
Tenancy and operating lease agreements	585	1,042	<b>1,627</b>	2,137	1,862
Maintenance agreements	514	231	<b>745</b>	509	560
Ordering commitments	0	0	<b>0</b>	0	929
Conditional purchase price of rotoclean	2,000	0	<b>2,000</b>	2,000	1,167
Partial retirement obligations	0	0	<b>0</b>	245	280
Other	0	0	<b>0</b>	5	31
<b>Summe</b>	<b>3,099</b>	<b>1,273</b>	<b>4,372</b>	<b>4,896</b>	<b>4,829</b>

Potential liabilities, contingencies and other financial commitments are measured at their nominal amount; amounts in foreign currency were measured at the closing rate. No potential liabilities and other financial commitments extending over more than five years exist at the balance sheet date.

The future obligations from tenancy and lease agreements relate primarily to tenancy obligations for the business premises of subsidiaries. The expenditure for tenancy and lease agreements (minimum lease payments) in the year under review amounted to € 1,633 thousand (2008: € 1,271 thousand, 2007: € 1,225 thousand). technotrans has not concluded any lease agreements that constitute finance leases pursuant to IAS 17.

The maintenance agreements relate in the main to the ERP data processing system.

In connection with the acquisition of the rotoclean company, a conditional purchase price component of up to € 2,000 thousand was agreed, the final level of which is dependent on the revenue generated by rotoclean products in the years 2007 to 2010. The potential payment, which is however not probable, amounts to € 2,000 thousand.

The unrecognised obligation for potential partial retirement agreements reported in the previous year has lapsed. Because of the new remuneration system concluded at the end of 2009, employees who have passed their 57th birthday now no longer have an enforceable right to take out a partial retirement employment contract.



## Personnel expenses

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	€ '000	€ '000	€ '000
Wages and salaries	26,524	34,804	32,897
Share-based payments	0	0	66
Christmas bonus	200	187	180
Social insurance	4,611	5,829	6,327
Partial retirement entitlements	0	63	559
Expenses for retirement benefits and maintenance payments	640	745	712
<b>Personnel expenses</b>	<b>31,975</b>	<b>41,628</b>	<b>40,741</b>

The item wages and salaries also includes payments made in connection with the termination of employment of € 1,472 thousand (2008: € 1,141 thousand, 2007: € 233 thousand).

Social insurance comprises expenditure for defined contribution plans (employer contributions to the compulsory state pension scheme) totalling € 1,989 thousand (2008: € 2,167 thousand, 2007: € 2,168 thousand).

Share-based payments in the previous years relate exclusively to those that are offset by equity instruments.

In the reporting period 39,618 (2008: 54,132, 2007: 10,384) ordinary shares in technotrans AG were distributed to employees, by way of a Christmas bonus; these shares had previously been acquired on the market under the share buy-back arrangements. At the time of their issuance, the total fair value of these shares was € 200 thousand (2008: € 187 thousand, 2007: € 180 thousand).

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## Total employees, yearly average

	2009	2008	2007
<b>Average number of employees</b>	<b>676</b>	<b>823</b>	<b>814</b>
of which in Germany	491	573	560
of which abroad	185	250	254
Technicians/skilled workers	465	565	554
Academic background	135	164	185
Trainees	42	51	43
Other	34	43	32

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## Related parties

“Related parties” include the members of the Board of Management and Supervisory Board of technotrans AG, as well as their close family members.

The members of the Supervisory Board receive remuneration comprising a fixed and a variable component, in addition to reimbursement of their expenses. The level of the variable remuneration component is based on the consolidated net income declared in the Consolidated Financial Statements. Both the fixed and the variable remuneration component are higher for the Chairman and Vice Chairman of the Supervisory Board than for the remaining members. Membership of the committees formed by the Supervisory Board in accordance with the Articles of Incorporation is likewise remunerated. The members of the Supervisory Board do not receive any stock options for their activities as non-executive directors.

In addition to the total remuneration stated for the Supervisory Board, the employees’ representatives on the Supervisory Board receive remuneration in their capacity as employees, on the basis of their contracts of employment, as well as share-based payments.

The remuneration system of the Board of Management reflects the latest standards and statutory requirements. As well as fixed remuneration components, the members of the Board of Management receive performance-related, variable remuneration components with a multi-year assessment basis. At technotrans this period is three years, with payment of the variable remuneration correspondingly tiered, in amounts representing 50, 30 and 20 percent. A cap has in addition been introduced for termination indemnities and will in future be a maximum of one year’s salary. The overall remuneration of each Board of Management member has been approved by the Supervisory Board.

The company moreover provides fringe benefits in the form of contributions to a provident fund and a group accident insurance policy; in addition, company cars are available to the members of the Board of Management. The amended contracts envisage that the excess to the D&O insurance cover for the members of the Board of Management representing one and a half times the fixed annual income will be introduced within the deadline, with effect from July 1, 2010.

<b>PAYMENTS   TO MEMBERS OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	€ '000	€ '000	€ '000
<b>Board of Management</b>			
Regular payments	458	540	582
of which fixed	0	0	661
of which variable	0	0	0
Termination benefits	0	0	2
<b>Total</b>	<b>458</b>	<b>540</b>	<b>1,245</b>
<b>Supervisory Board</b>			
Regular payments	78	78	75
of which fixed	0	0	138
of which variable	0	0	0
<b>Total</b>	<b>78</b>	<b>78</b>	<b>213</b>

The regular payments to the Board of Management (fixed) include payments by the company for defined contribution plans totalling € 31 thousand (2008: € 37 thousand, 2007: € 46 thousand).

The Shareholders' Meeting of May 5, 2006 resolved that the disclosure of the remuneration of each individual member of the Board of Management pursuant to Section 314 (1) No. 6 a) Sentences 5 to 9 of German Commercial Code shall not be made for five years.

The members of the Board of Management and Supervisory Board are listed separately in the section "Corporate Bodies".



## Directors' holdings (Board of Management and Supervisory Board members)

	Shares			Options		
	31/12/09	31/12/08	31/12/07	31/12/09	31/12/08	31/12/07
<b>Board of Management</b>						
Henry Brickenkamp	40,000	40,000	3,600	–	0	0
Dirk Engel	5,200	5,200	670	–	600	600
Norman Sack (from 01/01/2010)	0	0	0	–	0	0
John A. Stacey	14,600	14,600	14,600	–	1,050	1,050
<b>Supervisory Board</b>						
Klaus Beike	441	370	–	–	195	–
Manfred Bender	0	0	0	–	0	0
Dr. Norbert Bröcker	250	250	250	–	0	0
Heinz Harling	64,854	64,854	64,854	–	0	1,050
Matthias Laudick	884	807	–	–	300	–
Joachim Voss	0	0	0	–	0	0
<b>Family members</b>						
Marian Harling	1,000	1,000	1,000	–	0	0
Catherine Griggs	36	36	36	–	0	0
Nicola Green	49	49	49	–	0	0
Helen Stacey	24	24	24	–	0	0

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### Corporate Governance

The Board of Management and Supervisory Board submitted the Declaration of Conformity pursuant to Section 161 of German Stock Corporation Law for 2008 in September and December 2009 and provided permanent access to it by shareholders and interested parties on the company's website ([www.technotrans.de](http://www.technotrans.de)) (cf. Management Report, page 41).

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### Events occurring after the balance sheet date

The date for release of the annual financial statements by the Board of Management pursuant to IAS 10.17 is March 1, 2010. These Consolidated Financial Statements are subject to approval by the Supervisory Board (Section 171 (2) of German Stock Corporation Law) or the Shareholders' Meeting (Section 173 (1) of German Stock Corporation Law).

No further events of particular significance affecting the financial performance, financial position or net worth of the company occurred after the end of the 2009 financial year.



## Disclosures of interests reported pursuant to Section 21 (1) or (1a) of German Securities Trading Law

Reporting party	Reported development			Disclosures on attribution
	Threshold value*	Date on which exceeded or undercut	New interest in voting power	
	%	Date	%	
Midlin NV, Maarsbergen, the Netherlands	> 3	15.01.2010	3.02	Teslin Capital Management BV, Maarsbergen, the Netherlands
Legg Mason, Inc., Baltimore, USA	< 5	03.06.2009	4.77	Royce & Associates LLC, New York, USA
BlackRock Investment Management (UK) Limited, London, United Kingdom	< 3	11.03.2009	1.72	BlackRock Group Limited, London, England; BlackRock International Holdings, Inc, New York, USA; BlackRock Advisors Holdings, Inc, New York, USA; BlackRock Financial Management, Inc, New York, USA; BlackRock Holdco 2, Inc, New York, USA; BlackRock, Inc, New York, USA
Orange European Participations N.V., Amsterdam, the Netherlands	> 5	24.06.2008	5.01	Kempen Capital Management N.V., Amsterdam, the Netherlands
technotrans AG, Sassenberg	> 5	12.03.2008	5.02	-
Objectif Small Caps Euro, Paris, France	> 3	06.11.2007	3.94	Lazard Frères Gestion SAS, Paris, France
WestLB, Düsseldorf	< 5	18.11.2005	4.94	-

\* EXCEEDED (>) OR UNDERCUT (<)



## Corporate Bodies

### Board of Management

DIPL. WIRTSCH.-ING. HENRY BRICKENKAMP

Spokesman of the Board of Management

Sales Director since July 2005, deputy Board member from July 2006 and then full Board member since March 2007 and Spokesman of the Board of Management since Mai 2008. Responsible for Sales and Service worldwide, Product Management, Business Units Temperature Control and Fluid Application, Marketing, Quality Management.

DIPL.-KFM. DIRK ENGEL

Finance Director

In charge of Finance and Accounts for the technotrans Group since April 2004, Member of the Board since August 2006. Responsible for Accounting/Controlling, Procurement, Human Resources, IT and Investor Relations.

NORMAN SACK

Member of the Board (Technology, since January 1, 2010)

Responsible for Development, Design, Business Units Ink Technology and Fluid Conditioning, Production, Controls, Patents and Central process support (CPS).

JOHN ANDREW STACEY

Member of the Board (until December 31, 2009)

## Supervisory Board

DIPL.-WIRT. ING. KLAUS BEIKE

technotrans AG, Sassenberg (employees' representative)

MANFRED BENDER

Chairman of the Board of Management of Pfeiffer Vacuum Technology AG, Aßlar

DR. NORBERT BRÖCKER

Partner in Hoffmann Liebs Fritsch & Partner, Düsseldorf

Member of the Supervisory Board of Ton-Art AG (Deputy Chairman)

DIPL.-ING. HEINZ HARLING

Chairman of the Supervisory Board of technotrans AG

Member of the Advisory Board of Westfalia Automotive Holding GmbH

Member of the Supervisory Board of Gämmerler AG

MATTHIAS LAUDICK

technotrans AG, Sassenberg (employees' representative)

DIPL.-KFM. JOACHIM VOSS

Deputy Chairman of the Supervisory Board

Managing Director, WestLB AG, Düsseldorf

Chairman of the Supervisory Board of WestPensionsfonds AG

Chairman of the Supervisory Board of WestPensionskasse AG

Member of the Advisory Board – Asset Management Capital Markets Retail, DekaBank





## Responsibility Statement by the Management

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Sassenberg, March 8, 2010

technotrans AG

The Board of Management

Handwritten signature of Henry Brickenkamp in blue ink.

Henry Brickenkamp

Handwritten signature of Dirk Engel in blue ink.

Dirk Engel

Handwritten signature of Norman Sack in blue ink.

Norman Sack



## Independent Auditors' Report

We have audited the consolidated financial statements prepared by technotrans AG – comprising the balance sheet, income statement, statement of movements in equity, cash flow statement and notes – as well as the group management report for the financial year from January 1 to December 31, 2009. The preparation and the content of the group management report in accordance with IFRS, as applicable within the EU, as well as in accordance with the supplementary requirements under commercial law pursuant to Section 315a, Para. 1 of German Commercial Code, are the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements and group management report on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of German Commercial Code, observing the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that the audit be planned and performed such that it can be assessed with reasonable assurance whether the representation of the financial position and financial performance as reflected in the consolidated financial statements in keeping with the applicable accounting standards, as well as in the management report, contains any material misstatements and irregularities. Knowledge of the business activities and the economic and legal environment of the group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal accounting controls system and the evidence supporting the amounts and disclosures in the consolidated financial statements and group management report are examined predominantly on a test basis within the framework of the audit. The audit includes assessing the individual financial statements included in the consolidated financial statements, the definition of the group, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

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In our opinion, formed on the basis of our audit, the consolidated financial statements are in accordance with IFRS, as applicable within the EU, as well as with the supplementary requirements under commercial law pursuant to Section 315a Para. 1 of German Commercial Code and, on the basis of those requirements, give a true and fair view of the financial position and financial performance of the Group. The group management report is in agreement with the consolidated financial statements, on the whole provides a suitable understanding of the group's position and suitably presents the risks of future development.

Bielefeld, March 8, 2010

[KPMG AG](#)

[Wirtschaftsprüfungsgesellschaft](#)



Auditor



Auditor





## Report of the Supervisory Board

The Supervisory Board of the company again regularly advised the Board of Management on the running of the company and monitored its activities in the 2009 financial year, in accordance with legal requirements and the articles of incorporation. We were involved directly and at an early stage in all decisions that were of substantial significance to the company.

The recession and the resulting drastic slump in orders from technotrans' major customers were the defining features of business progress over the past financial year, necessitating much more intensive dealings between the Board of Management and the Supervisory Board. The Board of Management regularly briefed us orally and in writing, both promptly and comprehensively, on the situation of the company and its subsidiaries, in particular on the business and financial position and on fundamental issues of corporate planning and strategy. Deviations in business progress from the plans and targets and the corresponding countermeasures were explained to us in detail and the strategic direction of the company was coordinated with us. In addition to myself, other Supervisory Board members maintained regular contact with the Board of Management, both outside the context of meetings and after the end of the financial year, in order to become acquainted with the current progress of business and to support the Board of Management in an advisory capacity. In addition, I held separate discussions with the Board of Management on the prospects for and future direction of the divisions. I was informed in a timely manner by the Spokesman of the Board of Management of important occurrences that are of material significance for evaluating the situation, progress and management of the company.

During the 2009 financial year the Supervisory Board considered the economic position and operational and strategic development of the company and its divisions at length in four meetings, which took place on March 9, May 7, September 22 and December 10, on the basis of the written and oral reports by the Board of Management. The Supervisory Board was informed of and discussed significant business occurrences within the company, as well as its strategy and the implementation thereof, and also its approach to risk management. The economic development of the company and of its subsidiaries was discussed in depth. All members of the Supervisory Board and Board of Management were present at all meetings.

The Supervisory Board approved those transactions which require its approval in accordance with the legal requirements and the articles of incorporation. These include decisions and measures which are of fundamental significance for the financial position and financial performance of the company.

**Important topics in 2009 were:**

- The economic development of the company in light of the recession and the measures to safeguard earnings
- The financial statements for 2008
- The strategic positioning and development of the company's divisions
- The future composition of the Board of Management and the distribution of tasks
- The resolutions and agenda items for the Shareholders' Meeting
- Budgeting for the 2010 financial year, encompassing revenue, cost, earnings, investment and personnel targets, as well as rough targets for subsequent years
- The proceedings for and conclusion of the patent dispute with a competitor
- Aspects of risk management, compliance and corporate governance.

The members of the Supervisory Board are sufficiently independent and have sufficient time to act as non-executive directors. No conflicts of interest arose during the period under review. Pursuant to Section 5.6 of the German Corporate Governance Code, the Supervisory Board conducted an efficiency audit by means of a structured approach. It reached the conclusion that the Supervisory Board exercises its role efficiently, though it is to be noted that this examination regularly suggests details that could be improved upon.

To enable it to fulfil its duties more efficiently, the Supervisory Board formed two committees, the Audit Committee (members: Joachim Voss, Manfred Bender and Heinz Harling) and the Personnel Committee (members: Heinz Harling, Dr. Norbert Bröcker and Joachim Voss). A nominating committee was also appointed, to propose suitable candidates for Supervisory Board elections. The work of this committee was suspended in 2009.

The Audit Committee met on two occasions, in the presence of the auditors and the members of the Board of Management, and concerned itself with matters relating to the annual financial statements, the presentation of the accounts, controlling and risk management, fiscal matters, compliance, assuring the independence of the auditors, commissioning the auditors with the audit task, identifying the priority areas for the audit, and agreeing the fee. The interim reports to be published were discussed by the members of this committee.

The Committee for Board of Management Affairs met four times and dealt in particular with the medium-term development of the Management Board and with drawing up the contracts and agreeing the remuneration system for the members of the Board of Management.

In line with the committee's proposal, the Supervisory Board appointed Norman Sack as new member of the Board of Management and Technical Director with effect from January 1, 2010. At the same time the Supervisory Board accepted the request of John Stacey to surrender office as a member of the Board of Management with effect from the end of the year, after having played a pivotal role in the development of technotrans and its international network in particular for almost 20 years. The Supervisory Board thanked Mr Stacey for his successful, dedicated cooperation and welcomed his decision to remain involved with the company in the capacity of Director of International Business.

The audit reports and documents for the accounts were sent to all Supervisory Board members in good time. They were discussed in depth by the Audit Committee and at the Supervisory Board meeting on March 8, 2010. The firm of auditors, represented by the two independent auditors appointed to carry out the task, attended both meetings. They reported on the principal findings of their audit and were available to answer further questions and provide supplementary information. The financial statements of the company and group for the 2009 financial year have both been granted an unqualified audit certificate. Following our own examination of the annual financial statements, the consolidated financial statements, the management report for the parent company and the management report for the group, we approved the findings of the audit and signed off the annual and consolidated financial statements at the meeting on March 8, 2010. The annual financial statements are thus established.

The Supervisory Board would like to thank the Board of Management and all employees of the group for their commendable dedication. By pulling together, they showed great commitment in shaping the company's development in the past financial year of 2009, a period which was dominated by economic difficulties. Our particular thanks are due to the employees' representatives, who yet again cooperated constructively and openly with the company's corporate bodies, and to the shareholders, many of who have now been involved in technotrans AG for quite a number of years.

On behalf of the Supervisory Board



Heinz Harling  
Chairman of the Supervisory Board





## The success story

- 1970 Founding of the company
- 1973 Initial contacts with the audio media and printing industry
- 1977 Production of the first dampening solution equipment
- 1981 Development of a separate product line for dampening solution preparation systems
- 1987 Launch of the first ink temperature control systems
- 1990 Management Buy-out
  - technotrans graphics ltd. is founded in Colchester, Great Britain
  - Launch of the new system component concept for ancillary equipment on printing presses
  - technotrans is one of the world's three largest suppliers of dampening solution preparation systems
- 1992 technotrans becomes original equipment supplier for the Heidelberg Speedmaster and MAN-Roland 700 presses
- 1993 technotrans france s. a. r. l. is founded
- 1995 technotrans america inc. is established in Atlanta, Georgia, USA
- 1997 Transformation into a stock corporation
  - Founding of technotrans printing equipment (Beijing) Co. Ltd., People's Republic of China
- 1998 Takeover of BVS Grafische Technik GmbH, which is renamed technotrans systems GmbH
  - Initial public offering
- 1999 Founding of technotrans technologies pte. ltd. in Singapore
  - Founding of the subsidiary technotrans italia s.r.l. in Milan
  - Merger with the subsidiary technotrans systems GmbH to form technotrans AG
- 2000 Takeover of the American company Ryco Graphic Manufacturing, Inc. (Chicago) and merger with technotrans america inc.
- 2001 Takeover of the American Steve Barberi Company Inc. and its subsidiary, Farwest Graphic Technologies LLC, of Corona, near Los Angeles, California, USA, renamed technotrans america west, inc.
  - Takeover of the Electroforming Division of Toolex International N.V., which now operates as technotrans scandinavia AB, Täby, Sweden
  - Establishment of technotrans japan k.k., Kobe, Japan, as a sales and service company
  - Establishment of technotrans china ltd., Hong Kong, as a sales and service company

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- 2002 Transfer of activities from Atlanta to the principal American location in Chicago
- 2003 Consolidation of international production capacities and relocation of assembly from technotrans graphics Ltd., Colchester, Great Britain, to Sassenberg.
- 2004 Start of development work on the new cleaning systems product area and decision to extend the plant near Augsburg  
Opening a further sales and service office in Yokohama, Japan
- 2005 Constuction of new production plant at Gersthofen, near Augsburg and thus doubling the capacity in the South of Germany  
Integration of the Micro Technologies segment into the company's Technology Division
- 2006 Merger of the two American production locations in Chicago  
Establishment of the subsidiary in Brazil  
Opening of a further sales and service office in Madrid, Spai
- 2007 Entry into the new product area of cleaning systems, with the first of the contex.c blanket cleaners installed at end customers  
Establishment of the subsidiary in Dubai (UAE)  
Establishment of the subsidiary in Moscow (Russia)  
Opening of a further sales and service office in Melbourne, Australia  
Opening of a further sales and service office in Shanghai, China
- 2008 Two employees' representatives are elected to the Supervisory Board (One-Third Employee Representation Act)  
Extensive cost-cutting measures are implemented in response to the economic crisis, including the transfer of the cleaning systems product area to Sassenberg
- 2009 Further measures were taken in response to the dramatic slump in revenue prompted by the global economic crisis. The number of employees was reduced worldwide, short-time was introduced at the group's main location in Sassenberg, production operations were halted at the Mt. Prospect (USA) and Gersthofen (Germany) locations and transferred to Sassenberg, and the structures in Asia were consolidated.



## Corporate Calendar 2009/2010

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Annual Report 2009	March 9, 2010
Analyst Meeting and Annual Press Conference	March 9, 2010
Interim Report 1-3/2010	May 4, 2010
Annual Shareholders' Meeting	May 6, 2010
Interim Report 1-6/2010	August 10, 2010
Interim Report 1-9/2010	November 9, 2010
Annual Report 2010	March 8, 2011

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Concept and Design

**cyclos design GmbH**, Münster

**Rasch Druckerei und Verlag GmbH & Co. KG, Bramsche**

printed with Heidelberg Speedmaster SM 102-10P6

with the following technotrans equipment:

beta.C 480G: dampening solution circulation, ink  
roller temperature control system, alcosmart AZR,

beta.PS-C2-10/50: pump station, glycol cooling  
and 2 x washstar



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