



# NEW WAYS

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Magazine

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DISCOVER  
THE FUTURE  
OF LIQUID  
TECHNOLOGY –  
WITH  
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# GLOBAL LOCAL PATRIOTS

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STOP

# METICULOUS PUBLISHERS

THROUGH GDS AG, WE PROVIDE  
EFFICIENT SERVICES AND SOFTWARE FOR  
TECHNICAL DOCUMENTATION.

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# VISIONS BASED ON KNOWLEDGE

BUILDING ON OUR EXPERTISE, WE ARE  
CONSTANTLY MAKING INROADS INTO THE  
MARKETS OF THE FUTURE.

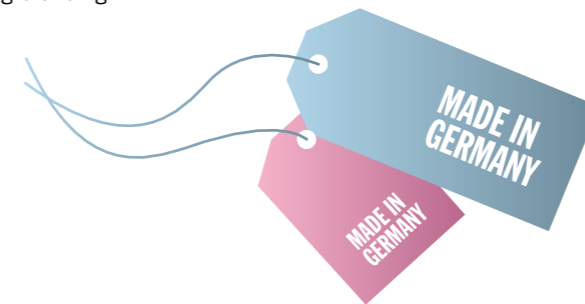
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**TECHNOTRANS EXPERTISE –  
THE TRIED-AND-TESTED GATEWAY  
TO TAPPING THE MARKETS  
OF THE FUTURE**

**60%**

The global market share of German printing press manufacturers. This underlines their predominance and shows that printers worldwide regard “Made in Germany” as a worthwhile investment. As a long-standing partner, technotrans too benefits from this strong branding.



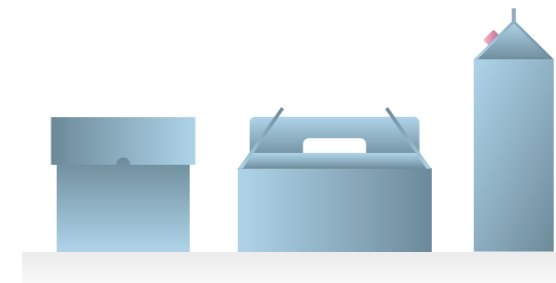
**4.5 €  
BILLION**

That is the volume of orders received by exhibitors at the EMO, the leading international exhibition of the machine tool industry. Nearly 65% of the visitors from all over the world came with the specific intention to invest – proof of the steady upward trend in that industry. And one from which technotrans is already benefiting as a new player in special niches of this industry, e.g. with its new toolsmart.



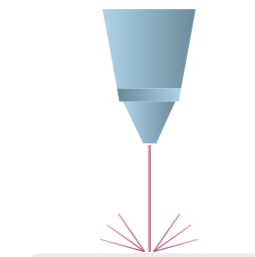
**124<sup>US</sup>  
\$  
BILLION**

This is the revenue growth that industry experts expect to see in the worldwide packaging market between 2012 and 2016, from a base of € 696 billion in 2011. The two biggest sales markets are the USA and China.



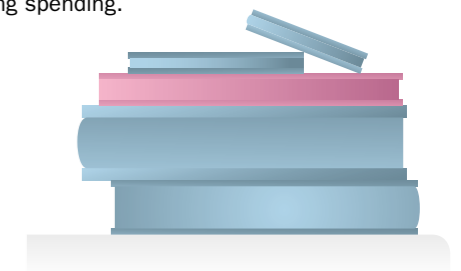
**440%**

The amount by which the laser systems market has grown since 1993. By comparison, the machine tool market has expanded by 80% over the same period. Other figures illustrate the huge promise of laser technology. In 2009 revenue slumped by 25% to €3.9 billion worldwide. Yet it had bounced back to pre-crisis levels by 2011.



**MORE THAN  
140 €  
BILLION**

is invested every year in printed advertising. That represents around 70% of all advertising spending.





# NEAT NETWORKERS

FINDING THE PERFECT PARTNERS  
IN EACH OTHER. JOINTLY IDENTIFYING SYNERGIES.  
BUILDING SUCCESS ON EQUAL TERMS.

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# THOUGHTFUL THINKERS

SOCIAL AND ECOLOGICAL RESPONSIBILITY  
ARE IMPORTANT TO US – TECHNOLOGICALLY  
AND SOCIALLY.

MAGAZINE PAGE 78

## SUCCESS STORIES FROM AROUND THE WORLD.

### technotrans Australia

Down Under, up with the leaders

Equipping a printing press can be compared with specifying a car. But unlike in the car industry, this optional equipment normally comes not directly from the press manufacturer, but from specialist suppliers such as technotrans. And on a printing press it isn't simply about enhancing comfort and convenience; it boosts efficiency, in other words profit. With the help of colleagues from Singapore, the Australian subsidiary – a small undertaking for such a vast country – has managed to convince the bigger sheet-fed offset printers scattered throughout the continent, but also important local newspapers, of the added value to be derived from centralink supply systems, high-efficiency filtration systems and water preparation systems. It looked at each customer's specific circumstances as a matter of course and underpinned everything with technotrans' renowned quality service.



technotrans



### technotrans America

Termotek goes USA

technotrans' international sales and service network attends to customers' needs in each individual market. When those markets contract, as has happened in the USA, the team's spirits may well suffer. So the news that the sales team is now able to represent Termotek AG, too, was enthusiastically received. The potential is huge, the products much sought-after, and technologically this is familiar territory. The only barrier to be overcome were the inhibitions at making contact with customers from an entirely fresh industry. Termotek helped matters along, and the first deals closed are an added motivation.



### technotrans France

Global networks, local benefits

The graphic arts industry is a village. Every country has a dense network of federations and work groups that regularly swap notes. So word of mouth is still a very powerful form of advertising. When the Japanese printing press manufacturer Komori made a recommendation to a French customer on how it could add value to its production process, it was referring to technotrans filtration and preparation systems. Komori's recommendation held sway, and the customer was delighted with the results very shortly after installing the systems. The next printer soon came calling with the same requirement. That, too, is part of technotrans' strategy: making sure customers with global spread use our technological innovations wherever they are – in the interests of users.



### gds Germany

450,000 legally watertight pages  
in 68 countries

One of the bigger customers in the portfolio of gds AG is SIG combibloc, for which it produces technical documentation. Because a new packaging material for the manufacture of carton board was introduced, all operating manuals for the machines already in production use had to be updated. Instructions on how to check the packaging were also compiled. gds took charge of the entire editorial review process, the compilation of the special documents, their translation into 23 languages, the customs formalities and the logistics. In total, over 2½ years around 450,000 printed pages were placed in around 1,000 individual packages and distributed to 68 countries.



### technotrans England

Great ideas for large formats

The English abbreviation for the giant presses built by Heidelberg Druckmaschinen AG is simply "VLF" – for Very Large Format. This could hardly be more fitting when you are talking about a maximum format width of 162 cm. The leading UK printer Butler Tanner & Dennis, based in Frome, Somerset, has invested in such a press. When choosing the dampening solution circulator and ink roller temperature control unit for this high-tech giant, its choice was obvious. "The technotrans beta.c combined unit with central water cooling was recommended to us by Heidelberg", explains Plant Manager Warwick Larkman. "The waste heat from the presses is kept in a closed circuit, so it has no influence on the climatic conditions in the printing hall." technotrans was also the obvious choice for Butler Tanner & Dennis because the printer had long been convinced by its excellent standard of service.

technotrans

## OR: HOW TO DO THE RIGHT THING WHEREVER YOU ARE.



### technotrans India

Green Printer Award 2011  
for The Times of India

The "Green Printer Award" was launched in India by our fledgling subsidiary in 2010 as a way of raising awareness of sustainable production in that market, too. It is presented to companies that have taken measures to protect the environment, e.g. by reducing waste or reconditioning process fluids. The 2011 award-winner was the newspaper printer of "The Times of India". It also streamlined its processes in an environmentally friendly way by systematically applying technotrans solutions. Now, for example, when the presses are started up it is no longer necessary to print 600 or 700 specimen sheets; a maximum of 200 are needed. The amount of paper saved is six tonnes per year, or 22 trees. As a tribute to the environment, the Indian experts have also cut CO<sub>2</sub> emissions and water consumption, drastically reduced energy consumption and moreover planted 500 new trees in the vicinity.

# INNOVATION MADE IN MÜNSTERLAND

1

Made in Sassenberg –  
for use worldwide

## **HOW LIQUID TECHNOLOGY FROM UP COUNTRY SPREADS WORLDWIDE**

Sassenberg is a pretty little town in the Münsterland region with a population of around 14,000. Surrounded by green meadows and open spaces, it is not exactly where you would expect to find a globally successful enterprise. But this is the home town of technotrans, one of the biggest and most expert suppliers of liquid technology.



2

Where the liquid technology of the future is taking shape

3

High-quality assembly processes with attention to detail



“INNOVATION, CREATIVE ENGINEERING SKILL AND “MADE IN GERMANY” QUALITY ARE WHAT THESE PRODUCTS ARE ALL ABOUT.”

Maybe this success owes something to the company’s Münsterland origins and the region’s people. They are renowned for their down-to-earth manner and collaborative spirit, but also for their determination and foresight. At technotrans, highly motivated people produce innovative technology fit for the challenges of the future.

**LOCAL ROOTS, GLOBAL OUTLOOK**

Since 1970, we have been building impressively high-quality equipment and systems for customers from the printing industry as well as other sectors. These customers are spread all over the world – because mechanical engineering is a prime example of Germany’s export prowess. Innovation, creative engineering skill and “Made in Germany” quality are what these products have always been about. We supply products that delight our customers and bring them real benefits. Through their reliability, precision and tailor-made solutions.

For all our international make-up, the nerve centre of our activities is in Sassenberg. This is where the high-quality products are created that have made technotrans famous, such as temperature control technology, filtration solutions, preparation systems and central ink supply systems. The main clients for our peripheral systems come from the printing industry, but we have been steadily and systematically widening our area of activity. For example the Technical Documentation arm of the company offers internationally usable tools and assists companies with editorial processes. Since 2010 we have also been working with companies in the field of laser technology, e.g. through the partnership with and subsequent takeover of Termotek AG and with other renowned companies in that industry. As a systems supplier we favour modular concepts comprising self-developed

As a forward-looking company, technotrans used its own core skills to successfully integrate other companies into the group from an early stage, and forge long-term ventures and partnerships with trailblazing technology carriers.

components and standard products sourced from specialist suppliers. This approach enables us to respond very flexibly to requests for customer-specific solutions. At the same time we set great store by well-qualified employees and efficient processes.

nature is sustainable and justifiable. That is why we have signed up to the “Global Compact” initiative of the United Nations, through which the participating companies subscribe to shared values. We are also actively supporting the “Friedensdorf e.V.” initiative, which focuses on providing medical assistance for specific patients and running aid projects for children all over the world.

Through its breadth of expertise, the company is also tapping new areas of business with long-term prospects. We use the full battery of our resources to guarantee technotrans permanent market success and ensure that customers and partners worldwide will continue to benefit from our products and innovations “Made in Sassenberg”.

Against this backdrop, we are also eager to demonstrate ecological and social responsibility because we believe that economic success is only possible if people also ensure that the impact that their ideas and actions have on humankind and

4

From the logistics centre to destinations worldwide.





“OPTIMISED,  
EFFICIENT ASSEMBLY  
PROCESSES.”

**PARTNERS ON EQUAL TERMS**

technotrans sees itself as not simply a supplier, but as a companion. In partnership with our customers, we investigate their specific requirements to make sure our systems and equipment always represent the best possible solution for the task in hand. And because this approach means we are the ones who time and again have set standards that become accepted worldwide, we are able to keep our production operations particularly economical. The modular technical solutions are based on our many decades of experience in temperature control, filtration and the preparation of liquids. Our full prowess is demonstrated in the way all these skills come together in an expert systems supplier for customers who expect more.

The most impressive aspect of technotrans' equipment and systems is their selective, meticulous technology that perfectly matches that of our customers and often delivers the solution to a problem. Our products also offer a high ROI and are easy to operate and service. We furthermore espouse the user's interests by majoring on energy efficiency, environmental and sustainability. That's because we supply products that already have one eye to future. As a result, they are attracting a following in other sectors as well as the printing industry.

At technotrans, technological expertise goes hand in hand with a service culture that strives for customer satisfaction throughout a product's entire life. We regard being available 24/7 as a matter of course. We are likewise there to offer solutions for virtually all challenges that might arise in the customer's production operations. A direct hotline, worldwide parts service and expert service technicians on the ground are all part of the deal. And there's much more, too.

This is the essence of our mission – to deliver greater efficiency, better productivity and more success for our customers and partners.

**MOTIVATED BY EXPERIENCE**

Our goal at technotrans is to surpass not just our customers' expectations, but our own expectations, too. We would like to use everything we have learned in the past to create new success stories. When we act, we are swift and focused. Not because we are forced to be, but because we are exceptionally motivated. Because we know that all the experience in the world counts for nothing if you don't use it to shape the future. And we make the most of another of our strengths: speed.

We are able to deploy this strength in both the research and development area and in production, with the result that both we and our customers acquire a stronger market position. This is not about innovation for innovation's sake, but about compelling ideas that have a sound technological basis and produce genuine high quality.

“WE OFFER TAILORMADE SOLUTIONS FOR A WIDE VARIETY OF PROBLEMS.”

technotrans makes use of expertise it has acquired over several decades, the latest research tools, cutting-edge production methods and successful development strategies. We explore every possibility in our quest for new solutions and technologies, e.g. partnerships with institutes and universities, so that our equipment and systems are state of the art. We get involved in interdisciplinary and international ventures because we know that only open horizons offer the scope for developing superlative technology. And we keep our production operations efficient, sustainable, cost-conscious and flexible, because we believe this is the best way to continue being a success.

**TECHNOTRANS OFFERS SUPERLATIVE TECHNOLOGY**



5  
We build our own refrigeration technology, which is a core component of many products

6  
Electrical systems that not only look good, but work reliably, too

7  
The dual-control principle helps to ensure that all components interact to maximum possible effect





8

The assemblies comprise various components, which are first tested and then preassembled

9

Maintaining order, however tiny the detail, helps to keep everything well organised

10

Pride at another completed order: the unit can now undergo functional testing



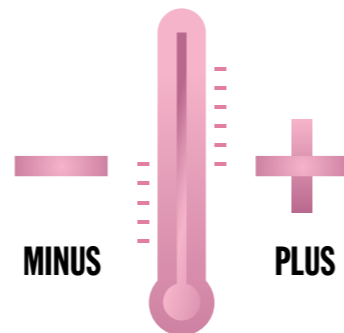


# FROM MINIMUM TO MAXIMUM

**DAY BY DAY, OUR PRODUCTS PRODUCE  
ASTONISHING STATISTICS – BOTH GREAT AND SMALL –  
IN THE AREAS OF TEMPERATURE CONTROL,  
FILTRATION AND PREPARATION.**

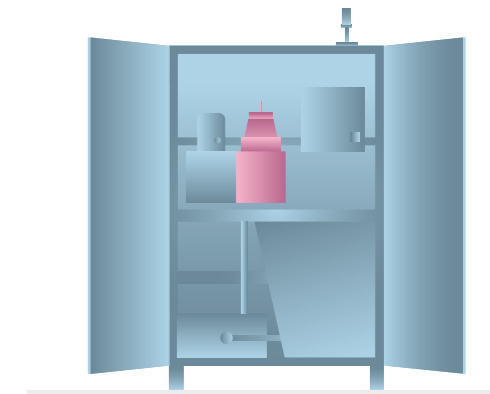
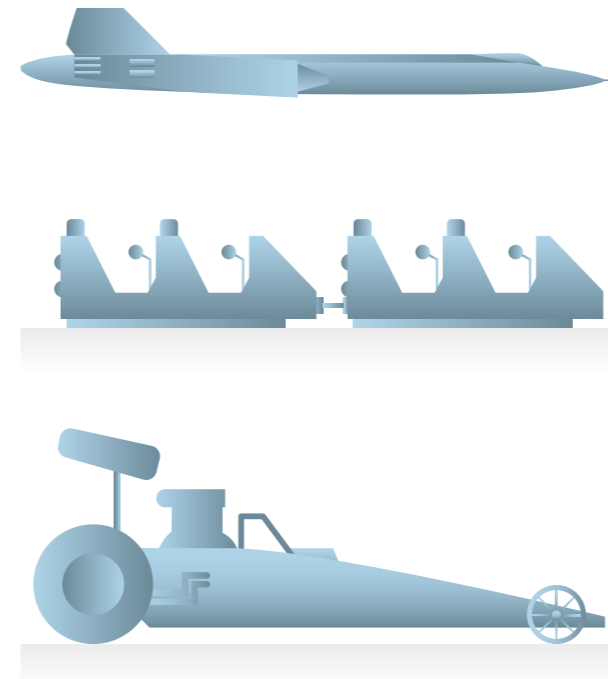
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IS THE CAPACITY OF THE  
LARGEST INK TANKS WE  
HAVE EVER INSTALLED



## 0.05°C

technotrans uses temperature measurement technology accredited by the Federal Institute for Physics and Technology that is capable of measuring to within 0.05°C over a range from 10 to 150°C. That enables us to regulate temperature control circuits with a proven accuracy of +/- 0.1 °C. Which the users of our technology rely on in practice.

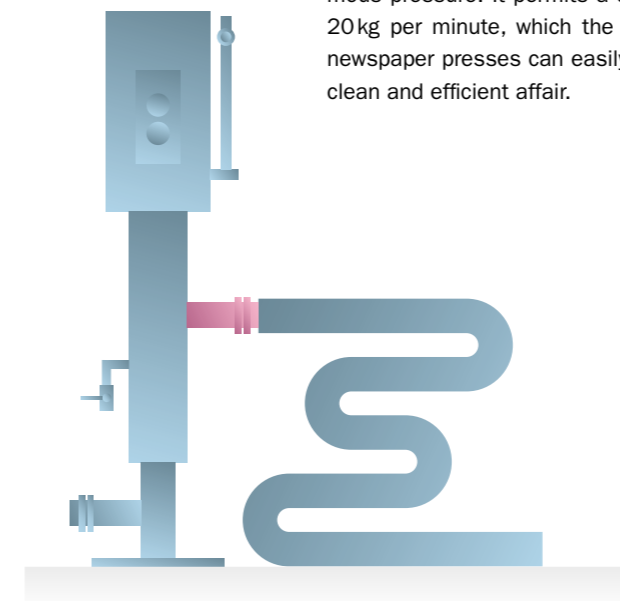


## 9,000 g

On a hair-raising roller coaster, g-force – in other words the load on a body from acceleration – is between 5 and 6g. In other words, between five and six times the force of gravity acts on the body. We're not satisfied with that for our spinclean.d. This dampening solution cleaning unit generates a centrifugal force of 9,000g for optimum cleaning quality and highly reliable processing.

## 160 bar

Our ink pumps circulate the highly viscous printing ink along pipes to the printing press at this enormous pressure. It permits a delivery rate of up to 20 kg per minute, which the highest-performance newspaper presses can easily get through. A fast, clean and efficient affair.



## >99%

The fluidmaster.110 is a compact, high-quality unit for reverse osmosis that is used predominantly in electroplating and electronics manufacturing. Thanks to its ingenious technology, it achieves a salt retention rate of more than 99%, which is indispensable for hitch-free production.



## PROFESSIONAL, PRODUCTIVE AND TRULY PROFICIENT.

### TECHNOTRANS – AN ENTITY THAT THRIVES ON ITS EMPLOYEES.

They are the hand, soul and mind of everything we do. They make sure we play to our strengths in every area of the company. They create the positive, professional atmosphere that our customers, too, sense. And they have stood by their company throughout difficult times. That's something we can be proud of, and it makes us confident that we can rise to all future challenges.

Our employees demonstrate their desire for superlative achievements every day, in every area of the company, and are thus spurred on to new heights. They have the ability to look beyond their



11

Our employees are one  
of our biggest strengths

12

A small excerpt of the big picture  
that is more than the proverbial sum  
of its parts...

immediate horizons in their quest for solutions not just for the present, but for the future, too. Because a good idea is a good idea, whoever produces it. We expressly encourage this attitude. Our efficient business units consolidate the expertise present in each technology area into specialist teams which consider the current and future requirements of our partners and customers professionally and purposefully. But for some projects, we also take the opportunity to bring together the expertise of more than one unit for optimum, forward-looking results.

Specifically when it comes to technotrans' worldwide activities, exchanging ideas on an interna-

tional scale is an important success factor. This approach also reinforces common ground internationally and exploits different outlooks in engendering new ideas. It is clear wherever we are active just how successful this method is: on external assignments our efficiency, creativity and customer centricity are richly praised. Our equipment and systems encapsulate our expertise in many different ways. We want these factors to remain our benchmark, which is why we do all we can to support our employees – on a specialist, social and interpersonal level.



# THINK

“AS FORWARD-THINKERS WE LIKE TO REFLECT ON OURSELVES, OUR PARTNERS AND THE WORLD.”

*Christian Walczyk*

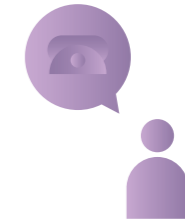
Head of technotrans industrial system solutions



**FINALLY. A VISIT TO THE DENTIST THAT WAS WORTH IT IN A DOUBLE SENSE. BECAUSE THAT'S WHEN I CAME UP WITH A POTENTIAL SOURCE OF REVENUE OUTSIDE THE PRINTING INDUSTRY.**

One that used our core skills of cooling, filtering and metering, of course. It was the cooling lubricants that fired my imagination. While leafing through a brochure for dental labs in the waiting room, it suddenly struck me: cutting processes also involve cooling. And cause lots of very fine surplus material. The solution would be a combined unit that cleans the cooling lubricant, prepares it and returns it to the production process. When looking for a suitable partner for the project, I thought of Sauer, a company that is part of the Gildemeister Group and makes precision 5-axis CNC machine tools with integral ultrasonic technology for use in such areas as dental technology. So the next day I got in touch with their development department and asked for an appointment with them. At the company's headquarters in Stipshausen we first presented our technologies and then our idea. The concept of

using a combined unit for preparing cooling lubricant was not in itself new for Sauer's engineers. But our concept was persuasive: a compact, user-friendly unit that is installed directly on the machine and operates efficiently – a space-saving, economical solution. We agreed to investigate the idea further in close consultation with Sauer. After all, the new unit ultimately needed to reflect their requirements. That kicked off development of the toolsmart. Deploying our ample engineering expertise, and after plenty of emails and phone calls, our team drew up the plans for a new unit that we presented at our next meeting. Of course we were nervous, because Sauer wasn't just any company – they were one of the technology leaders. But we knew as early on as the development phase that we were onto a good thing. All the analyses, measurements and plans looked very promising. And that's how it turned out: our ideas were well-received and we were given the go-ahead to build a prototype that we would place at Sauer's disposal as a test system. We built it largely from equipment modules that feature on our systems for the printing industry. In other words, we had plenty of experience with them. The filtration stage was the only section for which entirely new modules were created, because the requirements to be met were different. When the prototype was ready, off it went to Stipshausen.



**WHEN THE PHONE RANG, I DIDN'T REALLY KNOW WHAT TO MAKE OF IT AT FIRST.**

technotrans weren't proposing anything specific and I didn't really know what they wanted from us. After talking to them things were a little clearer. They wanted to sell us something. Interestingly, they themselves didn't know exactly what it was. It wasn't much more than a general idea. But it actually sounded quite good. At our first meeting we soon got onto the topic of cooling lubricant preparation and how there was room for improvement. I then realised that technotrans might be able to deliver firm improvements to the processes going on in our equipment. They told us more about their plans

and how they would envisage a partnership with us. They were really engaging and enthusiastic. So we agreed we would both explore the idea in greater depth. We soon saw the process take on firm contours: a lively dialogue by phone and e-mail ensued, and we were wowed by their professionalism. So we really looking forward to the next meeting, when technotrans wanted to show us some very

specific plans. And that's what they did. We were immediately impressed by the new unit. We'd already been getting on splendidly, because such a venture was a breath of fresh air. The whole undertaking moved up a gear when technotrans offered to build us a prototype. How could we refuse? Especially as they were so eager to respond very directly to our requirements in many areas such as filtration and user friendliness. A few weeks later, they phoned to ask when they could call again. So we arranged an installation date and eagerly awaited the next developments. Communications started buzzing again, and we just had to bide our time until the truck with the new unit pulled up outside our building...

**THERE'S POTENTIAL IN EVERYTHING. ESPECIALLY IF YOU'RE PREPARED TO CHANGE THE WAY YOU THINK AND ACT. WITH BOLD IDEAS AND THE RIGHT PARTNER.**



# WHEREVER YOU NEED US, WE'RE THERE.

WHY SERVICE FROM TECHNOTRANS  
ALWAYS MEANS THAT BIT EXTRA.

1

Readiness and dedication  
go hand in hand

**SERVICE FROM TECHNOTRANS IS AN IMPORTANT WAY OF INCREASING CUSTOMER SATISFACTION. IT PLAYS A VITAL PART IN A COMPANY'S SUCCESS. TODAY, FOR TOMORROW.**

That is why we at technotrans take the topic of service very seriously. After all, a lot of money is tied up in our customers' machinery and the cost of lost production can soon escalate. Furthermore, as a general rule nobody knows equipment and systems better than the people who have built them. We are not only aware of that; we act upon it. We are customer-centred, flexible and above all available internationally at 19 locations. This efficient service network of around 150 employees makes sure our customers are satisfied – all over the world.

**ONE-STOP SERVICE**

So that we can attend to our customers' needs even more comprehensively and consistently, we are steadily optimising our service structures. To do this, we study the needs and preferences of our customers and their markets. The wide-ranging experience that we have gained internationally over recent decades is of course invaluable when handling change. So that we can keep all processes as efficient as possible, every customer is assigned a product specialist as their counterpart to answer technical questions and handle every aspect of service cases. Customers genuinely appreciate this all-round support.

**24 HOURS, 365 DAYS**

The very core of the Service organisation is Customer Service Support, which attends to technotrans customers' every need through an integrated approach. A technical officer carries overall responsibility for a service order, including engineer call-outs and the administrative processes. This ensures that all services and processes can be coordinated smoothly. Customer Service Support is flanked by service force planning. It organises the engineers' appointments and clarifies all important aspects of travel. The Service area also helps with the internal and external training courses that provide professional, specialist advanced training for both our own employees and our customers' technical staff.

All customer requirements are acted upon individually, flexibly and professionally by our expert, motivated employees. That is of course particularly important in major projects that not only involve supplying equipment and systems, but also project planning, assembly and installation work up to the point of commissioning. In such cases it is particularly important to get everything right from the outset, so that the results live up to the customer's expectations in every respect. It naturally also includes product-centred, practical briefings, training and advancement to ensure that operators and users are able to use equipment expertly.

And there is yet more to technotrans Service: our employees provide swift, practical answers to technical questions so as to keep disruptions to the production process to a minimum. They make sure parts and consumables reach the customer as quickly as possible through a carefully planned international service network. Regular maintenance work reduces the risk of breakdowns and increases production reliability. That is something else that our worldwide customer service provides locally. Our qualified engineers are perfectly equipped with special tools to carry out repairs or modifications directly at the customer. They analyse the situation and find the best possible solution, perhaps repair individual components or enable the customer to carry on operating a machine in emergency mode until the cause of the fault can be definitively eradicated.



**INTERNATIONAL, CONNECTED AND FLEXIBLE – TECHNOTRANS SERVICE KNOWS NO BOUNDARIES. AND PROVIDES THE BEST SOLUTION FOR THE CUSTOMER, EVERY TIME.**

2

The most important thing: thorough preparation and perfect equipment

3

We are there for our customers 24/7. Every day of the year

As well as our products, this range of services – which we can also provide on behalf of other companies – helps to keep our own customers happy and satisfied. We are never far away anywhere in the world, respond quickly and flexibly, and always focus on the solution. 24 hours a day, 365 days a year. Thanks to this approach, we have developed

strong partnerships often stretching back many years with many of our customers. As well as being convinced of the merits of our service philosophy, we find it repeatedly offers up scope for new discoveries and insights. To the benefit of our customers and our products.

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“CUSTOMER-ORIENTED  
SERVICE IS ONE OF  
THE MOST IMPORTANT  
SUCCESS FACTORS.”

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“WE KNOW OUR CUSTOMERS ARE SATISFIED WITH OUR SERVICE. BUT WE STILL WANT TO BE EVEN BETTER.”



4

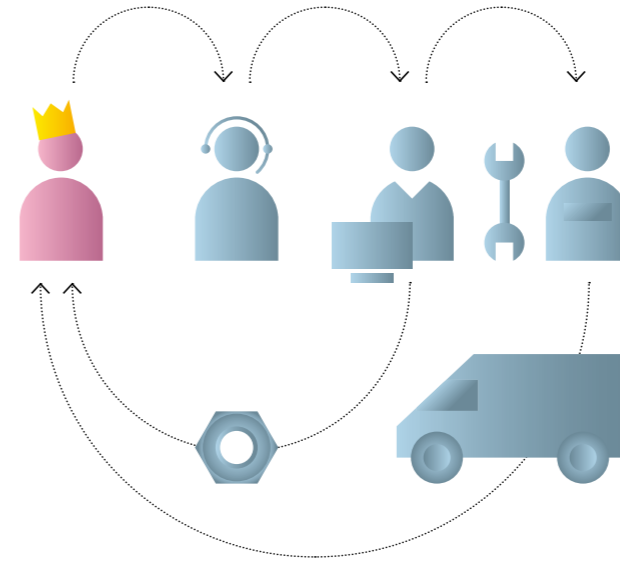
Customer-oriented: team discussion for the Service organisation

5

The results depend on the performance of each member of the team

**THE SERVICE IS GOOD. BUT NOTHING IS SO GOOD IT CANNOT BE IMPROVED.**

Change is part of everyday corporate life, because if you fail to change you stand still. All the same, there are some situations where continuous change is no longer enough to reach the next level. That normally calls for a project. And technotrans' Service area found itself in such a situation. Responsibility for ensuring the project succeeded was delegated to Anne Beckmann, 29, who joined the company in 2002 and started her career with a dual course of studies in business administration. Even before completing the qualification she was working in the Service area, initially as assistant to the Head of Service. Following the rollout of SAP, she then became team leader of Service Call Planning. So not only does she have a deep understanding of the subject; she also knows the various processes and organisational tasks in the Service area. This was the basis on which she was given the task of restructuring the service portfolio and also made team leader of technotrans' new Customer Service Support. In this capacity she coordinates both her own task area as well as the interfaces with the field service and training areas.



“and that allows us to estimate directly what field service and training capacity will be needed, then we can schedule everything with the members of the other Service areas.” Thanks to the service network's out-and-out international nature, this approach is ideal for the customer. Because of the way it improves processes, technotrans can respond even faster. And with technotrans experts available all over the world, customers are able to contact an expert who can help solve their problem at any hour of the day or night.

“We want to go the extra mile in Service,” declares Anne Beckmann, “and the proof that we manage to do this is there in both our satisfied customers and our determination to find individual solutions.”

“I SEE OUR EMPLOYEES REPEATEDLY DEMONSTRATE THEIR FLEXIBILITY EVERY DAY.”

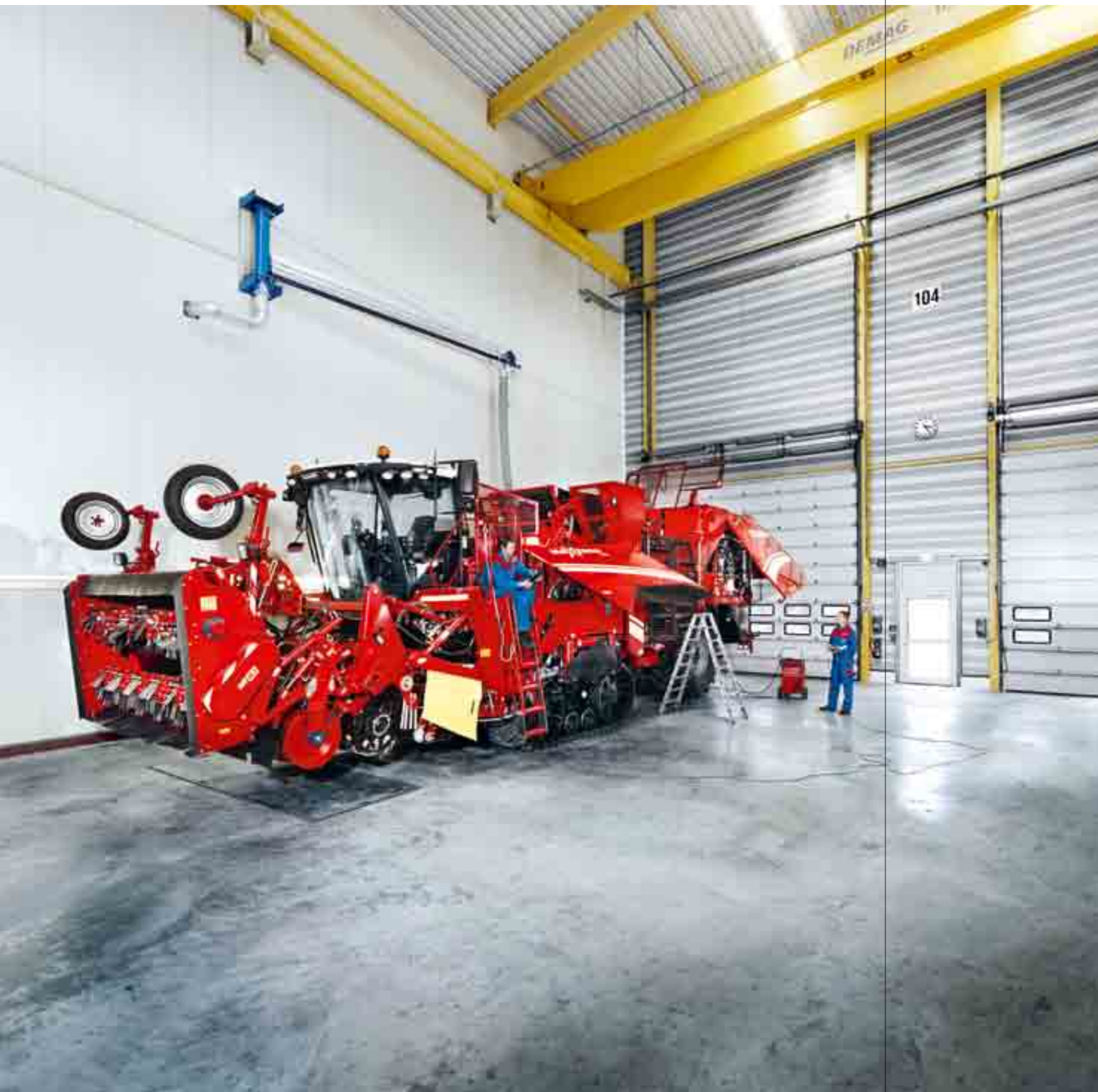
**UNDAUNTED BY MAJOR TASKS**

Restructuring a corporate area is normally a very labour-intensive and above all organisationally demanding project. “We already knew the customers were satisfied with our service. But we wanted to be even better.” It was in this vein that Anne Beckmann approached the task of taking technotrans Service to a new level. The aim was to implement a holistic, process and user-oriented approach that is based on a clear strategy: getting Service to follow the products into the markets. Customer Service Support was created to put the plan into action. “We want customers to have a contact person who coordinates everything that matters in a service project, from start to finish,” says Anne Beckmann. One of the most important organisational changes involved bringing the administrative processes under the umbrella of Service Support. In other words controlling everything centrally, whether the clarification of technical matters, preparing the quotation, processing the order, shipping the materials the engineer needs, invoicing or chasing up any accounts receivable. “Before we start, we discuss contractual aspects and the technical approach with customers and identify the contact persons,” explains Beckmann,

After all, we do keep encountering exceptional challenges. Once, our staff sent an urgently needed part overnight from Sassenberg to Prague by taxi. That meant the customer was very quickly able to resume production. And if the customer so wishes, in extreme cases we'll even charter a plane.” Anne Beckmann finds such anecdotes are what give her work some extra spice. “Although my activities are largely of an organisational nature, I see our employees demonstrating their flexibility every day or spontaneously putting ideas into practice.”

On top of these measures, technotrans is developing service tools that will bring even greater efficiency. For instance it is planning a kind of Wiki compendium to list all previously known problems, with links. This will pool the service experts' specialist knowledge in one place, simplify searches and give quicker access to solutions. The field service, too, benefits from professional tools that for instance coordinate international service engineer calls depending on the immigration requirements for countries worldwide, and arrange any visas or vaccinations that are needed well ahead of time. Customers and technotrans' own employees are not the only ones to benefit from the new structure and the tools; these also make life easier for partners and subcontractors working on the project.





## GDS AG, OR THE ART OF BEING UNDERSTOOD CORRECTLY

6

However complicated it is,  
gds finds the right words

### “TAKE A AND PLACE IN FRUIT BASKET B FOR CHANGE COLOUR YELLOW.”

Who has not come across such bizarre wordings in operating instructions or manuals? Less of a problem, maybe, when you are dealing with everyday products. But when you are talking about technical processes, expensive machinery or training documents, the problem can very soon become a costly one. Every company that makes technical products has to compile technical documentation. The quality of which is crucial. International standards, regulations and laws have to be complied with, and texts, photos and drawings have to be clear and intelligible. That is a constant challenge that companies cannot afford to take lightly.

The technotrans subsidiary gds AG – “gds” stands for global document solutions – has embraced the task of tackling this issue not just on behalf of technotrans, but also for other companies. It does so with speed, flexibility and professionalism. gds was created out of the former “Technical Documentation” department at technotrans AG. Since 1998 it has also been performing this task for other companies – with notable success. gds offers a wide range of products and services that not only simplify the entire documentation process for customers, but also demonstrably reduce costs by between 30 and 70 percent as well as providing greater legal certainty. The starting point is a rationally structured range of services, which can

also be combined as required. This versatility is undoubtedly one reason for the success of gds AG. The company is now also active in a large number of European countries and in regular contact with various technical universities, associations and federations.

“GDS OFFERS A WIDE RANGE OF PRODUCTS AND SERVICES THAT SIMPLIFY THE ENTIRE DOCUMENTATION PROCESS FOR CUSTOMERS.”

“A high point in the history of gds AG to date came in October 2011, when it scooped three awards at the dokupreis, a competition sponsored by the German professional association for technical communication and Information-Development (tekomp)”, explained gds Chairman Ulrich Pelster. The recent years’ success is also reflected in the steady rise in its employee total and the opening of additional locations. And gds AG is primed for further growth. With products and services that bring clear benefits for the customer.

At the very heart of gds’ solutions is the **docuglobe** content management system. It is based on the principle of modularisation: documents are broken down into logically usable component segments, the contents of which can be edited and modified quickly and easily. All segments are kept in the database, ensuring that all users retrieve the same version. The advantages are obvious. Documents can be produced to an especially high, guaranteed standard of quality, and managed very efficiently.



7

Clear and easy to understand:  
technical documentation from gds

8

gds performs services on behalf of  
a large number of companies



9

docuglobe – gds' successful product  
which is already benefiting more  
than 1,000 users

GDS AG IS THE SERVICE  
PROVIDER FOR TECHNICAL  
DOCUMENTATION.

STRUCTURED, LEGALLY SECURE  
AND INTERNATIONAL.

WITH INDIVIDUAL SERVICE  
AND INGENIOUS TOOLS.

There are many more useful features in docuglobe, such as convenient tools for translation into various languages and language management, straightforward publication in a variety of media formats, automated processes, clever search functions, version management and traceable archiving. Moreover, it interfaces with MS word to make the task of editing appreciably simpler for all users. docuglobe is thus a system that every company can use. Alternatively, gds AG can be commissioned to handle the task.

For this, gds offers its **documate** service, which involves e.g. professional authoring and updating of technical documentation for various customers. It can also provide in-depth advice on the structuring and integration of various documents. This service enables companies which are not large enough to justify an internal Technical Documentation department to obtain professional support for the task. The benefits for the customer are obvious: the economy of outsourcing, professional execution, and a significantly reduced liability risk in a product-related area that is highly sensitive for manufacturing industry.

Another service available from gds is **docuterm** terminology management. Company-specific terminology is as much a part of corporate identity as the logo or corporate design. It also helps customers to find their way around various documents with greater ease and localise the content faster. docuterm standardises the terminology used and

therefore makes documents easier to follow. Specifically in documentation, effective, easily understood instructions are more important than elegant phraseology. docuterm delivers these in an especially simple and efficient way, and is thus an ideal gateway to professional documentation.

For a quick, dependable and customised solution to technical documentation, there is the **docuconsult** service. gds performs a comprehensive analysis of the safety aspects and semantics in the documentation, but also investigates the potential in respect of processes, quality and costs. Documents can furthermore be analysed and optimised in such a way as to project a positive image of the company. The docuconsult service also includes tailored consultancy, training, seminars and in-situ support involving both its own products and the products of renowned partners.

To guarantee customers a comprehensive service and flexible support, customers can access our **docuportal** over the Internet. This is the quick and easy way to submit translation enquiries, commission jobs, transfer high volumes of data or log support requests, and customers have a constant overview of their processes.

The services provided by gds AG appeal to a growing circle of companies. The docuglobe software alone achieved revenue growth of 50 percent in 2011. This achievement undoubtedly owed much to its high functionality and the comprehensive service, but also to a strong focus on innovations, developments and trends in the field of technical documentation. As well as the fact that customers find gds' approach as simple as ABC. No doubt about it.

“GDS MEANS  
COMPREHENSIVE  
SERVICE WITH A  
STRONG FOCUS ON  
INNOVATIONS,  
DEVELOPMENTS AND  
TRENDS IN THE  
FIELD OF TECHNICAL  
DOCUMENTATION.”

# LEARN

“PROBLEMS ARE REALLY JUST HIDDEN SOLUTIONS FROM WHICH YOU LEARN.”

*Andreas Schwarz*

Head of Application Engineering,  
SAUER GmbH

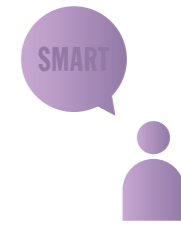


**WE WERE NATURALLY QUITE TENSE AND WERE WONDERING WHETHER THE WHOLE THING WOULD WORK IN THE WAY WE AND SAUER IMAGINED IT WOULD.**

The prototype was to be installed in the company's showroom on a machine that cuts e.g. dentures from ceramic discs. The process generates ceramic sludge as a waste product. Our prototype's task was to remove this residue from the cooling lubricant, clean the fluid, cool it down and return it to the production cycle. Ideally without any consumables being needed for the filtration process. That was the theory. In practice, as we discovered in tests over the next few months, this proved to be the biggest challenge. The

mixture of ceramic particles and cooling lubricant formed a sludge that blocked up the filter fairly quickly, rendering it unserviceable. So our team feverishly set to work on finding a solution – and identified one fairly quickly. At least, until Sauer started to process other materials such as glass on the same machine. The new filtration concept, too, now came up against its limits. But giving up is not in our character, so we continued to work on the problem. And actually found quite a simple solution.

We tried a standard filter, which is known in the printing industry as beta.f. Although we hadn't managed to create a consumables-free filtration system, it was at least an effective way of filtering out various materials. Over the entire period we managed to build up very good mutual trust with Sauer, a fact reflected in the visits we paid each other. And it transpired that these two companies from utterly different branches of industry had a surprising amount in common. We found we all love the beef roulade in gravy served up by our canteen chef. Common ground facilitates not just partnership, but also communication, and it helped along the development of the prototype right through to its final form.



**OBSOLETELY WE WERE CURIOUS. IN THEORY IT ALL SOUNDED GREAT, BUT WOULD IT REALLY WORK IN DAY-TO-DAY USE?**

To put it to the test, we'd decided to install the toolsmart on one of our machines in the showroom where we demonstrate our products to potential customers. We were keen on being able to filter out the particles generated during grinding and cutting processes so that the cooling lubricant can be reused. Problems arose after the first few tests. The filter soon got blocked. Fortunately we weren't too worried, because we were sure technotrans would come up with a solution. And they did. Though not for long. In the course of the test phase we then started to process different materials

on the machine. The new filter didn't like it. So we needed a solution, which our counterparts at technotrans very soon produced: they simply took a standard filter as used in the printing industry, and it seemed to do the trick. It took a few more phone calls and visits to each other's plants to get to that point. It almost made us a bit suspicious that the people from technotrans were so friendly and committed. Was it all just a ploy to get their foot in the door? It's so rare for suppliers

to act like partners and be so hugely supportive. But because they kept it up, we came to realise that they really meant it. Ultimately we were convinced that technotrans' main aim was to learn hand in hand with us, and venture into new territory that would above all bring our companies long-term benefits.

**THERE IS AN ONGOING LEARNING PROCESS INVOLVED IN DEVELOPING SOMETHING NEW AND USING IT SUCCESSFULLY. EVERYONE INVOLVED CAN BENEFIT IF THEY ARE PREPARED TO DEPART FROM THE WELL-TRODDEN PATH.**

# ACTIVELY SHAPING THE FUTURE

HOW WE AND OTHERS RATE  
THE PROSPECTS, AND WHAT CONCLUSIONS  
WE DRAW FROM THAT.

1

The toolsmart is causing a stir in the  
machine tool industry



## “THERE WILL ALWAYS BE NEWSPAPERS AND BOOKS.”



Matthias Horx

Born 1955; the highest-profile and most influential futurologist in the German-speaking world and author of many successful books. In 1999 he set up the “Zukunftsinstitut”, a forecasting think-tank that now advises many European companies in all sectors. Since 2007 he has also been a lecturer in trend and future research at the Zeppelin University in Friedrichshafen. His latest book “Das Megatrend-Prinzip - Wie die Welt von morgen entsteht” (“The Megatrend Principle – the Shaping of Tomorrow’s World”) was published by DVF in 2011.

Mr Horx, what do you read at your breakfast table – a daily newspaper hot off the presses, or an iPad?

An iPad. We only take one daily newspaper, as a kind of cellulose backup version in case we can’t get on the Internet. It also helps to get the fire going. But we still value quality journalism on the iPad. We have subscribed to the Economist via an app, and also to Die WELT, Die ZEIT, TIME and NEWSWEEK. We do appreciate good content.

A relatively large number of American newspapers have folded in the past few years. A study has revealed that the turnout in elections has dipped noticeably in those regions that have lost their newspapers. Isn’t that worrying?

It is, but that isn’t a new phenomenon and I think we might be jumping to the wrong conclusions: a politically disengaged population is the cause, not a consequence, of the media crisis. And the media structure in America is very different. There has never been a self-improving middle class or a coherent social discourse to quite the same extent. America is a genuine multicultural society and the newspapers are dotted around specific regions all over the continent; television was always the utterly dominant medium. The New York Times is putting up a fight and going onto the offensive on the Internet, and The NEW YORKER won’t go bust either. The Internet tends to devour those media that can be substituted with faster, more easily searchable formats. It’s simply quicker and more direct to handle car adverts and infotainment over the Internet. And over long distances, such as in America, paper is moreover not an energy-efficient way to circulate content.

Would there be justification for granting ailing newspapers protection as having “public utility”?

Aren’t they already protected? In many countries newsprint prices for instance are subsidised, or newspapers pay different VAT rates. Seriously, isn’t that like saying horses should have been subsidised when cars came along? We have other options for guaranteeing the functions of the press. Maybe by reviving the subscription idea as part of a package that includes cultural offers. Some regional newspapers already sell their customers cheap electricity and regional mobility services...

Can electronic media such as the Internet be a substitute for print media? For example in emerging economies such as China?

We ought to kick the habit of asking “print OR web” and consign that debate to history. We need to distinguish between a medium’s editorial function and its sales channels. An editorial office either is or isn’t a good mouthpiece for information and opinion, a mediator between the world and the individual. It doesn’t really matter whether the content is ultimately delivered with the help of printing presses or servers, both can be censored or blocked. When you take a closer look at China’s media landscape, you also discover it has far more diversity than we generally think. The media landscape is incredibly vibrant, but in a very different way. Asian countries are simply leapfrogging the newspaper age that has of course been very formative here in Europe.

What would we be lacking without print media? “High-quality journalism that takes readers by the hand and enables them to take a glimpse behind the scenes,” as the Editor-in-Chief of The New York Times wrote?

High-quality journalism isn’t a question of the medium. We don’t ask: “Will the future be shaped by aircraft OR cars?” They are both aspects of mobility. No one medium has ever supplanted another one entirely. The advent of television didn’t cause cinema to collapse, despite what the prophets of doom predicted. But when new media channels arrive on the scene, the existing ones “mutate”, they have to adapt. In future, books will have to look more attractive and smell nicer than they do today, quite simply because they no longer have a monopoly as data carriers. By responding to such feedback, they will evolve with ever greater diversity.

Quality is relative, isn’t it? Nowadays we have a media landscape in which thousands of channels are competing for that rare resource: our attention. Do we have media competence in our DNA, or how do we know what sources we can trust?

As individuals, and as groups that form societies, we simply have a variety of interests. And media have very many different functions. On the one hand they promote social discourse. But that’s only a tiny part of it. Media also want to arouse the public’s attention and scandalise it. That’s what the tabloid media do, in both electronic AND paper form. They also seek to build communities. There is nothing fundamentally new in that, either: there have always been media to serve special interest groups, and the trade journals for specific professional groups triggered a veritable boom in the printing industry in the late

19th century. The Internet makes it even easier to organise this grouping and gathering around particular social interests. Dedicated websites for everything from cats to knitting enjoy phenomenally high click rates.

Are there parallels between today’s cultural pessimism and the widely held belief at the time of the first railways that travelling at high speeds would be bad for people’s health?

Such sentiments are certainly something of a constant in human psychology. Behavioural psychology talks of “loss aversion”. We let the fear of what we might lose as a result of change triumph over the prospect of opportunities and gains. The Internet is a huge revolution in the way we access knowledge, data and expertise. But we are more worried about losing that old-style sermonising journalism. It’s sheer nostalgia, but that’s how people are. The future isn’t necessarily our strong point, because things could turn out differently to how we are used to them being...

Mr Horx, radical change and even faster progress are the hallmarks of our age. Books became widely available 500 years ago and have shown astonishing longevity. The video cassette came out less than 50 years ago and has long since been supplanted by other media. Is there a future for printed information?

Are we really living in an age of faster progress? What is getting faster? The fight against cancer? The average speed of cars? Our conquest of space? The intellectual grasp of our politicians? The relaxed futurologist would say the hallmarks of our times are a slowing-down and an optical illusion: we are confusing compression with acceleration. We now register more simultaneity on our planet, we are influenced by many occurrences that used to make absolutely no difference to us. We are entering an age of interdependence. But that also means we will experience many renaissances. The old keeps coming round again.

Will there come a time when the only use for printed paper will be as packaging material?

Never. There will always be newspapers, and books too, because paper is a brilliantly simple data carrier that won’t crash on you. There might not be QUITE so much printed paper around. But the poor trees will thank us for that. And let’s be honest, especially when you think of all the chemicals and energy we’d save, is it really necessary to put as much as we do to paper?

“WE LET THE FEAR OF WHAT WE MIGHT LOSE AS A RESULT OF CHANGE TRIUMPH OVER THE PROSPECT OF OPPORTUNITIES AND GAINS.”

“THE FUTURE ISN’T NECESSARILY OUR STRONG POINT, BECAUSE THINGS COULD TURN OUT DIFFERENTLY TO HOW WE ARE USED TO THEM BEING.”

## WHAT'S COMING, WHAT'S HERE TO STAY, AND WHAT COUNTS: THE FUTURE OF TECHNOTRANS



*The Board of Management of technotrans AG*

Dirk Engel, Finance Director;  
Henry Brickenkamp, Spokesman of the Board  
of Management; Dr. Christof Soest,  
Technical Director (from left)

*Mr Brickenkamp, you took the helm at technotrans in time for drupa 2008. Has the company changed since?*

2008 was of course a really bad time to be taking over at technotrans. Straight afterwards the economic environment changed dramatically within the space of just a few months and we were plunged into the worst economic crisis since the Second World War. But we've used the time effectively during that crisis and paved the way for a measured strategic shift that means the company can now turn its attention to additional sales markets.

*So an example of how a crisis also offers opportunities?*

Yes, the famous Max Frisch said: "A crisis is a productive state. You just have to eliminate the after-taste of catastrophe." Of course, objectively a 50 percent fall in revenue is a catastrophe, but only for the time being. Such a situation also gives you the opportunity to re-examine your whole established way of doing things and consider new ideas that in "normal" circumstances wouldn't get a look in.

*And those new ideas became visions?*

Reflecting on our core skills and creating the business units, which are directly responsible for revenue, were important steps along the road towards now tapping sales potential outside the printing industry. And over the next few years that will be the key feature of technotrans' growth.

Matthias Horx has written how he's convinced there will always be a place for newspapers and books. We also believe in packaging, whether it's made from paper, card or film. The printed medium, whatever form it takes, will be around for many years yet, and plenty of printing presses will be sold over the coming years and decades – equipped with technotrans equipment and systems. But we don't believe that will be sufficient to create the growth story that every company needs.

## A STRATEGY FOCUSING ON SUSTAINED GROWTH

200

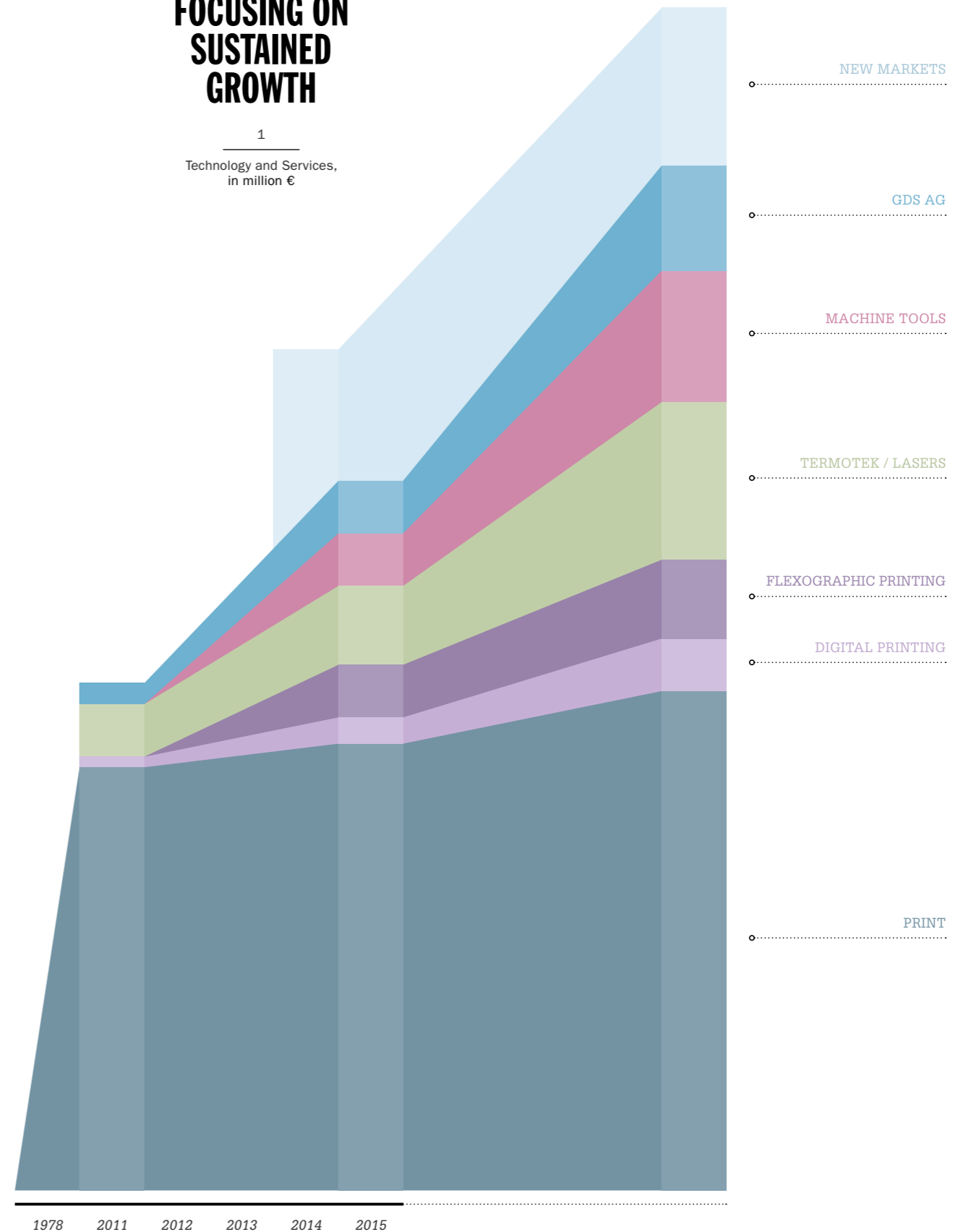
1

Technology and Services,  
in million €

150

100

50



So are you planning to turn your back on your home market in the foreseeable future?

No, certainly not! We've been a systems supplier to printing press manufacturers for 30 years, and over that long period we've built up a unique product portfolio that makes us a preferred partner of those customers.

Printing presses will become even more efficient in the future, and customers in areas such as large-format packaging will want a higher level of automation. In serving those requirements we can play to our strengths.

And in future we will also be able to make the core skills that we've acquired in this market available to other sectors, as a way of shoring up our future growth.

But isn't expanding into new markets a very costly affair? How much are you having to invest, Mr Engel, and where will the money come from?

First of all, let me say that technotrans is traditionally a company that finances its entry into new markets from its own resources. So by choice we will continue to provide funding for this expansion from within the company. We've previously been able to do that quite successfully, for instance when developing new products internally and then successfully bringing them onto the market, or whenever we've made corporate acquisitions such as Termotek AG, which we financed from cash flow in 2011.

In your opinion, how relevant is it in that respect that technotrans is listed on the stock exchange?

The capital market is an important extra option that we always keep in our sights as a way of financing our growth targets. Depending on the size of the acquisition target, capital-market instruments may have a greater or lesser significance. For our last corporate acquisition we used our treasury shares to finance it alongside cash and earn-out components. That solution allows the former owner or owners to share in the collective success of the integrated entity. A sensible split of equity and borrowed capital keeps us in a position to act at all times and therefore gives us some degree of control over our financial dependence on lenders.

“TO SECURE LONG-TERM GROWTH PROSPECTS FOR TECHNOTRANS, WE ARE EXPANDING INTO DIFFERENT MARKETS.”

Don't more major acquisitions also increase the risks?

Every acquisition of course carries its own risks, and we always face a variety of challenges. For the takeover of Termotek AG, we adopted an approach that we found to be very effective. First we reached a cooperation agreement; in other words, both companies had ample opportunity to get to know each other over that period and assess whether their expectations of each other were realistic. Also, the way we structured the purchase price ensured that the former owner will continue to contribute actively towards its success in the capacity of manager, and reap the financial rewards. Last but not least, we've deliberately avoided integrating the company fully, to preserve the entrepreneurial leeway that is essential for above-average success. That then keeps the risks moderate.

In taking over Termotek, you have ventured into a new market, laser applications. Mr Brickenkamp, what makes that an interesting prospect for technotrans?

Along with other industry insiders, we expect the market for printing presses to remain flat over the next few years, or at best achieve marginal growth. The market for laser applications is absolutely ideal for making sure our company nevertheless enjoys long-term growth prospects. The range of applications for lasers is steadily growing, the market keeps expanding and we are able to share in that growth by deploying our original core skills.

What share of your revenue do you think that market might one day represent?

I could well imagine that if the economic environment remains more or less normal, products for the printing industry will account for only about half of the Technology segment's revenue by 2015. For that purpose I'm assuming our core business will make stable progress and that we'll be able to create extra potential for growth in areas such as flexographic printing and digital printing. I would expect to see a good one-third of revenue coming from the laser technology area, with various other markets accounting for the balance.

Is Termotek a sign that you are aiming for future growth mainly through acquisitions?

There are various arguments in favour of acquisitions: first of all, they get us towards our goal faster. Then there's the consideration that you can often only edge out established market participants by

making price concessions – ultimately to the detriment of your own profitability. But if we identify scope for offering customers superior technology in certain markets, we will simply develop those markets through organic growth.

So which application markets do you rate as promising?

We have adopted a very broad-based approach and our toolsmart development, a preparation system for cooling lubricant, is starting to bear fruit for example in the machine tool industry. The systems supplier principle has stood us in very good stead in that respect. In other words we supply customers not just with one vital component, but with several, which combine to form a system and are coordinated. We then package everything in a user-friendly cabinet that matches their machine, to emphasise the value added we are giving the end user.

It all sounds great, but doesn't it involve a lengthy journey through uncharted territory?

Consider technotrans' corporate history: it built its first dampening solution circulators for the printing industry in 1977, then technotrans became a standard supplier for Heidelberg and Manroland in 1992. We'd been working towards that breakthrough for 15 years. This time, only slightly more than two years elapsed between the initial idea

“WE ARE WELL SERVED WITH THE SYSTEMS SUPPLIER IDEA, BECAUSE IT MEANS WE HAVE VALUE ADDED TO OFFER.”

and its production use. It undoubtedly helped that we were able to build on that past experience but are now more professional at handling such processes and refining our technologies because we have decades of experience behind us.

technotrans came through the crisis of 2008–2009 quite well. What is your formula for keeping the company on track when the going gets tough?

Although technotrans is a global group of companies, at heart it is a medium-sized enterprise with all the advantages that entails: flat hierarchies, short decision-making paths, low vertical integration and a collaborative corporate culture. That creates an ideal basis for responding swiftly and flexibly to a changing economic environment. And thanks to our structures, we are also in a position to accommodate unexpected surges in growth with equal ease.



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“WE ARE PROUD OF OUR  
EMPLOYEES AND OUR  
TECHNOLOGICAL EXPERTISE.”

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2

Mechanics and electronics are at the heart of the expertise that we also pass on to our apprentices

*Dr Soest, you joined the Board of Management at the start of 2011. Where have you rung in the changes in your area of responsibility?*

I am responsible for the areas Purchasing, Production, Logistics and Quality – and after the crisis there were various opportunities here to further optimise processes and prepare the organisation for expansion into new markets. One important aspect, for example, was how to integrate the corresponding functions at Termotek in order to tap the synergy potential. At the other end of the spectrum, my responsibilities also include the Research & Development area.

*So how significant is Research & Development for technotrans?*

Research & Development is a very important area of activity. It is the birthplace of many new technologies and therefore of the future product range, too, drawing as it does on the expertise and creativity of the people at technotrans. One focal area of technology is of course laser technology, which I am very familiar with, because it is a very interesting prospect from both a sales and a technological perspective and is also growing at a very

promising rate. But despite the division of responsibilities, the Board of Management regards itself as a team and – as befits a company of our size – is deeply involved in its day-to-day running.

*Does technotrans have more innovations for the printing industry in store?*

Of course, because we are constantly involved in the printing press manufacturers' teams that are working on innovations; that way, our technologies perfectly reflect the needs of our customers right from the outset. There are also internal and external innovation workshops held quite regularly as an opportunity for some interdisciplinary thinking outside the box, so that we can together optimise the printing press technology of the future and make it more efficient. Customers hold technotrans in high regard as a development partner. A lively exchange of ideas with customers and external partners, too, is fundamentally a very important part of innovative capability because it helps to generate new suggestions and ideas.

*Dr Soest, you are also responsible for the Quality Management area. To be honest, that sounds rather dull...*

It's anything but dull; modern quality management not only includes classic quality assurance, it's also an integral part of corporate management. By systematically strengthening the emphasis on processes, QM is a driver of improvements to both efficiency and effectiveness, so it steadily enhances our company's fitness. When you practise quality management as an integral function of the company, processes work more effectively and everyone has less reason to get irritated about things that aren't working. QM can therefore also be a "feel-good factor" for the company.

What's more, I regard modern quality management tools as preventive instruments that directly impact customer satisfaction and reduce the number of complaints. In that respect QM makes a substantial contribution to corporate success.

*Mr Engel, corporate success is a good catchword. What are your goals for the future?*

technotrans' corporate success is closely linked to our strategy of profitable growth. For me as Finance Director, profitability is naturally expressed by the relevant performance indicators. The main financial ratio that we in the technotrans Group use is the EBIT margin as our earnings target. Over the next three years, we have set ourselves the goal of getting back up to the double-digit rates of return that we were used to some years ago. Whether we achieve that goal will depend on the one hand on choosing the right growth segments and on the other hand on strengthening our competitive position. It will require us to stump up the necessary investment capital and resources.

*Mr Brickenkamp, what is the biggest challenge facing technotrans?*

The biggest challenge is all about something seemingly minor: ensuring that the spirit of technotrans does not go under amid the company's transformation. We are able to rely on an incredibly motivated, dedicated team. We know that we can draw customers into our spirit of enthusiasm. And we know that we are adept at handling our technological skills. Demonstrating that every day is the very foundation of our success, and we can rightly be proud of that.

*And if you could gaze into a crystal ball, where do you think you would find technotrans in three or five years' time?*

In the recent past we have been preparing the way for getting technotrans back on a pathway of growth. In three to five years we aim to be generating revenue of € 150 million again, perhaps

even more. Growth will come first and foremost in markets outside the printing industry, the revenue share of which is initially to be increased to 30 percent. Wherever appropriate, we will accelerate organic growth through suitable acquisitions. We will meticulously exploit the potential for synergy so that we can also achieve our future profitability goals. technotrans used to post EBIT margins of more than 10 percent, and it's our aim to achieve that once more. Ultimately we want to achieve figures that will keep all our stakeholders happy: our customers, our employees, and of course our shareholders.

3

The measurement and control methods are constantly being refined and optimised



# ACT

“THERE ARE SOME THINGS YOU JUST HAVE TO DO. BECAUSE SOMETIMES THE MEANS IS THE END.”

*Dirk Bövingloh*

Head of Fluid Conditioning Business Unit,  
technotrans AG

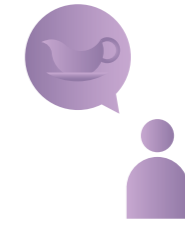


## **AFTER THE SUCCESSFUL TESTS IN SAUER'S SHOWROOM, WE WANTED TO EXTEND THE TOOLSMART FIELD TESTS.**

For a long time, it proved quite difficult because many customers weren't interested in a prototype, or just ordered new machines with the old configuration. In other words, we only knew what we had learned at Sauer. Occasionally we were asked to advise Sauer's customers on how to solve their problems. Although this led to isolated contracts to install more beta.f filters, nobody was interested in a complete toolsmart. So we, along with the application engineers and the service personnel who provide the backup for the prototypes, just kept gathering valuable experience. In summer

2011 we made Sauer the offer to develop a product family based on the toolsmart for various sizes of machine. We also told them that technotrans was going to show the toolsmart on its own stand at the EMO. Shortly after that, we were given the contract to build two units for the demo machine on the Gildemeister stand. But only if we could deliver them within four weeks. That naturally fuelled our

ambitions, and we completed the new units in time. The show's success served to confirm just how good our idea was: not only did Gildemeister sell both its machines, but a whole series of follow-on orders were taken. The key factor was that the toolsmart technology is a clear improvement on the norm. Everything is neatly packed into a very compact unit, and its design blends subtly into the existing premises. Customers from the lab environment found that particularly important. They were entirely won over by its performance, user friendliness and ease of servicing. That enthusiasm was probably what swayed Sauer to spring another surprise on us. At a meeting in December 2011 they told us that not only was the entire showroom to be equipped with toolsmart, but that it immediately wanted technotrans as a serial supplier. That was the best possible endorsement of our decision to look beyond our immediate horizons.



## **BECAUSE THE PROJECT HAD STARTED SO WELL, WE NATURALLY WANTED TO KEEP IMPROVING THE PROTOTYPE HAND IN HAND WITH TECHNOTRANS.**

We could ultimately envisage using toolsmart on other machines, too. technotrans was probably thinking the same, and in August they presented us with a concept for an entire product family. We really liked it. But then they let the cat out of the bag. They wanted to show the toolsmart at an exhibition in which our parent company Gildemeister, and therefore we ourselves, would be taking part. At that stage of the process it took us rather by surprise but it was actually quite an interesting prospect. So we quickly ordered

two toolsmarts for Ultrasonic machines that we wanted to feature at the show. This is a range of machining centres for glass, ceramics and hard metals, for use mainly in labs and for tool and mould making. The delivery deadline of four weeks was quite short, but based on our experience of technotrans we knew they would meet it. We categorically didn't regret our decision. The show in itself was

very successful, and now the level of follow-on orders is also looking good. That, along with the phase of intensive collaboration, made it clear that technotrans wanted more than just to "get in with us"; we concluded it is a valuable partner for our success. We knew we wanted to see more from them. At the end of 2011 we told them we wanted to equip the entire Sauer showroom with toolsmart. And we appointed them as serial supplier for the Ultrasonic. Because this partnership is genuinely productive, and because we are already looking forward to new ideas. Discussed in depth over a plate of their delicious roulades.

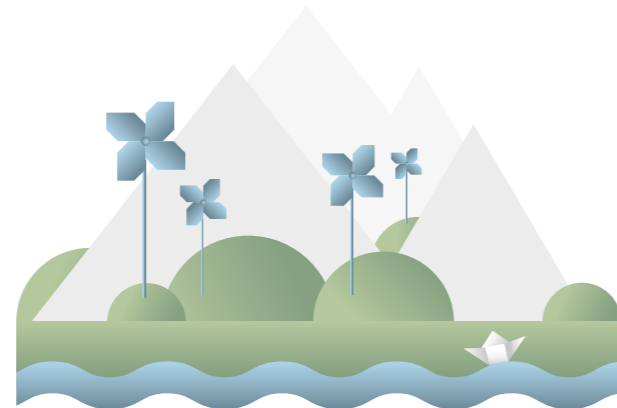
**ACTING IS THE BEST WAY TO ACHIEVE THINGS. IN YOUR OWN COMPANY, AT YOUR PARTNERS, AND IN MARKETS WORLDWIDE.**

# LED BY OUR CONSCIENCE

## WHY OUR PHILOSOPHY OF THINK-LEARN-ACT IS UNIVERSALLY VALID

TECHNOTRANS, AS AN INTERNATIONALLY ACTIVE COMPANY, BELIEVES IT HAS AN OBLIGATION TO FOLLOW A CLEAR-CUT, MORAL SET OF VALUES IN ITS ACTIVITIES.

And to advocate these among its customers and partners, too, wherever possible. It was this outlook that encouraged technotrans to sign up to the UN Global Compact initiative in 2006. This initiative now has over 8,000 members who actively seek to bring about improvements in the areas of human rights, labour standards, environmental protection and anti-corruption. Its participation is based on ten principles derived from the Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights of Work, and the Rio Declaration on Environment and Development. All members undertake to strive to implement and uphold these ten principles wherever they are active and wherever they are able to exercise influence. Nobel Peace Prize winner Kofi Annan expressed the aims of the initiative in the following terms: "Let us choose to unite the power of markets with the authority of universal ideals. Let us choose to reconcile the creative forces of private entrepreneurship with the needs of the disadvantaged and the requirements of future generations."

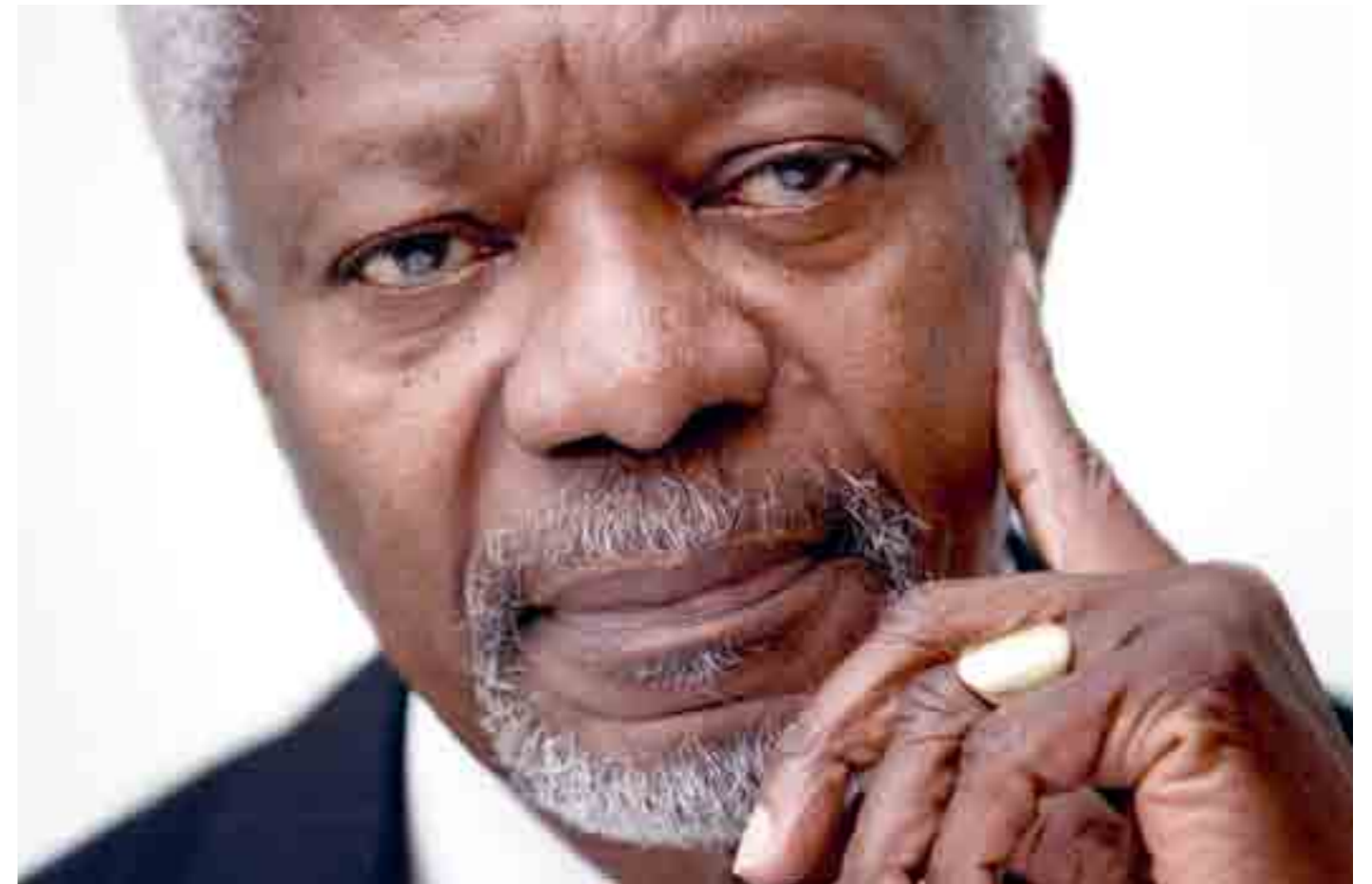


TECHNOTRANS IS PROUD TO OPERATE ACCORDING TO THESE TEN PRINCIPLES:

**Principle 1:** businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence, and **Principle 2:** they should make sure they are not complicit in human rights abuses. **Principle 3:** businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, as well as **Principle 4:** the elimination of all forms of forced and compulsory labour, **Principle 5:** the effective abolition of child labour and **Principle 6:** the elimination of discrimination in respect of employment and occupation. **Principle 7:** businesses should support a precautionary approach to environmental challenges, **Principle 8:** should undertake initiatives to promote greater environmental responsibility,

"TECHNOTRANS BELIEVES IT HAS AN OBLIGATION TO FOLLOW A CLEAR-CUT, MORAL SET OF VALUES IN ITS ACTIVITIES."

"LET US CHOOSE TO RECONCILE THE CREATIVE FORCES OF PRIVATE ENTREPRENEURSHIP WITH THE NEEDS OF THE DISADVANTAGED AND THE REQUIREMENTS OF FUTURE GENERATIONS."



and **Principle 9:** should encourage the development and diffusion of environmentally friendly technologies. **Principle 10:** businesses should work against corruption in all its forms, including extortion and bribery.

technotrans consciously chose to subscribe to the Global Compact not only as a means of joining with others to pursue these goals, but also out of the need to embrace values that have worldwide validity both internally and externally. And also because we believe that this is the only way to build an economically successful, viable future.

### REFLECTION AND ACTION

Implementing the ten principles is a permanent, exciting challenge in everyday corporate life. Especially because of its international outlook, technotrans must continually reassess whether its own measures are in keeping with the values to which it has subscribed. And the upholding of these principles is not simply a private matter; it must be thrown open to scrutiny each year in the form of a progress report. This approach is intended to prevent participation in the Global Compact becoming nothing more than lip service.

1

Nobel Peace Prize winner Kofi Annan launched the Global Compact



2

Clean air and clean water  
are vital resources both now and  
in the future

#### ELEMENTARY, THOUGH SADLY NOT FOR EVERYONE

technotrans promotes and protects human rights and is not party to human rights abuses. It is important for us to create a positive, productive climate for everyone in the company's operating sphere. This was again examined in 2011 through worldwide audits, because the management of the companies in our group is obliged to comply with and promote the ten principles of the Global Compact. In 2011 the audits again found no evidence of departures from the principles in respect of human rights. Furthermore, they did not reveal any pointers to how technotrans might do even more for human rights within its sphere of influence. However, we will continue to monitor our practices very closely and take opportunities to step up our involvement in this area. So that something as elementary as human rights is assured for everyone.

#### FAIRNESS CANNOT BE DIVIDED

In addition, all over the world we advocate compliance with the relevant labour standards, support for trade unions and the active combating of child and forced labour, as well as the combating of discrimination in employment. The people who work for technotrans are appointed on the strength of their qualifications. Unreservedly. Guidance to that effect is set down for instance in management manuals, compliance with which is equally examined in regular audits. Here, too, there was no cause for criticism in 2011. Nor has it hitherto been possible to identify how technotrans might increase its efforts in this respect. For more fairness all round.

#### WHEN BEING GREEN SAVES MONEY, EVERYONE'S IN FAVOUR

Another fundamental area of involvement is the environment. Everyone has long since come to realise that this is no longer a matter of ideology, because the way we behave substantially affects the future and – putting it more bluntly – our wallets. The rising cost of energy and commodities is (finally) affecting the behaviour of both consumers and manufacturing companies worldwide.

technotrans became active in green engineering very early on. We were often ahead of our time in that respect, but good ideas are patient. Today, energy-saving components are the norm in our equipment, and even customers that do not think "green" per se appreciate the advantages of central heat recovery because it specifically cuts energy costs. Particularly subsidiaries operating in emerging economies are eager to promote the idea of sustainability more forcefully in their markets. For example our Indian subsidiary launched a "Green Printer Award" in the same year that it was founded. The winner was The Times of India, whose impressive initiatives to protect the environment and resources were proclaimed to a wide audience at the award ceremony. And because clients like responsible producers, sustainability also brings a competitive edge.

Promoting and supporting the principles of the Global Compact in respect of the environment is a key aspect of our economic activity. technotrans will continue to place environmental protection and sustainability at the heart of its activities, from the development of new products to their use at customers. Until everyone is green.

#### SEVEN PERCENT THAT YOU DO OR DON'T HAVE

According to the World Bank, corruption costs the equivalent of about seven percent of every person's output, on average. That does not just mean we are all making financial sacrifices, but demonstrably makes services that are influenced by corruption excessively expensive and poorer. A disadvantage for the whole of society. Furthermore, corruption has long ceased to be a mere peccadillo; it is an offence that can cause considerable harm to a company's image. In implementing the Global Compact in our group, we therefore made it utterly clear very early on that corruption has no place in our business model. In 2011 we elaborated on this basic stance in bringing out a more detailed corruption guideline that is valid worldwide. Because we want to continue to impress purely on the strength of our performance.

"THE PRINCIPLES OF THE  
GLOBAL COMPACT IN RESPECT OF  
THE ENVIRONMENT ARE A KEY ASPECT  
OF OUR ECONOMIC ACTIVITY."

#### NO END IN SIGHT

There are still many tasks to be done worldwide. We will continue to do everything in our power actively to support the Global Compact, and we subscribe to the initiative and its principles.

On behalf of the Board of Management

Henry Brickenkamp

# THE COMPANY

TECHNOTRANS IS A TECHNOLOGY AND SERVICE COMPANY THAT CONCENTRATES SUCCESSFULLY ON APPLICATIONS DERIVED FROM ITS CORE SKILL OF LIQUID TECHNOLOGY. WITH 19 LOCATIONS AND AROUND 650 EMPLOYEES, THE TECHNOTRANS GROUP ENJOYS A PRESENCE IN ALL MAJOR MARKETS WORLDWIDE. 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. ITS STRATEGY FOCUSES ON SUSTAINED, PROFIT-DRIVEN DEVELOPMENT.

technotrans' business is divided into two segments: Technology and Services. The Technology segment generates around two-thirds of total revenue. As a leading systems supplier, in this area of activity the company develops and sells a wide range of systems and equipment for controlling and monitoring processes that involve liquid technology. Its largest clients are the world's leading printing press manufacturers, which equip their printing presses ex works with technotrans equipment. In addition, in close collaboration with its customers the company is specifically unlocking new applications that open up new markets for its core skills, thus guaranteeing its sustained future growth. With the takeover of Termotek AG, technotrans has moreover gained a foothold in an interesting growth market for laser applications.

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.

**KEY DATA OF THE TECHNOTRANS GROUP**

(IFRS)

		2011	2010	2009	2008	2007
<b>Earnings</b>						
Revenue	€ '000	97,265	85,887	82,210	141,677	153,170
Technology	€ '000	61,673	51,388	48,808	103,840	116,925
Services	€ '000	35,592	34,499	33,402	37,837	36,245
Gross profit	€ '000	30,779	25,457	16,659	35,745	50,346
EBITDA <sup>1</sup>	€ '000	7,980	6,585	-4,284	12,177	18,183
Earnings before interest and tax (EBIT)	€ '000	4,787	3,036	-11,929	-38	13,886
Net profit for the period	€ '000	3,019	1,517	-10,347	-2,852	9,067
as % of revenue	%	3.1	1.8	-12.6	-2.0	5.9
Net profit per share (IFRS)	€	0.47	0.24	-1.65	-0.45	1.33
Dividend per share	€	0*	0	0	0	0.70
<b>Balance sheet</b>						
Issued capital	€ '000	6,908	6,908	6,908	6,908	6,908
Equity	€ '000	37,291	33,884	31,287	41,816	56,872
Equity ratio	%	55.5	50.0	45.2	47.7	58.1
Return on equity	%	8.5	4.7	-29.6	-5.8	16.4
Balance sheet total	€ '000	67,215	67,779	69,242	87,612	97,890
Net debt <sup>2</sup>	€ '000	4,890	5,895	12,374	18,705	7,270
Working Capital <sup>3</sup>	€ '000	18,527	17,126	7,847	26,177	28,467
ROCE <sup>4</sup>	%	8.9	5.7	-21.3	-0.1	19.8
<b>Employees</b>						
Numer of employees (average)		659	620	676	823	814
Personal expenses	€ '000	33,224	30,843	31,975	41,628	40,741
as % of revenue	%	34.2	35.9	38.9	29.4	26.6
Revenue per employee	€ '000	148	139	122	172	188
<b>Cash flow</b>						
Cash flow <sup>5</sup>	€ '000	5,868	7,418	3,640	6,747	10,625
Free Cash flow <sup>6</sup>	€ '000	3,606	6,287	2,435	363	-618
<b>Shares</b>						
Number of shares at end of period		6,432,775	6,340,035	6,311,415	6,271,797	6,765,004
Share price (max)	€	7.51	7.25	6.10	17.09	24.52
Share price (min)	€	4.01	4.40	2.97	3.54	13.80

<sup>1</sup> EBITDA = EBIT + depreciation on intangible and tangible assets

<sup>2</sup> Net debt = financial liabilities + non-current provisions – cash and cash equivalents

<sup>3</sup> Working Capital = current assets – current liabilities

<sup>4</sup> ROCE = EBIT/Capital employed

<sup>5</sup> Cash flow = cash from operating activities acc. to cash flow statement

<sup>6</sup> Free Cash flow = cash from operating activities + cash used for investments acc. to cash flow statement

\*Proposal to the Shareholder Meeting



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## DEAR SHAREHOLDERS, DEAR BUSINESS ASSOCIATES,

The defining feature of the 2011 financial year was that it brought forth the first visible evidence of our activities outside the printing industry. One major contributory factor in the technotrans Group's positive development was Termotek AG, the takeover of which we announced at the start of 2011. As a specialist supplier of laser cooling systems, Termotek operates in an interesting growth market and has continued to make good progress in its first year as part of our group. On the downside our second-biggest customer, manroland AG, filed for insolvency in November and this placed a considerable burden on the result for the year as a whole.

Both occurrences strengthened our belief that we have set technotrans moving in the right strategic direction latterly: through our core skills we are tapping high-growth niche markets in order to loosen our dependence on developments in the printing industry and generate sustained long-term growth for the company. To that end we are concentrating on markets in which we can assume a leading role both in terms of our company's size and based on the available resources.

Implementing this strategy is starting to bear fruit, not just through the acquisition but also through our internal projects, which seek to identify applications for our own core skills outside the printing industry. We are proud that we have succeeded in developing a new device for the machine tool industry – the toolsmart – within the space of just two years and were able to conclude a first blanket agreement to supply it to Sauer, a company that is part of the Gildemeister Group. Various other projects are at an advanced stage of development, supplying us with hard evidence that we are also going the right way about generating organic growth.

On top of this, we will continue to seize appropriate opportunities to make further specific corporate acquisitions. We will do this in a highly focused way because we firmly believe that getting the strategic fit right is of elementary importance to a takeover's success. Partnerships, for example, may be a helpful way of initially comparing mutual expectations with practical reality before we actually finalise the acquisition of a company. So that we are able to use these options to accelerate our growth, we again will propose not to distribute a dividend for the 2011 financial year because we are convinced that we will thus be able to create substantially greater value for shareholders over the long run.

The technotrans Group's revenue did not quite reach the 100 million euro mark in 2011. This was substantially due to the business climate in the printing industry, which cooled down markedly once more in the second half. Alongside the structural problems that the industry has been experiencing for some time, printers are responding to economic uncertainty much more sensitively than other branches of the capital goods industry. This reticence at the start of 2012 is evidently being reinforced by the forthcoming drupa, which takes place only once every four years and has previously always served as a major stimulus for orders from printing press manufacturers. The next drupa opens in May, and Düsseldorf will become the hub of the graphic arts industry for two weeks. In view of the economic uncertainty we have not initially built any major bounce from the show into our business calculations for the current financial year, and any positive surprises in that respect would be a welcome bonus.

As a systems supplier with a market-leading position, technotrans would naturally stand to benefit from a positive development in the printing industry. Over and above this, we assume that we can still tap many highly promising applications with the systems supplier concept. Customers appreciate a supplier giving them entire systems packaged as integrated solutions, rather than simply one-off components. The successes of recent months lend substance to our interpretation. So that you, the reader of this Annual Report, can appreciate this corporate development more vividly, this year we have produced a rather more extensive magazine section to complement the less entertaining but mandatory reports and figures. These insights and investigations of the future prospects will provide you with information that should enable you to form a clearer picture of technotrans' future.

In the course of paving the way for our future growth, our employees were yet again called upon to demonstrate huge creativity, dedication and passion last year. Their professionalism and enthusiasm helped to convince new customers to strike up a partnership with technotrans. The Board of Management would expressly like to thank all employees, because they have shown that technotrans not only has the expertise to tackle the challenges of the future successfully, but also the ability to translate our plans into actions. We will together reap the fruits of these labours.

We have much planned for the next few years. The revenue share from markets outside the printing industry is initially to be increased to 30 percent. That will involve stepping up our activities in the growth market of laser applications and purposefully exploring other niche markets. We believe it should thus be possible to push revenue up to around € 150 million within the next three years. This growth is to be flanked by a lasting improvement in profitability, which we will reinvest partly in further growth. Ultimately everyone will benefit from the group's size and strength: our customers, for who we are a stable and reliable partner; our employees and their families, because of job security; and our shareholders, because they will see the value of their investment rise.

We look forward to your support as we head into an exciting future!

On behalf of the Board of Management



Henry Brickenkamp

## 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 95 recommendations and 15 suggestions with which the Code expects companies to comply, over and above the statutory requirements. The most recent declaration of conformity from January 2012 reads as follows:

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 2011 unchanged version of May 26, 2010 have been complied with in the 2012 financial year and will be complied with in the future

with the exception of the following recommendation:

Articles 5.1.2 and 5.4.1

(composition of the Board of Management and Supervisory Board)

When deciding on the appointment of new members of corporate bodies, also in future the emphasis will be on the qualifications of the candidates and not on their gender.

The only departure concerns the recommendation also to achieve diversity in the composition of the Board of Management and Supervisory Board, and in particular to strive for adequate representation of women. The Board of Management and Supervisory Board are convinced that the principle of equality is observed when filling posts and will therefore continue to consider potential candidates first and foremost on the strength of their qualifications. Targets e.g. for certain quotas to be met in the boards' composition have therefore deliberately not been adopted in view of the specific situation of the company.

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 departs from these suggestions in only one case: 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.

During fiscal year 2011 a temporary departure from article 4.2.3 (remuneration system of the members of the Board of Management) occurred. The remuneration system reflected the requirements of the German Corporate Governance Code, with the exception that no variable component was agreed for the 2011 financial year upon the first-time appointment of a Board of Management member with effect from June 1, 2011. This decision was based on the fact that the remainder of the financial year was not regarded as an adequately meaningful assessment basis for a variable remuneration component. In the 2012 financial year all members of the Board of Management once again receive remuneration that is fully compliant with the requirements of the German Corporate Governance Code.

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 committees 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.

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## THE 2011 FINANCIAL YEAR AT A GLANCE

THIS MANAGEMENT REPORT AS WELL AS THE FOLLOWING SECTIONS OF THE ANNUAL REPORT UP TO PAGE 137 ARE A TRANSLATION OF THE GERMAN ORIGINAL. IN THE CASE OF DOUBT, THE GERMAN VERSION SHALL PREVAIL.

Despite an adverse economic environment, the 2011 financial year initially proceeded largely according to plan: the printing industry's moderate recovery continued as expected, service business remained steady and profitability as a whole improved. In addition, business activities in markets outside the printing industry were successfully expanded, thanks in no small measure to the takeover of Termotek AG. Nevertheless, the consequences of our customer manroland AG filing for insolvency and more specifically the impairment resulting from this move weighed heavily on the financial position and performance in the fourth quarter. That development has given us even more reason to press ahead determinedly with the strategic repositioning upon which we embarked in 2009, with a view to swiftly increasing the revenue share generated outside the printing industry over the next few years so that we can soon return to our traditionally healthy revenue and profit levels.

## BUSINESS AND ECONOMIC ENVIRONMENT

### Group Structure and Business Activities

With 19 locations, numerous joint undertakings and 637 employees (December 31, 2011), the technotrans Group enjoys a presence in all major markets worldwide. The parent company technotrans AG, with its registered office in Sassenberg (Westphalia), directly or indirectly has a 100 percent interest in all subsidiaries. The companies in the group and their locations are listed in the Notes, under "Consolidated companies".

The company's business is divided into two segments: Technology and Services. The Technology segment generates around two-thirds of total revenue. In this area of operations technotrans develops and sells equipment and systems e.g. for offset printing, the machine tool industry and the laser industry, but will also focus increasingly on other markets in the future.

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. The subsidiary gds AG, which likewise comes under this segment, mainly produces technical documentation and sells self-developed software, which is used to generate this documentation.

## Management and Control

The Board of Management is in charge of operations. It comprises three members and is overseen by the Supervisory Board in accordance with the legal requirements and the articles of incorporation. The members of the Board of Management and Supervisory Board are presented under "Corporate Bodies". The Declaration of Conformity pursuant to Section 161 of German Stock Corporation Law, as well as further explanatory notes, can be found in the separate Corporate Governance Report, which forms part of this Annual Report.

## Remuneration of the Board of Management and Supervisory Board

### Report on the Remuneration System of the Board of Management

The remuneration system of the Board of Management reflects the current standards and statutory requirements. The total cash remuneration of a Board of Management member comprises a fixed basic remuneration and a variable remuneration component (profit share). The variable remuneration component is equivalent to the fixed remuneration if the targets are fully met; in other words, in that instance the total cash remuneration comprises equal amounts of fixed and variable remuneration. The precise level of the variable remuneration component is determined by target attainment in a given financial year. Revenue and consolidated net income according to the approved budgets for the year serve as the basis for the targets. If the agreed targets are exceeded, the variable remuneration component is increased, this increase being capped at a multiple of 2.5. The variable remuneration component is paid out over a three-year period in instalments of 50, 30 and 20 percent and in relation to actual target attainment. There is no entitlement to a profit share in the event of a net loss for the year or if target attainment is less than 50 percent in the assessment year. The sustainability-oriented profit share is only paid out to the extent that the respective targets for the assessment year are attained in subsequent years. The deferred profit share component may therefore fall, but it can no longer rise. If target attainment falls below 80 percent of the level achieved in the assessment year, the sustainability-oriented profit share component lapses. If a Board of Management member leaves the company, their entitlement to a profit share from previous years does not automatically lapse.

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 and they are reimbursed travel and other allowable expenses. The policies for the D&O insurance cover taken out by the company for the Board of Management members envisage an excess amounting to one and a half times the fixed annual income.

A cap has in addition been introduced for termination indemnities and amounts to a maximum of one year's salary.

The overall remuneration of each Board of Management member is approved by the Supervisory Board. No share-based payment components are envisaged. The Supervisory Board is authorised to adjust the remuneration parameters in the course of a given year only in the event of exceptional occurrences.

The members of the Board of Management receive the following remuneration for the past financial year:

	Henry Brickenkamp		Dirk Engel		Christof Soest*		Norman Sack**
	2011	2010	2011	2010	2011	2010	2010
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Fixed basic remuneration	200	200	160	160	93	0	29
Fringe benefits	34	34	29	27	23	0	1
Profit share, year under review	114	75	91	60	100	0	0
Severance payment	0	0	0	0	0	0	125
<b>Total remuneration</b>	<b>348</b>	<b>309</b>	<b>280</b>	<b>247</b>	<b>216</b>	<b>0</b>	<b>155</b>
Entitlement dependent on the attainment of future performance targets	98	75	78	60	0	0	0

\* Board of Management member since June 1, 2011, \*\* Board of Management until March 31, 2010

#### Remuneration of the Supervisory Board

In accordance with the articles of incorporation approved by the Shareholders' Meeting, 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, and also receive share-based payments.

The Supervisory Board members receive the following remuneration for the year under review of 2011:

	2011			2010		
	Total remuneration	of which fixed	of which variable	Total remuneration	of which fixed	of which variable
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Heinz Harling	33	22	11	27	22	5
Klaus Beike	13	8	5	10	8	2
Manfred Bender*	7	5	2	14	11	3
Dr. Norbert Bröcker	23	15	8	14	11	3
Matthias Laudick	13	8	5	10	8	2
Helmut Ruwisch**	12	8	4	0	0	0
Dieter Schäfer	17	12	5	3	2	1
Joachim Voss	0	0	0	19	16	3
<b>Total</b>	<b>118</b>	<b>78</b>	<b>41</b>	<b>97</b>	<b>78</b>	<b>19</b>

\*until May 12, 2011, \*\*since May 12, 2011

## Important Products, Services and Business Processes

The core skills of technotrans AG in the field of liquid technology – temperature control, filtering and separating, measuring and metering, as well as the accompanying control and process engineering – have been acquired through many years of successful application in the printing industry. Today, they are already being transferred to other areas such as the laser market and the machine tool industry. The focus is on customer-specific equipment and systems that technotrans develops as a leading systems supplier for performing essential functions as part of a specific application, therefore contributing towards optimising the overall quality and efficiency of the user's processes.

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 and systems are usually sourced from specialist suppliers.

The company is steadily broadening its product range in close collaboration with existing and potential customers to open up new application areas in order to safeguard its long-term growth. Activities outside the printing industry brought in around 15 percent of revenue in 2011; the aim is to increase this share swiftly to 30 percent.

## Principal Markets and Competitive Position

The largest clients of the technotrans Group are currently the world's leading printing press manufacturers, with the three German manufacturers Heidelberger Druckmaschinen AG, Koenig & Bauer AG and manroland AG (prior to its insolvency) between them accounting for over 60 percent of the world market. Their shares of the market are mirrored by technotrans' customer portfolio. They all equip their printing presses ex works with technotrans equipment. The large installed base and the cyclical nature of the propensity to invest mean that in addition to service business in the narrower sense, modernisation and retrofit business directly with end customers likewise generates a significant proportion of revenue. Outside the printing industry, customers of the technotrans Group include companies such as Lumera Laser GmbH and Alltec GmbH in the laser market and the Gildemeister Group in the machine tool industry.

Alongside technotrans AG, those serving the market for peripheral equipment to the printing industry include a large number of smaller companies, predominantly with a regional focus. In terms of size and international presence, only Baldwin Technology Company, Inc. (USA) enjoys a comparable position. Whereas technotrans enjoys a stronger market position in the area of sheet-fed offset printing, Baldwin has focused its product range more on web offset printing. The market for suppliers in other lines of industry in which technotrans is active is highly fragmented. A major success factor for technotrans appears to be the approach of positioning itself as a systems supplier, enhancing its profile when compared to component suppliers.

## Legal and Economic Factors

With the exception of patents and licences, legal factors normally exercise only a secondary influence on the development of the technotrans Group.

On the other hand various general parameters have considerable influence on the development of the technotrans Group: global economic developments, the development of the capital goods industry in general and the development of the printing press industry in particular, but also the future development of the market for laser applications, as well as the development of other areas of mechanical engineering and medical technology in which the company is becoming increasingly involved.

## Strategy and Corporate Steering Objectives

The corporate steering objectives within the technotrans Group are to oversee implementation of the corporate strategy, the focus of which is to increase revenue and earnings permanently. The system seeks to identify deviations as early on as possible so that swift action can be taken as appropriate. The strategy is implemented in such a way as to serve the best interests of customers, suppliers, employees and investors.

### Control parameters

technotrans AG and its group companies are controlled 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.

At group level, the plan for the 2011 financial year was to generate revenue of around € 100 million. The corresponding EBIT margin was to be 6 to 7 percent. Due to the ailing business climate in the second half of the year and the provisional insolvency in November of the second-largest customer, manroland AG, the revenue and earnings targets for 2011 were not achieved. Revenue amounted to € 97.3 million and the EBIT margin reached 4.9 percent (it would have been 6.3 percent after elimination of the non-recurring effect of manroland AG's insolvency). Overall, therefore, the operating business performance was at the lower end of the expected range.

### Company-Specific Early Indicators of Operating Performance

As a volume production supplier to Germany's major printing press manufacturers, technotrans is closely involved in its customers' production planning processes. A key early indicator is therefore these major customers' plans to expand or scale back production. technotrans' long-standing experience of these planning processes means it is generally able to respond in good time and to accommodate such impending changes.

A second early indicator is capacity utilisation and the availability of financing for the investments of printers worldwide. Advertising spending in general, and specifically on print media, is a further useful indicator because printed products for advertising such as brochures continue to account for the highest share of the printing market worldwide. 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.

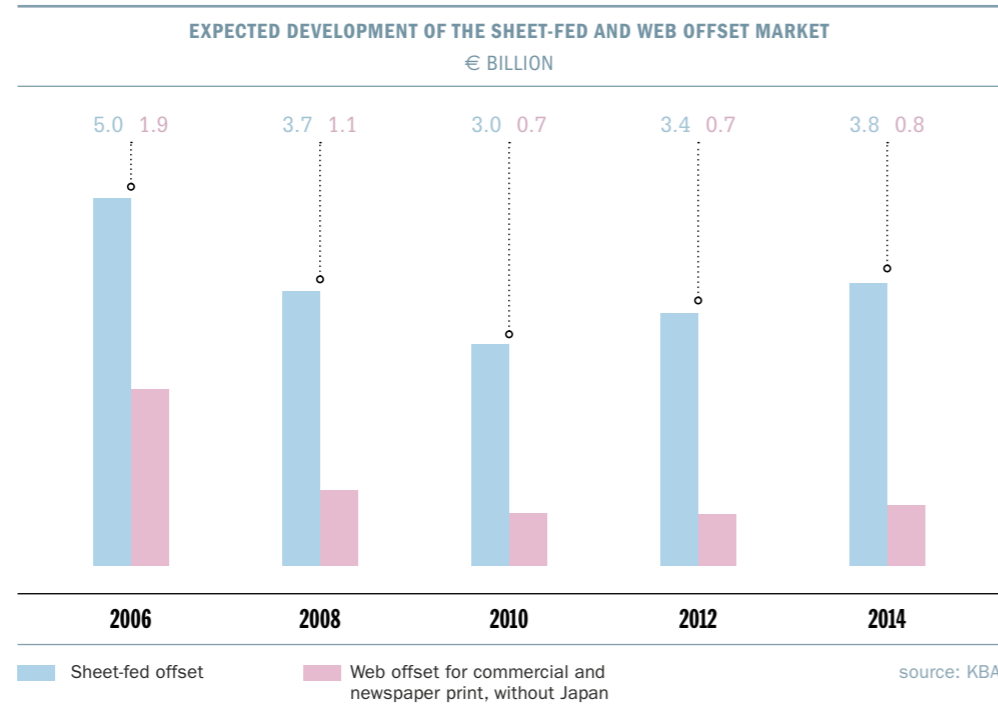
### Growth Strategy

technotrans is a technology and service company that concentrates successfully on applications derived from its core skill of liquid technology and actively seeks to identify new applications in that area. Its strategy focuses on sustained, profit-driven development.

### Growth Targets

The technotrans Group is a growth company that realises its growth targets through organic growth and partnerships, as well as specific acquisitions.

It is generally expected that the printing industry – which is still technotrans' most important sales market worldwide – will not return to the volume of investment of earlier years.



The development of 2012 and the following years significantly depends on positive effects from the drupa, the political solution of the sovereign debt crisis and the development of the global economy.

Whereas revenue in the sheet-fed offset area will probably recover to 70 percent of its peak level in the medium term, investment in the web offset area is generally expected to deliver only slow growth. As a systems provider and supplier, we anticipate that technotrans will enjoy a corresponding share of this development, and in particular of growth in the sheet-fed offset market.

We expect that applications away from the printing industry will provide a much stronger impetus for growth. Along with the takeover of Termotek AG at the start of 2011, we have gained a foothold in an initial interesting growth market for laser applications. According to experts, the market for laser applications will grow by an average of nine percent over each of the next years. By tapping into technotrans' international sales and service network and exploiting the scope to extend its product range through collaborating with technotrans, Termotek should perform easily better than the market as a whole over the next few years, with annual growth in excess of 10 percent. That aside, we are pursuing a number of other highly promising projects in order to apply our core skills in other areas. Our aim is for technotrans to generate 30 percent of its revenue outside the printing industry within no later than three years. If opportunities arise to accelerate this expansion through appropriate partnerships and acquisitions, we will take them.

## Overview of Business Performance

### General Economic Environment

The global economy's recovery began to stutter in 2011. After distinctly vigorous growth of 5.1 percent in 2010, the growth figure for 2011 nevertheless reached 3.8 percent. Various temporary factors also contributed towards the more subdued first-half performance, such as the sharp rise in raw material prices and the consequences of the earthquake in Japan. The prospects for the global economy have further deteriorated since summer 2011 because the sovereign debt crisis in Europe has been threatening to develop into a banking crisis. This effect increasingly also affected the German economy. According to the Federal Statistical Office, the German economy nevertheless achieved 3.0 percent growth in 2011; economic buoyancy was confined mainly to the first half of the year. Sharply rising uncertainty eventually damped domestic demand, and export trade no longer contributed towards growth due to the difficulties being experienced by major trading partners.

### Exchange Rate Developments

In view of the company's structure and markets, exchange rates traditionally have only a limited impact on the performance of the technotrans Group because the overwhelming portion of its business is settled in euros. On the other hand exchange rate movements may be a help or a hindrance to the competitiveness of German and Japanese printing press manufacturers.

The European sovereign debt crisis was again the main issue for the markets in 2011. As a result, the exchange rate for the US dollar rose from USD 1.34 to USD 1.45 in the course of the first half, but fell back again in the second half to USD 1.30. The euro's movement against the Japanese yen was similar: the rate climbed from JPY 110 at the start of the year to JPY 125 in April, and then ended the year on JPY 100. Both these exchange-rate developments had little impact on the business performance of German and Japanese printing press manufacturers in 2011 in comparison to the macroeconomic conditions, and printers' continuing restrained investment propensity.

### Industry-Specific Environment

As a global player, technotrans sells its systems and equipment worldwide. In addition to the performance of the printing industry, the performance of other sales markets is becoming increasingly relevant for technotrans' business progress: the laser industry, the machine tool industry, but also the sector for Technical Documentation services. Because technotrans' biggest customers are located mainly in Germany but export a large proportion of their products worldwide, the following assessments are based on information supplied by German federations.



According to the German Engineering Federation (VDMA), its industry was largely spared the consequences of a weakening economic environment in 2011, and as expected posted production growth of 12.1 percent. The performance of various different branches of industry was nevertheless very mixed. While revenue for machine tools climbed by 33 percent, for instance, revenue for printing presses was down 4 percent year on year. Especially in the second half of the year, the inflow of orders initially stagnated and then declined as the year progressed. It was amid such an environment that manroland AG, the third-largest printing press manufacturer in the world, filed for insolvency proceedings to be opened in November 2011. However the enterprise and its capacity will not be lost to the market; it is being restructured and will continue to operate as separate web offset and sheet-fed offset companies under new ownership.

The process of consolidation among printing press manufacturers over the past few years is accompanied by various structural trends at printing press customers: the efficiency gains realised with the latest generations of machinery are exacerbating the pressure on prices, because capacity growth does not mirror the general market trend. Growing internationalisation and low transport costs, too, are ratcheting up the pressure of competition on printers in industrial countries. Last but not least, advertising and information are increasingly switching from print to electronic media. The newspaper industry worldwide is particularly affected. Meanwhile the classic printer is undergoing a transformation. The most efficient operators are growing larger and becoming more industrialised. Their priority is to use the production facilities professionally, increase their efficiency, optimise processes further and automate their production.

There has generally been a link between the growth in gross domestic product and the revenue performance of the printing industry because the state of the national economy was reflected in the intensity of advertising activity. The German Advertising Association expects advertising spending to show only 1.4 percent growth in 2011, to € 29.9 billion (by comparison, gross domestic product rose by 3.0 percent). Over 70 percent of spending goes on printed advertising media. For the past year, the German Printing and Media Industries Federation (bvdm) forecasts only a slight rise of 0.2 percent in revenue for printers. Larger printers with more than 50 employees benefited in particular from the economic upturn in 2011 and saw their revenue climb by 4.5 percent to EUR 10.7 billion for the year up until October 2011. Although 2011 brought the first rise in the producer price indices for print products since 2003, print products are still around five percent cheaper than in the base year 2005. Printers are unable to pass on to the market their sharply higher costs, principally for energy and inks.

On the other hand the market for laser applications profited from the improved economic environment. Many areas of industry in which lasers are used grew vigorously in 2011, bolstering this sector. The laser industry consequently staged a full recovery in 2011, returning to a level comparable to 2008 sooner than expected. Demand has been rising sharply particularly in Asian countries since 2010, making Asia a steadily growing market for the laser industry. The strongest application area is CO<sub>2</sub> lasers for metalworking, which represents 70 percent of the overall market. Other major areas of application are medical technology, sheet-metal working, the automotive sector, pipes and profiles, tool and die manufacturing, electronics, photovoltaics, semiconductor manufacturing and plastics processing. Nor is the high-tech potential of laser technology even remotely exhausted yet; it offers still more scope for growth, for example through the flexibility of light guided along a fibre-optic laser cable and the diversity offered by the various systems – rod, disc, fibre, diode.

The market for technical documentation likewise developed positively over 2011. The rising unit sales of manufacturing industries prompted increased demand and greater readiness to outsource this type of work and invest in the corresponding equipment, e.g. software.

#### **Overall Statement on the Economic Environment and Business Progress**

Both the general economic situation and the performance of the industry in specific had an impact on the business performance of the technotrans Group. The moderate recovery in the printing industry, especially in the first half of the year, initially fuelled demand as expected; due to the adverse developments in the second half, the revenue targets for the full year were not fully achieved. On the other hand the economic recovery in other sales markets benefited the business performance of those corporate areas that are not involved in the printing industry.

The 20 percent revenue growth of the Technology segment owed much to the group's new subsidiary, Termotek AG, but the share of revenue from the printing industry still grew slightly overall. On the other hand the Services segment posted only slight growth in the 2011 financial year.

technotrans again succeeded in improving its competitiveness and market position in 2011. For example, we achieved yet further improvements in our equipping rate for certain customers, secured long-term supply agreements and added to 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.

### Principal Events behind Business Performance

The 2011 financial year was influenced by various internal and external developments. The revenue and earnings performance benefited from the acquisition of Termotek AG, a specialist supplier of cooling systems for the laser market; this move was agreed and finalised at the start of 2011. This company contributed revenue of € 8.9 million in 2011 (2010 figure by way of comparison, prior to acquisition: € 7.9 million) and made a positive contribution to earnings. On the other hand the group's business performance was negatively affected by the filing for insolvency of our second-largest customer manroland AG in November 2011; this consequently reduced revenue and earnings from that customer in the fourth quarter and also necessitated additional impairment of receivables by technotrans.

### Comparison of Actual and Forecast Business Performance

The original plans for the 2011 financial year envisaged revenue of between € 97.5 million and € 102.5 million, and an EBIT margin of 6 to 7 percent. It was already becoming clear at the time of the First-Half Report that the revenue target would probably not quite be achieved. On the other hand, the improvements in profitability made further progress over the course of the year and the EBIT margin, based on the scheduled level of revenue, actually touched 7.5 percent in the third quarter. Only as a consequence of manroland AG's filing for insolvency was the EBIT margin for the full year ultimately pushed down to 4.9 percent. Excluding the non-recurring effect of the necessary impairment of receivables from manroland AG, the margin would have reached 6.3 percent. In view of the more difficult economic environment, the actual business operations were nevertheless almost in line with our expectations.

## FINANCIAL PERFORMANCE, FINANCIAL POSITION AND NET WORTH

COMPARATIVE FIGURES FOR PREVIOUS PERIODS ARE QUOTED IN BRACKETS. UNLESS OTHERWISE INDICATED, THEY REFER TO THE YEARS 2010 AND 2009 RESPECTIVELY.

### Revenue

With business progress having stabilised in 2010, the technotrans Group returned to a growth pathway in the 2011 financial year. Revenue rose by 13.2 percent to € 97.3 million (€ 85.9, 82.2 million). This increase owed much to Termotek AG, the newest member company of the technotrans Group and a specialist supplier of cooling systems for lasers; technotrans acquired a majority interest in this company in January 2011, since when it has been included in the Consolidated Financial Statements. On the back of revenue of € 7.9 million in 2010, Termotek increased this figure by 11.5 percent to € 8.9 million in its first year within the group. The continuing moderate recovery in the printing industry in the first half of 2011 also contributed towards the good performance, though this effect was virtually cancelled out by the unfavourable conditions in the second half. Overall, the revenue target of around € 100 million for the 2011 financial year was therefore not quite met.

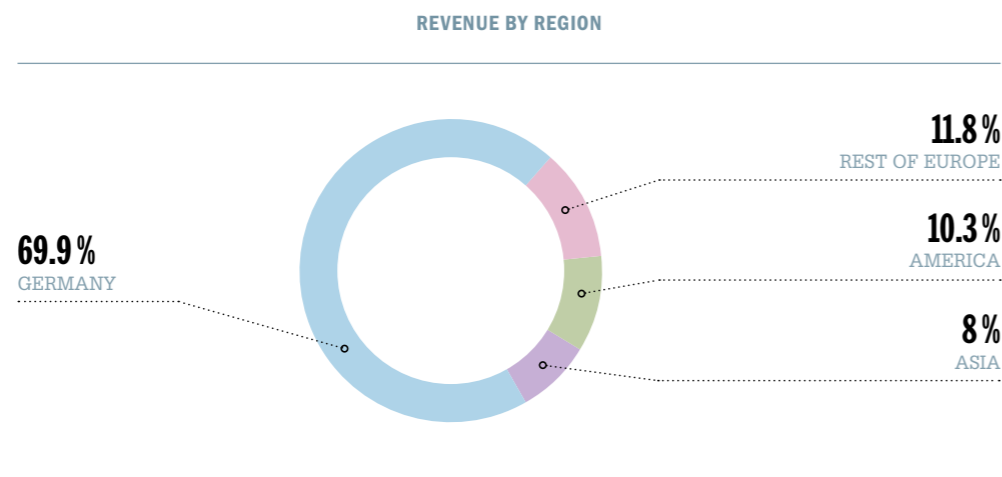
The revenue increase was especially marked in the Technology segment, where the growth rate reached 20.0 percent by the end of the year. Of the total revenue of € 61.7 million (€ 51.4, 48.8 million), Termotek contributed € 8.0 million. Because of the more difficult economic environment, the anticipated level of growth in the core market of the printing industry was not quite achieved.

The Services segment achieved slight overall growth of 3.2 percent in 2011 to € 35.6 million (€ 34.5, 33.4 million). This increase was substantially the achievement of the subsidiaries Termotek AG and gds AG; the latter offers technical documentation services and software and made very positive progress in the past financial year. By contrast, there was an absence of major projects for service business in the printing industry and the associated installation contracts therefore failed to materialise. Nor was the previous year's high level of parts business achieved.

Because of the only slowly improving environment, we continued systematically with cost-cutting measures as planned. A positive operating result (EBIT) was posted for each quarter of the financial year and the operating margin was steadily improved.

### By Region

Because of its customer structure, technotrans traditionally generates a high proportion of its revenue in Germany. This proportion climbed further in 2011 from 65.4 to 69.9 percent thanks especially to the rising revenue from printing press manufacturers and the extra revenue provided by Termotek AG. Business in the rest of Europe again fell from 13.5 to 11.8 percent, a consequence of a reluctance to invest due to uncertainty engendered by the sovereign debt crisis. Asia was unable to hold onto its role as growth driver in 2011 due to the fall in project business, with its revenue share falling from 10.9 to 8.0 percent. Thanks to its supplier relations with the printing press manufacturers, technotrans nevertheless shares in their export business to this region. America – which also includes our Brazilian subsidiary – turned in a steady performance and accounted for 10.3 percent of revenue (previous year 10.2 percent).



### Development in Prices

technotrans generates over half its revenue through business with the world's major printing press manufacturers. In only very few cases were the latter able to achieve acceptable margins from the prevailing market volume in 2011. technotrans was generally able to advance good reasons for resisting the argument that suppliers should help to shoulder these problems, and thus keep its prices roughly stable. In isolated cases where products were modified so as to bring the user transparent, added benefits, prices could actually be increased. In addition, the product range was further adjusted in 2011. Products that cannot command prices that make them adequately profitable in the current market environment, for whatever reason (e.g. poor volume, competition) are no longer offered.

### 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 the manufacturers' customers. The time frame between the release order and delivery is rarely more than two weeks. Blanket agreements are likewise generally agreed with customers by the areas that do business outside the printing industry. Information on incoming orders and order backlogs would therefore not be particularly meaningful.

## Financial Performance

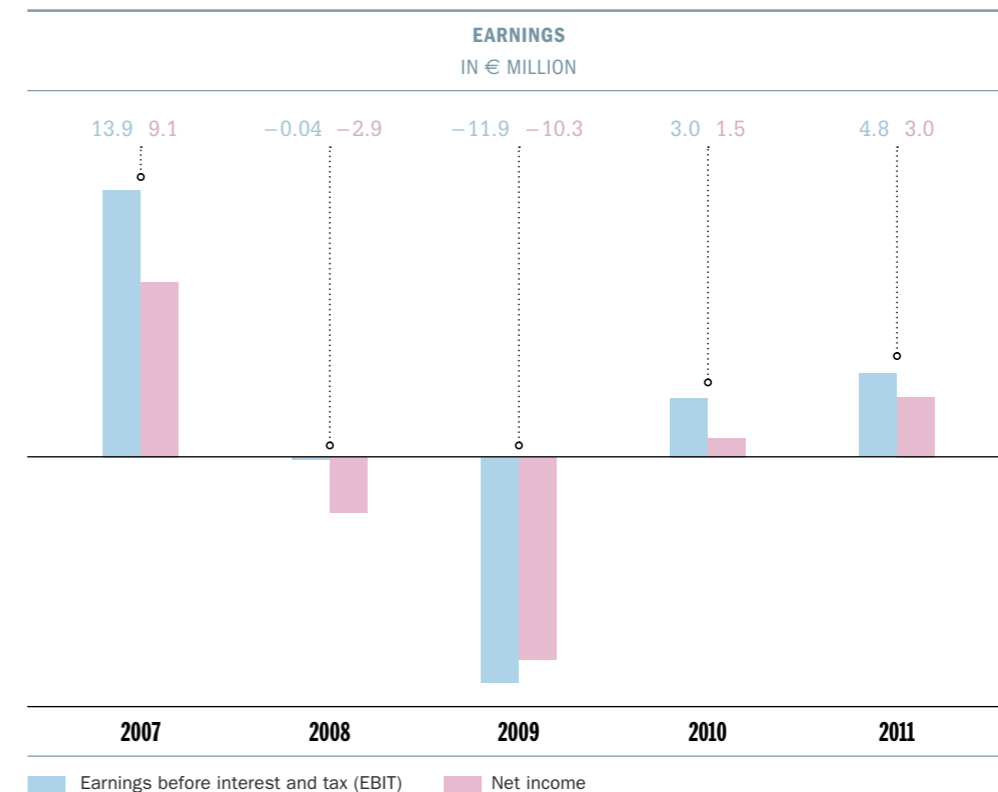
Compared with the previous year, the group's financial performance also improved because of the change in the consolidated companies. Furthermore, the wide-ranging measures adopted in recent years to improve earnings again had a positive impact in 2011. The third quarter saw the EBIT margin reach 7.5 percent, its best level since the start of 2008. On the other hand the insolvency of manroland AG, our second-largest customer, left deep scars on the fourth-quarter earnings figures. At the time of manroland AG's filing for insolvency, the technotrans Group had net receivables from the former amounting to some € 1.3 million.

### Gross Profit

Gross profit, in other words revenue less manufacturing costs, improved by 20.9 percent in 2011 to € 30.8 million (€ 25.5, 16.7 million) and therefore much more steeply than revenue (+13.2 percent). In addition to the absence of non-recurring effects, which had diminished the figures in previous years, this development came about because of significantly improved internal structures and processes that were therefore brought more closely in line with the current business volume. The gross margin was 31.6 percent at the end of the year (29.6, 20.3 percent), two percentage points up on the 2010 level. The material costs ratio remained virtually unchanged from the previous year at 40.0 percent (39.7 percent).

### Earnings Before Interest and Taxes (EBIT)

Earnings before interest and taxes (EBIT) for the 2011 financial year climbed to € 4.8 million (€ 3.0, –11.9 million), representing an EBIT margin of 4.9 percent. Excluding the impairment of receivables from manroland AG that was applied in the financial statements, the margin would have reached 6.3 percent. Our original target of achieving an EBIT margin of between 6 and 7 percent for the 2011 financial year would therefore have been achieved operationally.



The 7.7 percent rise in distribution costs to € 14.4 million (€ 13.4, 13.7 million) is largely attributable to the year-on-year increase in impairment of receivables. The administrative expenses climbed 13.0 percent to € 11.5 million (€ 10.2, 10.9 million), likewise an effect of the addition of Termotek AG to the consolidated companies. The development costs came down yet again in 2011 to € 2.0 million (2.5, 2.8 million). In summary, the structure of both fixed and variable operating costs in relation to revenue shows a major improvement; this in turn had a beneficial impact on the operating result.

There was a positive balance of other operating income and expenses amounting to € 1.9 million (€ 3.6, –1.1 million). In 2011, other operating income included income from the reversal of provisions amounting to € 1.2 million (previous year € 2.2 million). This contrasted with a net loss of € 0.3 million due to the sharp currency fluctuations over the financial year, whereas the previous year had yielded a foreign currency gain of € 0.2 million. No hedging instruments were used to reduce the influence of exchange rate fluctuations on the operating result.

Personnel expenses rose by 7.7 percent in 2011 to € 33.2 million (€ 30.8, 32.0 million). This increase, which stems mainly from the takeover of Termotek AG, was nevertheless significantly lower than the accompanying rise in revenue. It benefited in particular from the measures initiated in the previous year to further consolidate the group's locations. The personnel costs ratio declined from 35.9 percent in 2010 to 34.2 percent in 2011, and the figure for the third quarter was already as low as 32.9 percent. Our aim is to bring it back down close to 30 percent as quickly as possible.

#### Depreciation and Amortisation

Compared to the previous year, depreciation and amortisation for the 2011 financial year fell to € 3.2 million (previous year € 3.3 million). It therefore again exceeded investment during the financial year (€ 1.4 million) and supplied further evidence of technotrans' ability to adapt its replacement investment flexibly to the prevailing business circumstances.

#### Net Finance Costs

The acquisition of Termotek AG at the start of the year initially increased the total of borrowings. Overall borrowings were nevertheless further reduced in the course of the year to € 16.6 million. The interest expense of € 0.9 million (previous year € 1.2 million) includes the entire financial costs of these borrowings.

#### Tax Expense

The tax expense for the past financial year amounted to € 0.9 million (previous year € 0.4 million). For the 2011 financial year, this therefore produces an effective tax rate for the group of 22.6 percent (previous year 19.1 percent).

The net profit for the 2011 financial year is € 3.0 million (€ 1.5, –10.3 million), equivalent to a rate of return of 3.1 percent (previous year 1.8 percent). Earnings per share, for shares outstanding, are therefore € 0.47 (€ 0.24, –1.65).

## Segment Report

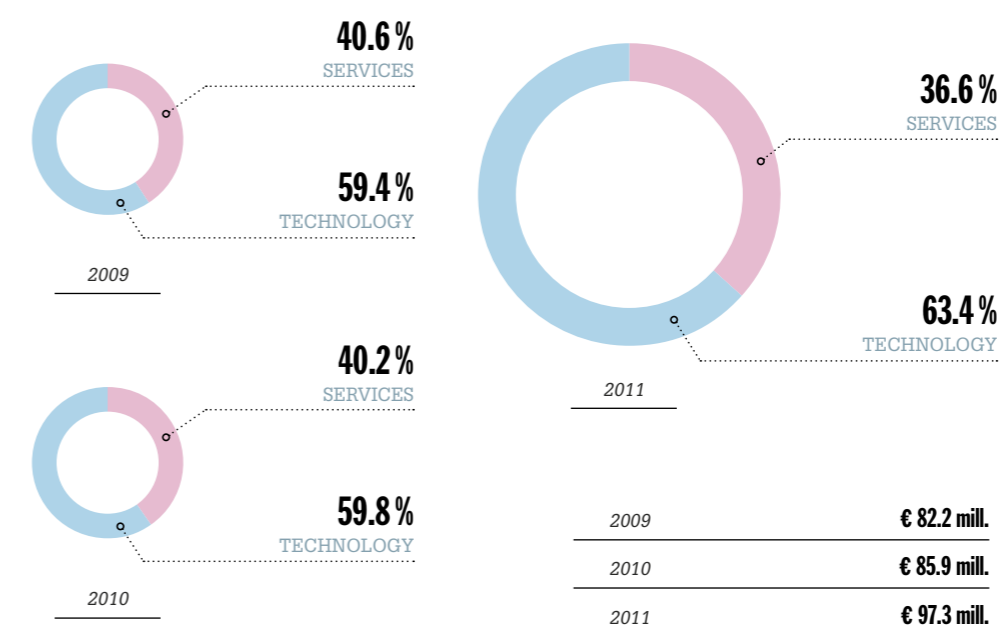
### Revenue

The Technology segment benefited considerably from the takeover of Termotek AG, which earned € 8.0 in revenue in its first year as part of the group. Revenue for the segment reached € 61.7 million (€ 51.4, 48.8 million), with a growth rate of 20.0 percent. The modest recovery in demand from the printing industry in the first half of 2011 temporarily had the desired effect. However, the reversal of fortunes in the second half due to less a favourable business environment almost entirely cancelled out this earlier progress. Especially in the final months of the year, demand for printing presses and therefore for technotrans products was down.

By contrast, our activities away from the printing industry progressed well. For example technotrans was chosen as volume production supplier of a self-developed preparation system for cooling lubricant for the machine tool manufacturer Sauer GmbH, which is part of the Gildemeister Group. The first systems were delivered in 2011 and we are expecting them to generate a notable level of revenue from 2012.

The Services segment continued to grow slowly but surely in 2011. Revenue rose by 3.2 percent to € 35.6 million (€ 34.5, 33.4 million). One of the key factors in this development was our subsidiary gds AG, which provides services and software for technical documentation. Classic service business, on the other hand, remained flat; there was still a lack of project orders, where technotrans normally also handles the installation work.

### REVENUE BY SEGMENTS



### Earnings (EBIT)

The operating result continued to improve as planned in the course of the year, but non-recurring effects in particular from the insolvency of manroland AG ultimately had a markedly negative impact on the financial performance.

For that reason among others, earnings before interest and taxes (EBIT) for the Technology segment reached only € –0.9 million (€ –2.6, –16.2 million), in an abrupt reversal from the segment's return to positive territory after the first nine months of 2011.

By contrast, earnings for the Services segment showed a slight improvement on the already very good prior-year figure, rising 1.7 percent to € 5.7 million (€ 5.6, 4.2 million). This equates to an EBIT margin of 16.0 percent, compared with 16.2 percent in the previous year. gds AG also contributed towards this positive development.

### By Region

Because of the customer structure, the revenue of the Technology segment is very strongly focused on Germany. The revenue share earned there in 2011 rose from 72.8 to 79.6 percent thanks to a revival in demand from printing press manufacturers, but in particular because of the revenue contributed by Termotek AG. This difficult environment drove down the revenue share for the rest of Europe from 8.4 to 6.3 percent. The Asian region was unable to hold onto its role as growth driver in 2011 and contributed 7.8 percent of revenue (previous year 12.5 percent). The main factor in this development was the downturn in project business, with equipment for new presses still being shipped predominantly via the printing press manufacturers' plants. America's revenue share steadied at 6.3 percent (previous year 6.2 percent).

The Services segment's revenue breakdown by region showed little change in 2011. Germany accounted for 53.1 percent, compared with 54.4 percent in the previous year. Europe remained stable on 21.3 percent (previous year 21.1 percent), as did Asia on 8.3 percent (previous year 8.4 percent). America rose from 16.2 to 17.3 percent.

### Employees

At the end of 2011, 443 employees belonged to the Technology segment (previous year 383) and 194 employees to the Services segment (previous year 240). As in previous years, the general administrative areas have been distributed between the segments pro rata, based on their revenue shares.

## Financial position

### Principles and Aims of the Financial Management System

It remains the purpose of the financial management system 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 this involves. This objective was again achieved in the 2011 financial year. Selective investment spending was again restricted to maintenance investments.

technotrans makes use of selected derivative financial instruments exclusively for the hedging of interest rate risks for borrowings incurring interest at variable rates. The company in addition steers the financing required within the group by way of the credit facilities available to technotrans AG and Termotek AG. There are no exchange-rate factors affecting external financial liabilities. Within the group, short-term and long-term lending between the group companies is practised to some degree in order to maintain adequate liquidity locally. Substantial liquidity holdings (cash and cash equivalents) moreover exist in EUR, USD and GBP. Once again, no instruments for the hedging of foreign currency positions or liabilities were used in 2011.

technotrans' capital structure comprises a sound equity base and a demand-led level of borrowing. The long-term financing that has been raised to cover corresponding investment projects in the past (real estate, acquisitions) is generally collateralised by land charges. The company has in addition secured short and medium-term flexible credit facilities in the form of revolving credit lines. At the balance sheet date, the average weighted interest rate for borrowing was approx. 3.7 percent. For the future it can be assumed that technotrans will be in a position to meet its requirements over and above its internally generated financial resources in partnership with its principal banks, for instance if it needs to make major acquisitions. There are currently no plans to go to the capital market.

technotrans does not use off-balance-sheet financial instruments (such as sale-and-leaseback).

There are currently three pillars to technotrans' current financing concept: long-term loans, the safeguarding of working capital finance until 2013, and providing future scope for increasing credit in response to demand. This financing concept has secured borrowing arrangements amounting to around € 24 million and placed the emphasis on medium to long-term maturities.

In 2011 there were no restrictions on the availability of the loans provided. Based on the borrowed funds currently available, the financial and liquidity planning of technotrans AG assumes there will likewise be adequate liquidity for business operations in 2012 to meet the anticipated payment obligations.

### Cash flow

On the basis of a net income for the year of € 3.0 million (previous year € 1.5 million), the cash flow from operating activities before changes to working capital totalled € 8.1 million (€ 6.6 million).

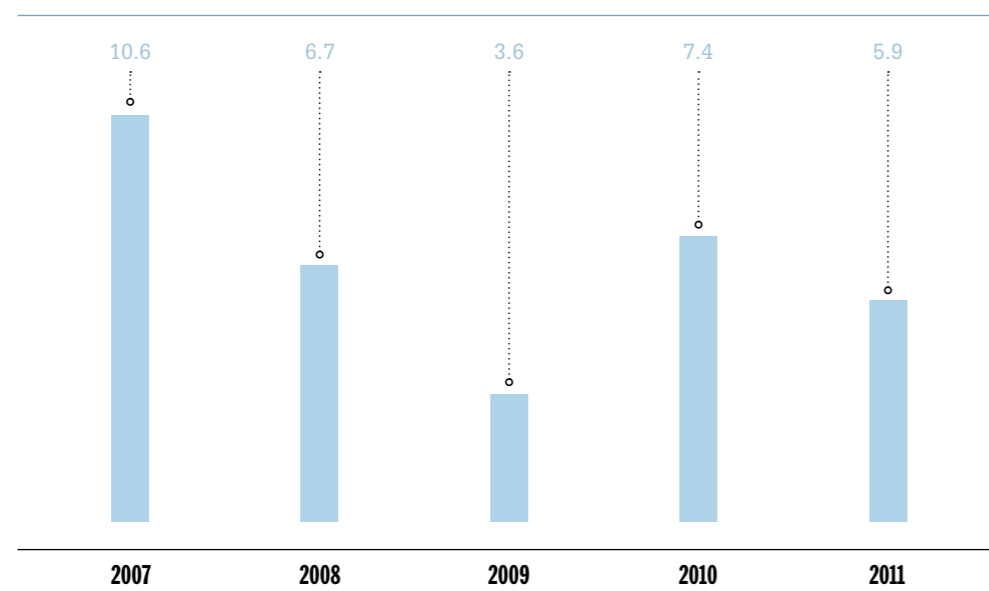
While the changes in net working capital caused only minor cash requirements of € –0.4 million (€ +0.4 million), payments of interest and income taxes (in particular a tax arrears payment) resulted in higher requirements of financial resources (€ –1.8 million, previous year € +0.4 million).

Overall, the net cash from operating activities amounted to € 5.9 million (€ 7.4, 3.6 million). This positive operating cash flow was sufficient to cover both investment spending (€ 1.4 million) and the interest acquired (€ 1.0 million). The free cash flow amounted to € 3.6 million (€ 6.3, 2.4 million). As expected, it therefore developed positively over the year as a whole.

The net cash used in financing activities amounted to € –4.1 million.

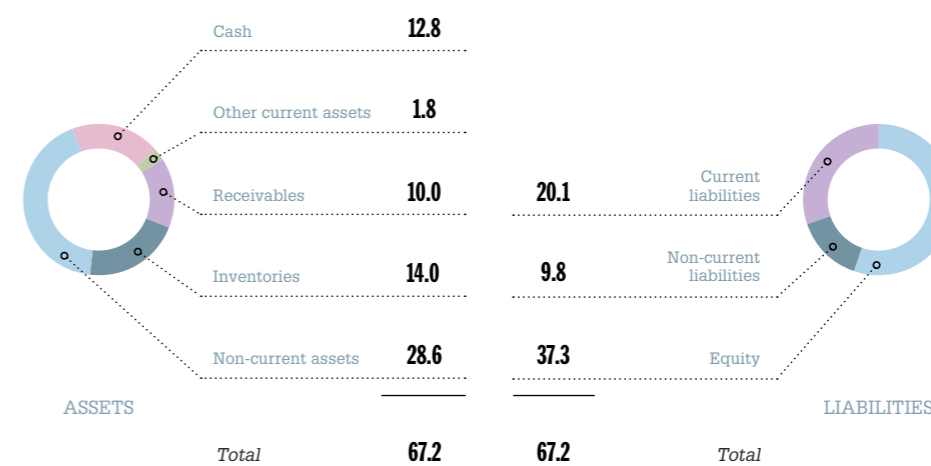
Cash and cash equivalents as at the end of the year remained constant at € 12.8 million (previous year € 13.1 million). From a capital management viewpoint, this level is thus satisfactory.

**CASH FLOW FROM OPERATING ACTIVITIES**  
IN € MILLION



## Net Worth

**BALANCE STRUCTURE**  
IN € MILLION



### Balance Sheet Total and Equity Ratio

The balance sheet total for the technotrans Group was € 67.2 million at December 31, 2011, and thus again slightly down (0.7 percent) on the previous year's figure (€ 67.8 million) despite the increased number of consolidated companies. The equity ratio improved yet again and is now 55.5 percent (previous year 50.0 percent).

### Assets

Non-current assets rose from € 27.7 million to € 28.6 million at the reporting date mainly as a result of the takeover of Termotek AG and the associated goodwill (€ 2.5 million). Meanwhile property, plant and equipment fell as a result of depreciation.

Current assets overall fell from € 40.1 million to € 38.6 million, a decline of 3.6 percent. Inventories were reduced from € 14.9 million to € 14.0 million despite the growth in revenue. Taking into account the increased scope of consolidation and also the more extensive impairment following the insolvency of manroland AG, trade receivables were broadly unchanged from the previous year at € 10.0 million (€ 10.1, 10.7 million). Cash was slightly lower at € 12.8 million (€ 13.1, 10.3 million), a dip of 2.5 percent.

### Equity and Liabilities

Within equity and liabilities, equity improved by 10.1 percent from € 33.9 million to € 37.3 million mainly as a result of the net income for the year.

The liabilities at the balance sheet date totalled € 29.9 million (€ 33.9, 37.9 million). They consist of non-current liabilities, which fell from € 10.9 million to € 9.8 million (–10.2 percent), and current liabilities, which fell from € 23.0 million to € 20.1 million (–12.5 percent).

The main changes within non-current assets related to borrowings, which were reduced by means of scheduled repayments from € 9.6 million to € 6.8 million. Other financial liabilities, meanwhile, were up by around € 1.6 million mainly from a conditional purchase price component from the acquisition of the interest in Termotek AG being recognised as a liability.

Within current liabilities, borrowings rose from € 8.3 million to € 9.7 million (+17.2 percent) again in connection with the interest acquired. Prepayments received fell by almost € 1.4 million, a result of the lower volume of project business.

At the balance sheet date, technotrans had financial liabilities totalling € 16.6 million (€ 17.9, 21.7 million). Only current bank overdrafts are exposed to an interest rate risk, and an amount of € 2.9 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 12).

technotrans has sound financing, with € 12.8 million in cash at the balance sheet date and borrowing facilities agreed but not used amounting to € 7.8 million. It already has access to a further € 4.0 million in financing for potential acquisitions. The long-standing business ties with our banks have remained steady. However, the current environment provides no guarantee that the banks 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 also has access to capital market instruments.

### Net Debt and Gearing

The group's net debt, in other words interest-bearing liabilities less cash, now amounted to € 4.9 million (€ 5.8, 12.4 million) at the reporting date and was therefore further reduced. Gearing, in other words the ratio of net debt to equity, improved to 13.1 percent (17.4, 39.5 percent).

### Provisions

Provisions yet again fell from € 7.2 million to € 5.5 million in 2011.

The long-term provisions of around € 1.1 million comprise both personnel-related obligations (partial retirement and pensions) and pro rata provisions for impending losses from long-term rental agreements. The short-term provisions (€ 4.4 million, previous year € 6.1 million) consist of other obligations towards personnel (€ 2.0 million), payments to be made under warranty (€ 1.1 million) and other provisions (€ 1.3 million).

### Off-Balance-Sheet Financial Instruments

No off-balance-sheet financial instruments are used in the technotrans Group.

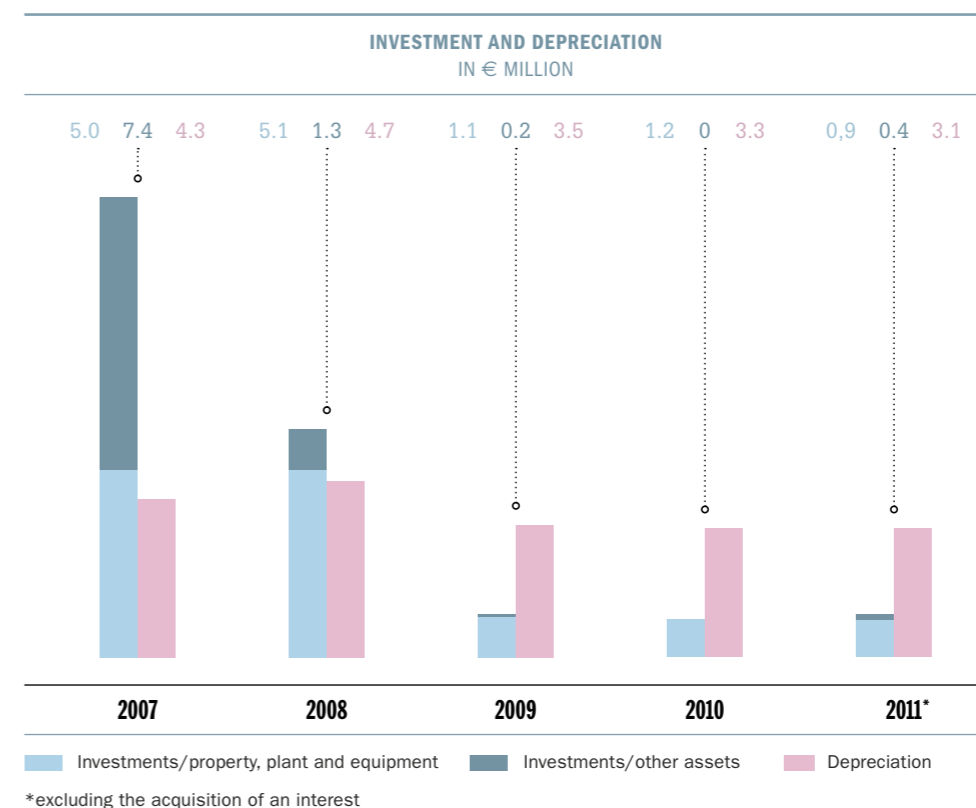
## Investment and Depreciation

Investments in property, plant and equipment again amounted to only € 0.9 million in the 2011 financial year (€ 1.0, 1.1 million). In line with the business performance, spending was therefore restricted to a reasonable minimum level. Investment spending was mainly for replacement purchases or IT equipment. Because of the low level of manufacturing penetration, the scaling-back of investment spending has no impact on the efficiency of production capacity.

There was an addition of € 0.5 million (€ 0.3, 0.2 million) to intangible assets. The development expenditure reported in the 2011 Income Statement came to € 2.0 million; this corresponds to 2.1 percent of revenue.

Depreciation and amortisation for the 2011 financial year totalled € 3.2 million (previous year € 3.3 million). The main sources of depreciation and amortisation are the mySAP software, the new building at Sassenberg and the international sales and service network.

Details of how the purchase price for the Termotek AG acquisition is made up are given in the Notes to these Consolidated Financial Statements (under "Consolidated companies"). No further definite investments that would require an exceptional level of financing are currently planned for fixed assets or intangible assets.



## Overall Statement on Business Progress

Revenue for the 2011 financial year had been expected to come in within the range of € 97.5 to 102.5 million ("broadly € 100 million"). The fact that it was ultimately at the bottom end of this range at € 97.3 million reflects the recessive trend in the printing industry in the final months of the financial year.

The acquisition of Termotek AG and the measures taken over the past few years to stabilise and improve profitability had a positive impact on earnings. However, we did not achieve our goal of an EBIT margin of 6 to 7 percent due to the consequences of manroland AG's insolvency, with this indicator instead reaching 4.9 percent. Without this non-recurring effect the margin would have been 6.3 percent and therefore at the bottom end of the target corridor.

The net income for the group reached € 3.0 million (previous year € 1.5 million), equivalent to € 0.47 per share outstanding. In the belief that it would be premature to distribute a dividend for 2011, the Board of Management proposes instead to use this profit to promote the continuing growth of the company.

The cash flow from operating activities was again positive in the past financial year at € 7.7 million (previous year € 7.0 million), among other reasons thanks to successful working capital management. After interest (€ –0.8 million net), income taxes (€ –1.0 million) and investment (€ –2.3 million net) there remained a positive free cash flow of € 3.6 million (previous year € 6.3 million).

The equity share is 55.5 percent. Net debt was successfully reduced to € 4.9 million.

The 2011 financial year marks a turning point in the company's development. Through the takeover of Termotek AG, the revenue share of the divisions that are active outside the printing industry has been significantly boosted. The measures to tap new sales markets through organic growth also began to bear fruit. In the medium term we expect to lessen our dependence on the cyclical core business area of the printing press industry and see technotrans embark on an independent growth pathway. We will systematically pursue this goal while at the same time striving to optimise our financial performance and financial position.

## FINANCIAL PERFORMANCE, FINANCIAL POSITION AND NET WORTH OF TECHNOTRANS AG

At the reporting date of December 31, 2011 the balance sheet total of technotrans AG amounted to € 63.5 million (previous year € 68.5 million). The equity ratio was 55.0 percent (previous year 47.2 percent). Revenue of € 68.2 million was earned in the past financial year (previous year € 66.6 million). The reported net income for the year is € 2.2 million (previous year € 1.8 million).



## OTHER INFORMATION

### Research and Development

The company is undergoing a transformation, setting its sights on new markets and identifying ways of applying its existing core skills in a variety of industries. Research and development is naturally a very important part of the company's success and future, especially at the present time. The challenge is to pull off the balancing act of refining the products and processes that are cementing technotrans' position as a partner to the printing industry, while at the same time looking in sufficient depth at the options offered by other sales markets.

As a systems supplier to the printing industry, technotrans has over the past decades carved out a position as one of the leaders in this market. Our innovations improve the printing process, help printers worldwide to save money and protect the environment, and bring the user added benefits that they can identify as such. Our development engineers are inspired to come up with these innovations through their close contacts with our customers' everyday production operations. Reports by service engineers and projects by the business units may also trigger off a quest for new technical solutions. We in addition run innovation workshops involving customers and users to maximise the practical benefits of developments from a very early stage on. At the other end of the spectrum we hold stimulating exchanges of ideas with various universities and institutes so that we can incorporate the latest findings in various disciplines into our developments. We also promote these exchanges by regularly enabling students to come to technotrans on placements or prepare their graduate thesis there.

The offices and laboratories are located predominantly at the group's main base in Sassenberg. In all, over 30 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.

Development spending is fundamentally 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. The balance sheet total at December 31, 2011 was € 0.3 million (previous year: € 0.0 million). In recent years the R&D ratio (development spending in relation to revenue) has averaged between three and four percent; in the 2011 financial year it was only 2.1 percent, to some extent because of its capitalisation. The economic crisis has meant that fewer projects overall are now being kicked off by printing press manufacturers.

Activities in 2011 nevertheless again focused on a number of projects under development in partnership with printing press manufacturers, in some cases not for launch until the drupa 2012 industry exhibition. Alongside this, we continued to develop new applications for our core skills for use in other markets, built the necessary prototypes and supervised them in field tests. Following the successful completion of this field-test phase, these products started to produce revenue streams in 2011.

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 party that will eventually be the customer. Once again, no public funds were claimed in 2011.

technotrans owns a large number of patents, licences and similar rights. Such considerations have acquired considerable significance bearing in mind the company's need to protect its own market position, and consequently now merit particular attention.

### Purchasing and Procurement

The relationship between technotrans and its suppliers is characterised by a professional but open-handed approach based on a spirit of partnership. Many such relationships have evolved over many years, and in some cases stretch back decades. When working through the complex selection process we choose our suppliers not primarily on price, but rather on the strength of a large number of different aspects which together represent the most advantageous solution for the group. We are delighted that our long-standing business partners in our region are often demonstrably very competitive when compared with companies from supposedly low-wage countries, and that this form of local sourcing also helps to protect jobs in Germany.

Central procurement and more intense supplier management became even more important in the past year, on the one hand as a result of the concentration of manufacturing operations at the Sassenberg location and on the other hand through the takeover of Termotek AG, which is to be integrated into the existing supplier structure. It has now been possible to realise synergies that have improved the company's profitability.

To measure the efficiency of our procurement operations, we monitor various performance indicators such as the number of suppliers per € 1 million purchasing volume and the number of articles per € 1 million purchasing volume. We believe there is still potential for further improvements here.

technotrans' relatively low manufacturing penetration makes it easier to adjust flexibly to a fluctuating production volume. In the same way that we reported falling requirements to our suppliers at the earliest possible opportunity to allow them to adjust their capacities accordingly, we gave them ample notice as requirements started to rise again in 2011. No serious problems in this respect were therefore encountered either when business was falling or rising. In addition, we monitor the economic performance of our key suppliers very closely so that we are able to guarantee punctual, high-quality deliveries throughout.

## Production, Technology and Logistics

Production at technotrans first and foremost involves the assembly of components that are sourced from suppliers and used by us to build equipment and systems. Our level of vertical integration is therefore decidedly low, and for that reason in particular we have generally been readily able to adjust capacity in line with changing volumes of demand.

In the past financial year we also implemented further measures to improve all our internal processes and procedures, spanning everything from sales to production, right the way along the supply chain. The aim is to improve effectiveness and efficiency still further, reduce production times and increase productivity. This will also enhance the company's responsiveness.

technotrans applies a modern, integrated quality management system that contributes towards meeting customers' high expectations of our equipment and technologies. Our approach includes supplier selection, as well as safeguarding and optimising all supply chain activities and processes. We place particular emphasis on developing and using new quality assurance tools in order to realise ongoing improvements.

Prior to its dispatch, all equipment is tested using a proven process, to establish that it is free from faults. Systems and equipment types that have not yet reached production maturity are initially 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.

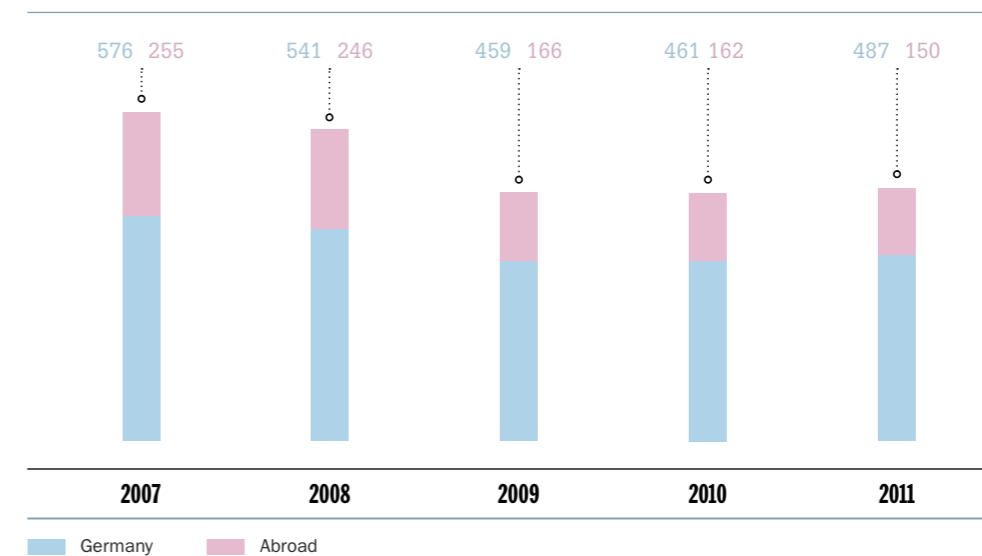
## Employees

### Total and Changes

Following the takeover of Termotek AG the number of employees in the technotrans Group rose to 676 at the start of 2011, from 623 on December 31, 2010. As a result of the adjustment measures initiated in 2010 for the Gersthofen location starting to take effect in the course of the year, together with structural improvements in America and Asia, the employee total on December 31, 2011 was 637.

technotrans is able to handle temporary fluctuations in the level of orders flexibly by means of time accounts, with time credits then earned or used as necessary. In addition, temporary workers are occasionally hired and subsequently taken on permanently if a longer-term positive business trend emerges. If falls in the volume of business are expected to be temporary, short-time is introduced in order to hold onto employees and their expertise. Only if there is a permanent downturn in business are measures taken to bring the employee total in line with the new volume of business.

EMPLOYEES BY REGION SINCE 2007



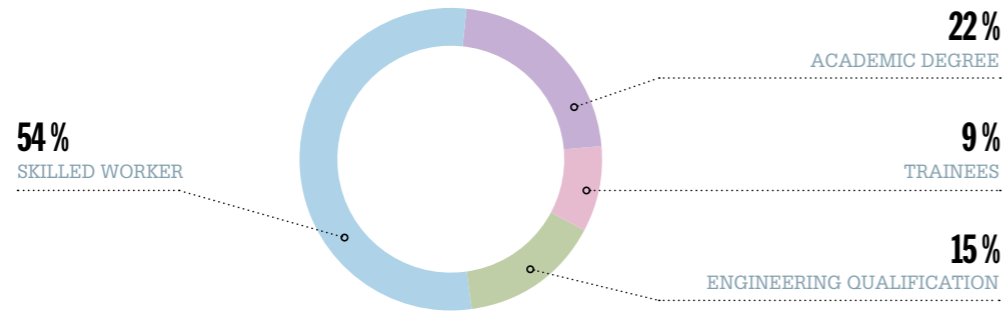
### Apprentices

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. A proactive approach is moreover needed in view of impending shortages of skilled workers as well as demographic change. The number of apprentices rose from 40 to 48 in the course of the year, and 13 new apprentices were taken on in 2011, compared with 16 in the previous year. The proportion of apprentices in relation to the overall workforce in Germany was 10.0 percent at the reporting date. To add to the extensive range of vocational qualifications on offer, three different sandwich courses (business administration VWA, mechanical engineering and electrical engineering) will be available in 2012. These are likely to appeal to school-leavers who want a close link between academic teaching and practical training.

### Qualifications and Age Structure

technotrans is a high-tech company, a fact that is also reflected in the qualifications of its employees. In addition to the apprentices, 54 percent of employees have undergone training leading to qualifications, 15 percent have an engineering qualification and 22 percent have an academic background. technotrans is furthermore a young company: around 48 percent of the workforce are under 40 years old, and only 2.6 percent are over 60. The average age is just under 40; this figure is therefore virtually unchanged from the previous year.

#### QUALIFICATIONS OF THE EMPLOYEES



### Remuneration Structure, Personnel Expenses

Personnel expenses totalled € 33.2 million in 2011 (€ 30.8, 32.0 million). The increase was attributable to the takeover of Termotek AG. In addition, there was a pay increase averaging 3.2 percent in Germany with effect from January 1, 2011.

The personnel costs ratio for the group (personnel expenses as a proportion of revenue) was 34.2 percent (35.9, 38.9 percent). The aim is to bring this ratio down to around 30 percent in the future.

Revenue per capita rose only slightly in 2011 to € 148 thousand (€ 139, 122 thousand). This ratio is consequently still below earlier levels; capacity especially of know-how carriers was not reduced in line with revenue during the crisis because these resources were viewed as an investment in the development of new markets.

A new remuneration model has been in force at technotrans' biggest location, Sassenberg, since the beginning of the 2010 financial year. As an initial step all posts in the company were recorded and evaluated, then assigned to function groups. Each of these grades includes a number of remuneration bands.

The pay increase actually awarded to each individual employee is dependent on their performance and current level of pay. Employees who are in the lower zone of a band and perform averagely can thus receive larger pay increases than employees whose pay is in the upper zone of a band and performance is the same. To allow the structured assessment of employee performance, an assessment system was 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 entitled to a profit share.

Throughout the group, managers receive bonuses that are agreed individually in their contracts and depend half on the attainment of company targets, and half on their personal performance. There are no incentive schemes involving share components.

The size of pay adjustments is negotiated by the Works Council and the Board of Management. In view of uncertainty about the economic prospects for 2012, the decision on a pay increase from January 1, 2012 was postponed to mid-way through the year.

## Corporate Communications

### Exhibitions, Shows

The technotrans Group again had stands at various industry exhibitions worldwide in the past financial year. These included the Print in Sweden, the Gulf Print & Pack in Dubai, the Graphispag in Spain, the northprint in England, the Expográfica in Mexico, the Andigráfica in Colombia, the Graph Expo in the USA, the IGAS in Japan and the IFRA Expo in Austria.

Participating in industry exhibitions is rarely about actually closing deals; it is first and foremost about supporting our major customers. technotrans of course benefits indirectly from the orders booked by the major printing press manufacturers. Exhibitions and shows are 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 supply the printing press manufacturers with the confirmation that the latter are giving the market what it wants in fitting technotrans equipment.

Last year technotrans also took part very successfully in shows that target markets other than the printing industry. These included the EMO, the world's leading exhibition for the machine tools industry that is held every two years in Hanover. In addition to coming to our own stand, visitors to the show were able to witness two of our cooling lubricant preparation systems in action on the Gildemeister Group's stand, giving them the ideal opportunity to appreciate their performance and ease of use.

Termotek AG took part in three important exhibitions in 2011, in some cases jointly with technotrans: the "Photonics West" in San Francisco (USA), an annual laser industry exhibition, enabled it to establish some very important contacts, including with new customers mainly in the field of medical laser technology. We teamed up with Aspen Compressor for the "AHR Show" in Las Vegas (USA), which spotlights refrigeration components; our small refrigeration systems generated plenty of interest among visitors who were deeply impressed by their performance. They pave the way for markets for entirely new applications, such as in medical systems or lab equipment. The show stand at the Munich "Laser", which takes place only every two years, provided a meeting point for existing customers and an opportunity to make contact with new customers. The products showcased included the P800 Series, a P300 chiller designed specially for the semiconductor industry, and the P1000 Series of miniature chillers with 24-volt speed-driven miniature compressors, including a direct cooling unit.

## Shares

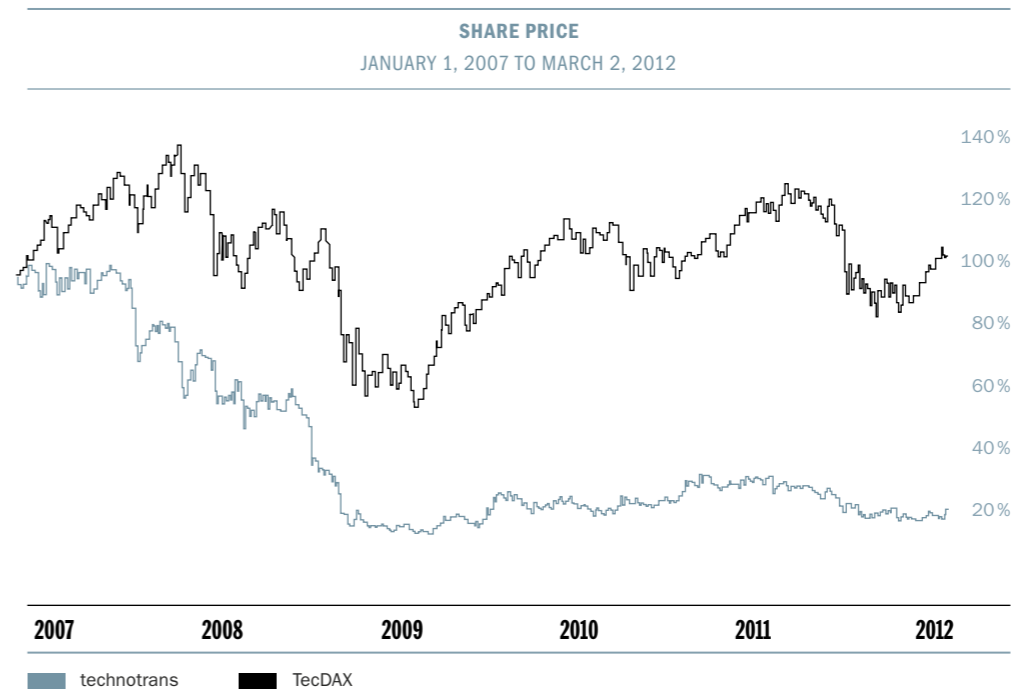
The shares of technotrans AG have been traded on the stock market since March 1998. As a company listed in the Prime Standard segment, we must meet the highest possible standards of transparency. These include quarterly financial reporting in German and English, the publication of a corporate calendar,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

technotrans shares started the 2011 financial year on € 6.32. After the announcement of the acquisition of Termotek AG, the trading price climbed to its year-high of € 7.51 in the course of the first few weeks. The publication of the figures for the 2010 financial year in March unfortunately

went largely unnoticed amid topical coverage of the nuclear disaster in Fukushima, Japan, with the result that the trading price did not receive the lift that might have been expected. technotrans' shares were unable to stave off the dramatic slump in capital markets in the summer. The sharp descent to € 4.21 was only halted by the publication of the First-Half Report, which prompted a brief recovery to € 5.50. The shares subsequently traded at around € 4.50 over the following months. News of manroland's filing for insolvency followed by the announcement of its impact on technotrans AG drove down the trading price to its year-low of € 4.01 in November (including intraday prices below € 4.00). The trading price was unable to recover significantly in the final weeks of the year and closed 2011 on € 4.24.



How technotrans is perceived on the capital market is still closely linked to the performance of the printing industry and therefore to statements on the health of that sector. The fact that it made the necessary adjustments sooner and more systematically than the printing press manufacturers has been reflected to only a minor degree in how the company is rated. Meanwhile the future prospects, in particular for activities in highly promising growth markets outside the printing industry, are not yet being taken into account appropriately. It is possible that the capital market needs further hard-and-fast evidence of how the strategy is being implemented. We expect to have suitable opportunities to prompt the shares' reassessment over the next few months.

The shares are currently covered by three analysts (HSBC Trinkaus and Burkhardt, M.M. Warburg, NordLB). Three banks ceased to cover us for various reasons. We expect that interest will increase again along with our entry into attractive new markets outside the printing industry and the gradual shift our the peer group.

## Disclosures and Explanatory Notes Relating to Takeover

The following disclosures satisfy the requirements pursuant to Section 315 (4) of German Civil Code (BGB) and Section 120 (3) second sentence of German Stock Corporation Law (AktG).

1. The issued capital as at December 31, 2011 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 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 € 3,450,000.00 until April 30, 2015, through the issue of new shares against contributions in cash or in kind. No use was made of this authorisation in 2011. The subscription right of shareholders may be excluded insofar as the requirements of Section 186 (3) fourth sentence 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; the subscription right may moreover be excluded for the purpose of compensating for fractional amounts.

The Board of Management is furthermore authorised until April 30, 2015 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 authorisation, 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, 2011 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, at the end of 2009 39,618 shares, at the end of 2010 28,620 shares and at the end of 2011 a further 43,740 shares were voluntarily distributed to the employees as part of their Christmas bonus. Furthermore, 49,000 treasury shares were issued in the 2011 financial year as part of the purchase price of Termotek AG.

The Board of Management is in addition 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.

## Corporate Governance Declaration

The current version of the Corporate Governance Declaration pursuant to Section 289a of German Commercial Code (HGB) can be found on the Internet at <http://www.technotrans.de/en/investor/corporate-governance/erklaerung-zur-unternehmensfuehrung.html>.

## REPORT ON POST-BALANCE SHEET DATE EVENTS

### Application for Protection from Creditors by Kodak

On January 19, 2012 the Board of Directors of Eastman Kodak filed for protection from creditors (filing for bankruptcy under Chapter 11 of the United States' Bankruptcy Code). Kodak has been buying systems for the Nexpress digital printer from technotrans for several years. The medium-term consequences of this move are difficult to predict but various announcements indicate that digital printing is likely to be a major pillar of Kodak's future business. The plan is for the company's restructuring to have been completed by 2013. In view of the prevailing uncertainty and considering the risk, a corresponding impairment of the receivables from Eastman Kodak has already been applied in technotrans Consolidated Financial Statements for 2011.

### Insolvency Proceedings of manroland AG

At the end of January 2012 it was announced that the insolvency administrator will split the company up. New owners have been found for the two new companies, which will keep sheet-fed offset and web offset business going as separate entities. We expect that the market's confidence in the manroland brand will recover and that business with this customer will return to normal over the next few months.

### Development of the Market and Economic Environment

Demand for printing presses slowed down noticeably in the closing months of 2011 and the new 2012 financial year has got off to a weak start. manroland's insolvency ultimately reinforced this trend, so the Board of Management has taken the decision to introduce short-time as a temporary measure in response to this slack demand. This measure has therefore been in place since the start of the year to bring capacity at Sassenberg, the group's biggest location, flexibly in line with the actual volume of business for a maximum of six months. If the situation improves sooner, short-time will likewise be halted earlier.

### Overall Statement

Apart from the matters presented above, no events of particular significance affecting the future financial performance, financial position and net worth of the company occurred after the end of the 2011 financial year.

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

### Risk Management System and Internal Control 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 control 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 must be communicated 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 prospect 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.

Risk management 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 directives 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 constitutes the basis for the systematic identification, analysis, evaluation, steering, documentation and communication of the various risk types and profiles. The same applies to 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.

### 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 Board of Management can immediately implement suitable measures if there is a negative shift.

The objective of the ICS in respect of 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 uniform reporting structures are used to integrate figures into Group Accounting. 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, examinations and plausibility checks 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. For example, to avoid defaults every customer is issued with a general or individual credit limit (which possibly takes into account the amount of trade credit insurance cover) and their payment history monitored. Receivables are regularly analysed to assess what measures are needed in order to close overdue items, and these are then discussed with the customer. In the case of customers for standard business, the next stage is to announce the suspension of supplies and then to enforce that suspension until the customer is back below the credit limit. In parallel, external sources are used to assess customers' creditworthiness on a regular basis and to adjust the credit limits if necessary. This is also practised after supplies have repeatedly been suspended.

## Risk Categorisation

Taking account of the potential impact of a loss and the probability of risks materialising, individual risk potentials are calculated for quantifiable risks. These are then placed in relation to the planned net profit for the period (plan EBIT) to obtain the assessment basis for the risk category (risk categories low, medium and high).

technotrans uses this as the basis for classifying its risks for 2012 as:

- low if the risk potential is assessed at a value of less than 10 percent of the plan result
- medium if the risk potential is assessed at a value of between 10 and 20 percent of the plan result, and
- high or a threat to the company as a going concern if the risk potential is assessed at a value of more than 20 percent of the plan result.

## REPORT ON EXPECTED DEVELOPMENTS AND RISKS

### 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 in general and the development of the printing press industry in specific. technotrans is moreover tapping additional revenue potential outside the printing industry with self-developed new products and through acquisitions. This diversification reduces its dependence on the business cycles of the printing industry, while creating the chance to share in the opportunities offered by various growth markets.

#### Global Economy

In its latest publications the International Monetary Fund (IMF) has significantly downgraded its growth forecasts for 2012 and 2013 because of the euro crisis. The IMF now forecasts only 3.3 percent growth for the global economy in 2012, whereas in September it had been anticipating 4 percent. The Fund expects global growth to improve to 3.9 percent in 2013. The prospects for the eurozone are equally bleak: its economy is expected to contract by 0.5 percent in 2012. The following year, meagre growth of 0.8 percent is then expected.

The euro appears to have recovered well from the downgrading of nine different eurozone countries by the ratings agencies in January 2012. It has been given a lift by reports of the topping-up of the IMF's bailout fund for countries in crisis to around USD 1 billion and the successful auctions of long-term government bonds in Spain and France. Uncertainty due to the unresolved sovereign debt problems in several European countries nevertheless weighs heavily on the economic climate at the start of the year.

#### German Economy

The IMF also trimmed its forecast for the German economy by one percentage point but still expects 0.3 percent growth in 2012, already rising to 1.5 percent by 2013.

The German Institute for Economic Research (DIW) anticipates that real gross domestic product in Germany will remain flat in the first quarter of 2012, on the back of a slight contraction in the German economy in the final quarter of 2011. Along with export activity remaining muted, investment activity is likewise expected to remain initially weak. The DIW furthermore expects the German economy to gather appreciable momentum from mid-way through the year on. According to Berlin-based DIW, export industry in particular will then be able to make deploy its structural advantages and capitalise on a revival in the global economy. All in all, the economic slackness of the winter half of the year should pass without any major pressure on the labour market.



**Risk:** The actual economic development of the global economy and the German economy, but particularly of the export-oriented investment goods industry, could differ considerably from these forecasts. At the time of compiling this report we rate this risk as moderate and, if necessary, would moreover be able to adjust the company again to changing circumstances at any time at short notice.

#### Relevant Market

The German Engineering Federation VDMA expects production to stabilize in 2012 (previous year up 14 percent) at € 187 billion. Individual countries in Asia and South America are already putting the squeeze on credit in order to prevent their economies from overheating and tackle inflationary price rises. The continuing turbulence on financial markets has moreover had an impact and should have a delayed effect on the inflow of orders for the German mechanical engineering sector.

This economic slowdown is also reflected in the forecasts of the German Advertising Association, which expects a slight dip of -0.4 percent in companies' advertising investment in 2012. Around two-thirds of overall production of printed products is directly or indirectly dependent on advertising spending by industry, so this does not provide any positive indication of plans by German printers to increase capacity and step up investment. The association's assessment of the business situation has already deteriorated markedly since mid-2011 and was persistently negative at the start of 2012.

Both the inflow of orders and the level of orders outstanding for printing press manufacturers more or less stabilised at a lower level in the course of 2011. Nevertheless, the post-crisis recovery began to falter in the second half of 2011 with the result that the order backlog for the opening months of 2012 can at best be described as adequate. There is little impetus for growth at the start of the year and the industry is awaiting the drupa, its biggest exhibition, which is held only once every four years and will be taking place again in May 2012. 40 percent of the floor space at the 2012 show will be given over to manufacturers of digital printing presses (2008: 12 percent), meaning that impetus from the show will not exclusively benefit the conventional offset printing sector.

In its latest study the independent market research institute Pira concludes that worldwide production of printed products grew by 1 percent in 2010. For the period up until 2016 Pira expects growth of between 1.0 and 1.5 percent. The main engine rooms of this growth will be emerging and threshold economies, whereas printing in mature markets is increasingly being replaced with electronic alternatives.

In line with other members of our industry, we expect the various segments of the printing industry to show a mixed performance. Investment in the newspaper market will thus continue to fall, while commercial web offset is likely to maintain its gradual recovery. We expect sheet-fed offset business to remain stable or enjoy mild growth, driven by packaging and demand from emerging economies. Technological progress in the field of digital printing will keep up the pressure on sheet-fed offset for small print runs and small formats, and it will remain the highest-growth segment. For that reason in particular, all leading manufacturers of conventional printing presses have now entered into partnerships with manufacturers of digital printing presses or are developing such technologies themselves.

#### By Region

On the basis of the latest promising figures for the US economy, growth of slightly more than 2 percent is expected for 2012. Government spending cuts will achieve their full effect in 2013 while putting the brakes on fiscal measures, so no stimulus for consumer demand is expected.

In contrast to the USA, the economic data for Europe – Germany excepted – has been gradually deteriorating. The sovereign debt crisis, government cost-cutting measures and the new capital adequacy regulations for European banks will hinder the economy in 2012. Apart from Germany, only Sweden, Finland, Austria and Denmark are expected to achieve a positive development trend in 2012. The consensus figure for European economic growth is 0.4 percent.

Japan has increased its industrial production again. The reconstruction effort following the 2011 earthquake and tsunami is having a positive effect. Positive growth of between 1.5 and 2 percent is expected for 2012. Among the growth countries – China, India, Russia, Brazil, Korea, Indonesia, Turkey and Mexico – China enjoys a pre-eminent position, accounting for 40 percent of the economic output of this group of countries. Although its gross domestic product showed year-on-year growth of 9.1 percent in the third quarter, there are clear signs that China's economic growth is losing momentum. Despite negative reports on the property market and the quality of bank loans, the experts believe China's economy is due for a soft landing. Growth is expected to reach around 8 percent in 2012.

#### Overall Statement

Economic performance in 2012 will again depend very much on how the sovereign debt crisis in various European countries is handled. If it proves possible to find a political solution to these problems, there could finally be an end to uncertainty, lifting the burden on economic development. In this scenario the downturn in the final quarter of 2011 and at the start of 2012 would be a temporary occurrence. We therefore expect the subdued pattern to continue initially until mid-way through 2012. A possible rise in confidence in the longer-term economic prospects and the drupa bounce should then be sufficient to prompt a slight recovery in the second half.

**Risk:** As a systems supplier, technotrans realises a high proportion of its revenue from the leading printing press manufacturers worldwide, which are undergoing a continuing process of restructuring and capacity-shedding. Economic difficulties for one of these customers or its disappearance from the market would potentially have a considerable impact on the financial position and financial performance of the company in the short term. However, we do not expect any lasting effects because consolidation would probably not exercise any influence on overall sales of printing presses. Among other things based on the experience of last year, we continue to rate the risk of a major debt default as high, even though the potential volumes have been reduced and our customers' payment history gives no cause for alarm. Wherever possible, we have insured against default losses on receivables and thus further limited the risk.

## Future Development of the Group

The uncertainty surrounding the economy in general also weighs on our expectations for the 2012 financial year. However, though the underlying situation offers few positives, we are working on the basis that technotrans has sufficient potential to make the new financial year a success through its own efforts.

In the Technology segment, we will probably not quite manage to compensate for more subdued demand from the printing industry through our activities in other markets. We stand by the view that we will share in a recovery in demand, as a systems supplier to printing press manufacturers. Even if the investment volume should recover from its current 60 percent to only 75 percent of the pre-crisis level in the medium term, this will bring us good opportunities. We furthermore expect that business with the new manroland companies and with Kodak will return to normal in the course of the year. While the restructuring of Kodak is not expected to be completed before 2013, it took just two months to break up manroland into two new companies which continue to handle web offset and sheet-fed offset business now largely independently of each other, and under new ownership. manroland weboffset GmbH, with a workforce of 1,400, is expected to post annual revenue of € 300 million in 2012. manroland sheetfed GmbH and its 850 employees are expected to achieve revenue in the order of € 350 to 400 million. We nevertheless initially only expect business for the technotrans Group to emulate the lower level of the final few months of 2011, and are slightly more confident about the prospects from the second half of 2012 on.

We view the growth prospects for 2012 as slightly brighter away from the printing industry. We expect Termotek AG to continue to make further good progress this year, in acquiring new customers and entering new markets. We also expect rising revenue contributions from the products that we have developed ourselves for other industries such as the machine tools sector. Subject to finding suitable opportunities, we are also prepared to accelerate our expansion into new markets through further partnerships and acquisitions.

We expect further slight growth for the Services segment in 2012, generated both by our entry into new markets such as laser applications and by the Technical Documentation area. Our subsidiary gds AG has made very good progress in recent years and has further potential to broaden its portfolio of services, for example. The Services segment generates a relatively high proportion of overall revenue and thus plays an important part in keeping our business stable.

Our aim is to generate revenue of € 90 to 95 million in the 2012 financial year in the technotrans Group. In view of the prevailing conditions, we believe this target is realistic. An improvement in the economic climate would prompt us to review our targets.

**Risk:** If the economic or industry-specific developments expected or the targets for newly acquired businesses or expectations of newly developed products should prove to be inaccurate, the revenue and therefore also the earnings target could be missed. We assess this risk as moderate.

We expect to be able to achieve an EBIT margin of 5 to 6 percent at the expected level of revenue, depending on whether the latter comes in nearer the upper or lower end of the target range. The decision taken at the start of the year to introduce short-time as a means of bringing capacity in line with the current volume of business will moreover help to stabilise the financial performance at the current level. The additional expenses incurred for the drupa show and ongoing investment in activities outside the printing industry will affect earnings in 2012. We will also continue to work on optimising our processes and structures in order to improve profitability permanently.

**Risk:** Changes to structures or processes harbour the risk of losing employees and their expertise if they are unable to identify with the measures taken and therefore look to move. We counter this risk by involving employees at an early stage, by providing them with comprehensive information, briefings and training, and by spreading individual skills among teams. Overall, we therefore rate this risk as low.

Significant progress towards regaining our original level of margins in 2012 has been delayed by the prevailing economic uncertainty. However, as matters stand we expect the underlying situation to improve in the second half of 2012. This, together with our strategic options, would pave the way for both increasing revenue to as much as € 110 million in the 2013 financial year, and making substantial progress towards an EBIT margin of up to double figures.

**Risk:** Attainment of the margin targets depends to a very great degree on the planned revenue performance and on keeping costs strictly under control. Unplanned expenses, e.g. for restructuring measures unexpectedly needed or unforeseeable additional quality problems, could also cause major shortfalls. There is no evidence of either at the time of writing this report and we rate the risk as low. In drawing up our plans for the 2012 financial year we have based our estimates on realistic planning assumptions and can if necessary take swift corrective action to exclude these risks as far as possible, or minimise their impact.

The interest expense for borrowing is likely to continue its downward drift in 2012 as a result of scheduled repayments. In addition, we expect that the group's effective tax rate will be in the range of 29 to 32 percent. The anticipated net income for 2012 should therefore be at least as high as in the previous year, even based on a lower level of revenue.

The planned profitability should have a positive impact on cash flow, with the result that technotrans will likewise be able to finance operating business and the planned investments from cash flow in 2012. We expect that the net cash from operating activities will improve by € 1 to 1.5 million, and the free cash flow overall should therefore be positive.

## Investment and Finance

technotrans had cash amounting to € 12.8 million at the December 31, 2011 reporting date. This is ample to be able to finance current business in all group companies. technotrans in addition has unutilised borrowing facilities which, together with the surplus financial resources, provide considerable flexibility for following up strategic options. Investment spending continues to be restricted to maintenance investment. The intention is to keep financing this from cash flow.

It is the declared intention of the Board of Management to seize suitable opportunities to accelerate the company's growth through acquisitions. Depending on the size of the acquisition targets, the use of both external funding and equity instruments would be considered. Our banks have expressed an interest in supporting us if required; on the other hand, in the absence of specific takeover targets there are as yet no firm pledges.

**Risk:** A marked deterioration in the financial performance, financial position and net worth, in a departure from the plans for the 2012 financial year, could result in the credit clauses on certain financial ratios (covenants) being broken and in the worst case loans being called in. Based on our plans for 2012, we rate this risk as moderate.

As matters stand we would make the distribution of a dividend for the 2012 financial year dependent on whether this is in the interests of the company and the shareholders. It remains our intention to resume our dividend policy provided the conditions are right, and distribute 50 percent of our consolidated net profit from the net profit of technotrans AG.

**Various risks:** There are fundamentally procurement and purchasing risks such as price stability, availability and quality. This risk is limited by careful management of business processes. There is furthermore the risk that customer expectations with regard to punctuality of delivery or quality will not be met. A large number of processes and mechanisms, such as the quality management system, are intended to anticipate and eliminate such shortcomings. We classify a possible shortage of know-how carriers, for example due to shortages of suitable recruits on the labour market, as personnel risks. A large number of key processes in the company are handled with IT support. This creates typical IT risks, which are countered by means of appropriate processes and precautionary measures. We rate these risks overall as low.

## Future Sales Markets

At the time of compiling this report, technotrans has activities both in the printing industry and e.g. in the laser market and the machine tools industry, which all come under the umbrella of the Technology segment. These markets exhibit varying rates of growth, which can help to stabilise technotrans' business performance.

We will continue to pursue a systematic strategy of seeking out further revenue potential for technotrans' core skills. Our aim is to generate 30 percent of our revenue outside the printing industry in three years' time at the latest.

To give us access to further sales markets, we are pursuing a broad-based approach which includes for example exhibiting at shows – initially in Europe – for the relevant target industries. We are concentrating on niche markets in which technotrans could play a significant role. These markets are moreover dominated by (major) industrial customers. We are using the experience and contacts obtained at the shows to learn more about customers' needs and identify the technological solutions they require. Because the new products draw directly on our core skills, we are able to respond very quickly and thus derive long-term benefit from this highly promising area.

**Risk:** The more unknowns (market, customer, technology) there are, the greater the possibility that efforts to launch new products will not be a success. We tackle this risk by conducting a careful analysis of the underlying conditions before developing new products, and by carrying out a meticulous selection process of prototypes; we therefore rate it as low.

We are also continually examining suitable opportunities for acquisitions in order to accelerate the pace of growth. In view of their strategic importance we are investing considerable resources in developing these markets of the future and are convinced that this approach will bring us closer to achieving our growth targets.

**Risk:** There are a number of risks involved in taking over companies that could impact our financial performance, financial position and net worth. We limit these risks by generally first agreeing a partnership so that we can assess our expectations in practice over a certain period. We also shore up the acquisition's success by then securing the close involvement of the existing management and offering them the motivation of incentive payments as part of the agreed purchase price. We therefore rate this risk in general as low.

Innovations and optimising our technologies, both for the printing industry and for other sales markets, are the spotlight of our Research & Development activities. Projects are normally kicked off by the business units, with the development area's specialist expertise brought in as needed. In addition, our development engineers are in close contact with our customers in an effort to identify immediate needs directly in their everyday production operations, and then to act upon those requirements.

The workload of the development department by our major customers typically declines immediately after the drupa, the printing industry's biggest exhibition. Based on the prevailing environment and the culmination of the innovation cycle at this year's show, development work for the printing industry is expected to fall slightly in 2012. This also means that we are able to use the available capacity to promote specific projects outside the printing industry. However, no significant increase in research and development spending is planned in 2012.

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 only moderate increases in purchase prices are expected for 2012 and that overall these will have no material impact on the financial performance.

## Future Projects to Increase Efficiency and Optimise Processes

2012 will see us adhere to the optimisation processes that we have been practising as a regular feature of our company in recent years, to ensure that the anticipated effects are realised in full. Over and above that, we will continually review our structures and modify them wherever advisable. No measures comparable in scale to those taken during the crisis are currently planned, but can be implemented if necessary.

## Development of the Group in the 2013 Financial Year

The various underlying data points to the current economic slowdown being a temporary phenomenon. A more benign business climate such as is forecast for the second half of 2012, coupled with the effects of the industry exhibition, could pave the way for organic growth lasting into 2013.

We are also planning to press ahead with our M&A activities as a means of further accelerating this organic growth. Looking at the environment, we are confident of closing deals in the course of 2012 and then starting to enjoy the revenue streams by 2013 at the latest.

For 2013, we also expect further significant revenue from our own developments for other sales markets. Various projects that we are currently working on have now come on sufficiently for this expectation to take on firm contours.

All this would pave the way for both increasing revenue to as much as € 110 million in the 2013 financial year, and making substantial progress towards an EBIT margin of up to double figures.

## Overall Statement

At the time of compiling this report, the economic prospects are shrouded in uncertainty. Demand for printing presses has been falling recently and our activities in markets outside the printing industry are not yet able to compensate fully for this downturn.

Bearing in mind the business performance in the closing months of the 2011 financial year and the current situation at the start of this year, we therefore approach our plans for the new financial year still with cautious optimism. Our aim is to generate revenue of € 90 to 95 million in the 2012 financial year in the technotrans Group. An improvement in the economic climate would prompt us to review our targets.

We expect to be able to achieve an EBIT margin of 5 to 6 percent at the anticipated level of revenue, depending on whether the latter comes in nearer the upper or lower end of the target range. 2012's earnings will again have to absorb expenses incurred for the drupa show, along with ongoing expenses in activities outside the printing industry in order to tap new areas of business.

However, as matters stand we expect the underlying situation to improve in the second half of 2012. This, together with our strategic options, would pave the way for both increasing revenue to as much as € 110 million in the 2013 financial year, and making substantial progress towards an EBIT margin of up to double figures.

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.

### Disclaimer:

The Group 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.

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## CONSOLIDATED BALANCE SHEET

ASSETS	Note	31/12/2011	31/12/2010	31/12/2009
		€ '000	€ '000	€ '000
<b>Non-current assets</b>				
Property, plant and equipment	1	15,782	20,349	21,985
Investment property	2	4,016	0	0
Goodwill	3	2,549	0	0
Intangible assets	4	1,862	2,053	2,650
Income tax receivable	8	276	327	402
Financial assets	5	384	651	622
Deferred tax	27	3,716	4,311	4,325
<b>Total</b>		<b>28,585</b>	<b>27,691</b>	<b>29,984</b>
<b>Current assets</b>				
Inventories	6	14,030	14,929	16,045
Trade receivables	7	9,985	10,140	10,654
Income tax receivable	8	394	380	566
Financial assets	9	332	727	447
Other assets	9	1,091	787	1,272
Cash and cash equivalents	10	12,798	13,125	10,274
<b>Total</b>		<b>38,630</b>	<b>40,088</b>	<b>39,258</b>
<b>Total assets</b>		<b>67,215</b>	<b>67,779</b>	<b>69,242</b>

EQUITY AND LIABILITIES	Note	31/12/2011	31/12/2010	31/12/2009
		€ '000	€ '000	€ '000
<b>Equity</b>				
Equity	11			
Issued capital		6,908	6,908	6,908
Capital reserve		12,928	12,928	40,322
Retained earnings		27,394	27,040	10,211
Other reserves		-12,958	-14,509	-15,807
Net profit/net loss for the period		3,019	1,517	-10,347
<b>Total</b>		<b>37,291</b>	<b>33,884</b>	<b>31,287</b>
<b>Non-current liabilities</b>				
Borrowings	12	6,819	9,599	5,338
Provisions	16	1,127	1,112	975
Other financial liabilities	13	1,857	212	219
Deferred tax	27	18	10	12
<b>Total</b>		<b>9,821</b>	<b>10,933</b>	<b>6,544</b>
<b>Current liabilities</b>				
Borrowings	12	9,742	8,309	16,335
Trade payables	14	3,123	3,138	4,524
Prepayments received	15	1,019	2,457	1,976
Provisions	16	4,404	6,085	6,752
Income tax payable	17	181	909	144
Financial liabilities	18	641	359	359
Other liabilities	18	993	1,705	1,321
<b>Total</b>		<b>20,103</b>	<b>22,962</b>	<b>31,411</b>
<b>Total equity and liabilities</b>		<b>67,215</b>	<b>67,779</b>	<b>69,242</b>

## CONSOLIDATED INCOME STATEMENT

	Note	2011	2010	2009
		€ '000	€ '000	€ '000
<b>Revenue</b>	19	97,265	85,887	82,210
of which Technology		61,673	51,388	48,808
of which Services		35,592	34,499	33,402
Cost of sales	20	-66,486	-60,430	-65,551
<b>Gross profit</b>		<b>30,779</b>	<b>25,457</b>	<b>16,659</b>
Distribution costs	21	-14,419	-13,390	-13,749
Administrative expenses	22	-11,469	-10,154	-10,908
Development costs	23	-2,046	-2,467	-2,839
Other operating income	24	4,240	5,646	4,189
Other operating expenses	25	-2,298	-2,056	-5,281
<b>Earnings before interest and taxes (EBIT)</b>		<b>4,787</b>	<b>3,036</b>	<b>-11,929</b>
Financial income		37	30	48
Financial charges		-925	-1,192	-826
<b>Net finance costs</b>	26	<b>-888</b>	<b>-1,162</b>	<b>-778</b>
<b>Accounting profit</b>		<b>3,899</b>	<b>1,874</b>	<b>-12,707</b>
Income tax expense	27	-880	-357	2,360
<b>Net profit/net loss for the period</b>		<b>3,019</b>	<b>1,517</b>	<b>-10,347</b>
<b>of which:</b>				
Profit/loss attributable to technotrans AG shareholders		3,019	1,517	-10,347
Profit/loss attributable to non-controlling interests		0	0	0
<b>Earnings per share (€)</b>	28			
basic		0.47	0.24	-1.65
diluted		0.47	0.24	-1.65

## CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Note	2011	2010	2009
		€ '000	€ '000	€ '000
<b>Net profit/net loss for the period</b>		<b>3,019</b>	<b>1,517</b>	<b>-10,347</b>
<b>Other result</b>	11			
Exchange differences from the translation of foreign group companies		178	819	97
Exchange rate differences from the net investment in a foreign business		66	64	-492
Cash-flow hedges		-27	3	13
<b>Other profit after tax</b>		<b>217</b>	<b>886</b>	<b>-382</b>
<b>Overall result for the financial year</b>		<b>3,236</b>	<b>2,403</b>	<b>-10,729</b>
<b>of which:</b>				
Profit/loss attributable to technotrans AG shareholders		3,236	2,403	-10,729
Profit/loss attributable to non-controlling interests		0	0	0

## CONSOLIDATED CASH FLOW STATEMENT

	Note	2011	2010	2009
		€ '000	€ '000	€ '000
<b>Cash flow from operating activities</b>	29			
Net profit/net loss for the period		3,019	1,517	-10,347
Adjustments for:				
Depreciation and amortisation		3,193	3,349	3,551
Impairment loss acc. to IAS 36		0	200	4,093
Share-based payment transactions		184	194	200
Income tax expense		880	357	-2,360
Gain (-) / loss (+) on the disposal of property, plant and equipment		-109	-39	127
Foreign exchange losses (+) / gains (-)		25	-190	-414
Financial income		-37	-30	-48
Financial charges		925	1,192	826
<b>Cash flow from operating activities before working capital changes</b>		<b>8,080</b>	<b>6,550</b>	<b>-4,372</b>
Change in:				
Receivables and other current assets		1,212	715	10,294
Inventories		2,356	1,317	7,389
Other non-current assets		267	-30	27
Liabilities		-2,388	-1,040	-2,716
Provisions		-1,843	-531	-6,399
<b>Cash from operating activities</b>		<b>7,684</b>	<b>6,981</b>	<b>4,223</b>
Interest income		22	30	30
Interest expense		-820	-896	-776
Income taxes paid / income tax rebates		-1,018	1,303	163
<b>Net cash from operating activities</b>		<b>5,868</b>	<b>7,418</b>	<b>3,640</b>

	Note	2011	2010	2009
		€ '000	€ '000	€ '000
<b>Cash flow from investing activities</b>	30			
Cash payments for investments in property, plant and equipment and in intangible assets		-1,405	-1,254	-1,306
Cash payments for the acquisition of consolidated companies		-1,016	0	0
Proceeds from the sale of property, plant and equipment		159	123	101
<b>Net cash used for investing activities</b>		<b>-2,262</b>	<b>-1,131</b>	<b>-1,205</b>
<b>Cash flow from financing activities</b>	31			
Cash receipts from the raising of short-term and long-term loans		0	3,000	3,024
Cash payments for the acquisition of non-controlling interests		-316	0	0
Cash payments from the repayment of loans		-3,831	-6,765	-2,438
<b>Net cash used in financing activities</b>		<b>-4,147</b>	<b>-3,765</b>	<b>586</b>
Net effect of currency translation in cash and cash equivalents		214	329	325
Net increase/decrease in cash and cash equivalents		-327	2,851	3,346
Cash and cash equivalents at start of period		13,125	10,274	6,928
<b>Cash and cash equivalents at end of period</b>	10, 32	<b>12,798</b>	<b>13,125</b>	<b>10,274</b>



## STATEMENT OF MOVEMENTS IN EQUITY

(SEE NOTES, SECTION 11)	Issued capital	Capital reserve	Retained earnings	Other reserves				Group equity
				Exchange differences	Reserve for exchange rate differences from the financing of investments	Hedging reserve	Treasury shares	
<b>01/01/2009</b>	<b>6,908</b>	<b>40,322</b>	<b>10,581</b>	<b>- 6,093</b>	<b>- 727</b>	<b>- 25</b>	<b>- 9,150</b>	<b>41,816</b>
<b>Overall result for the financial year</b>								
Net profit/net loss for the period	0	0	- 10,347	0	0	0	0	- 10,347
<b>Other result</b>								
Exchange differences from the translation of foreign group companies	0	0	0	97	0	0	0	97
Exchange rate differences from the net investment in a foreign business	0	0	0	0	- 492	0	0	- 492
Change in the fair value of cash flow hedges	0	0	0	0	0	13	0	13
<b>Other result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>97</b>	<b>- 492</b>	<b>13</b>	<b>0</b>	<b>- 382</b>
<b>Overall result for the financial year</b>	<b>0</b>	<b>0</b>	<b>- 10,347</b>	<b>97</b>	<b>- 492</b>	<b>13</b>	<b>0</b>	<b>- 10,729</b>
<b>Transactions with shareholders of technotrans AG</b>								
Issuance of treasury shares	0	0	- 370	0	0	0	570	200
<b>Transactions with shareholders of technotrans AG</b>	<b>0</b>	<b>0</b>	<b>- 370</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>570</b>	<b>200</b>
<b>31/12/2009 / 01/01/2010</b>	<b>6,908</b>	<b>40,322</b>	<b>- 136</b>	<b>- 5,996</b>	<b>- 1,219</b>	<b>- 12</b>	<b>- 8,580</b>	<b>31,287</b>
<b>Overall result for the financial year</b>								
Net profit/net loss for the period	0	0	1,517	0	0	0	0	1,517
<b>Other result</b>								
Exchange differences from the translation of foreign group companies	0	0	0	819	0	0	0	819
Exchange rate differences from the net investment in a foreign business	0	0	0	0	64	0	0	64
Change in the fair value of cash flow hedges	0	0	0	0	0	3	0	3
<b>Other result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>819</b>	<b>64</b>	<b>3</b>	<b>0</b>	<b>886</b>
<b>Overall result for the financial year</b>	<b>0</b>	<b>0</b>	<b>1,517</b>	<b>819</b>	<b>64</b>	<b>3</b>	<b>0</b>	<b>2,403</b>
Withdrawal from the capital reserve of technotrans AG	0	- 27,394	27,394	0	0	0	0	0
<b>Transactions with shareholders of technotrans AG</b>								
Issuance of treasury shares	0	0	- 218	0	0	0	412	194
<b>Transactions with shareholders of technotrans AG</b>	<b>0</b>	<b>0</b>	<b>- 218</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>412</b>	<b>194</b>
<b>31/12/2010</b>	<b>6,908</b>	<b>12,928</b>	<b>28,557</b>	<b>- 5,177</b>	<b>- 1,155</b>	<b>- 9</b>	<b>- 8,168</b>	<b>33,884</b>

## STATEMENT OF MOVEMENTS IN EQUITY (CONTINUED)

(SEE NOTES, SECTION 11)	Issued capital	Capital reserve	Retained earnings	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	€ '000	€ '000	€ '000
<b>31/12/2010 / 01/01/2011</b>	<b>6,908</b>	<b>12,928</b>	<b>28,557</b>	<b>-5,177</b>	<b>-1,155</b>	<b>-9</b>	<b>-8,168</b>	<b>33,884</b>
<b>Overall result for the financial year</b>								
Net profit/net loss for the period	0	0	3,019	0	0	0	0	3,019
<b>Other result</b>								
Exchange differences from the translation of foreign group companies	0	0	0	178	0	0	0	178
Exchange rate differences from the net investment in a foreign business	0	0	0	0	66	0	0	66
Change in the fair value of cash flow hedges	0	0	0	0	0	-27	0	-27
<b>Other result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>178</b>	<b>66</b>	<b>-27</b>	<b>0</b>	<b>217</b>
<b>Overall result for the financial year</b>	<b>0</b>	<b>0</b>	<b>3,019</b>	<b>178</b>	<b>66</b>	<b>-27</b>	<b>0</b>	<b>3,236</b>
Acquisition of minority interests not leading to a change in control	0	0	-285	0	0	0	0	-285
<b>Transactions with shareholders of technotrans AG</b>								
Issuance of treasury shares	0	0	-878	0	0	0	1,334	456
<b>Transactions with shareholders of technotrans AG</b>	<b>0</b>	<b>0</b>	<b>-878</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,334</b>	<b>456</b>
<b>31/12/2011</b>	<b>6,908</b>	<b>12,928</b>	<b>30,413</b>	<b>-4,999</b>	<b>-1,089</b>	<b>-36</b>	<b>-6,834</b>	<b>37,291</b>

## NOTES

SEGMENT REPORT BY DIVISION		Technology	Services	Consolidated/ not allocated	Group
		€ '000	€ '000	€ '000	€ '000
<b>External revenue</b>	<b>2011</b>	<b>61,673</b>	<b>35,592</b>	<b>0</b>	<b>97,265</b>
	2010	51,388	34,499	0	85,887
	2009	48,808	33,402	0	82,210
<b>Internal revenue</b>	<b>2011</b>	<b>7,456</b>	<b>6,904</b>	<b>-14,360</b>	<b>0</b>
	2010	8,378	7,343	-15,721	0
	2009	8,226	7,494	-15,720	0
<b>Inter-segment revenue</b>	<b>2011</b>	<b>0</b>	<b>957</b>	<b>-957</b>	<b>0</b>
	2010	0	874	-874	0
	2009	0	703	-703	0
<b>Segment result</b>	<b>2011</b>	<b>-897</b>	<b>5,684</b>	<b>0</b>	<b>4,787</b>
	2010	-2,554	5,590	0	3,036
	2009	-16,175	4,246	0	-11,929
<b>Segment assets</b>	<b>2011</b>	<b>33,338</b>	<b>16,693</b>	<b>17,184</b>	<b>67,215</b>
	2010	31,402	18,234	18,143	67,779
	2009	36,527	17,149	15,566	69,242
<b>Investment</b>	<b>2011</b>	<b>959</b>	<b>446</b>	<b>0</b>	<b>1,405</b>
	2010	750	504	0	1,254
	2009	776	531	0	1,307
<b>Depreciation and amortisation</b>	<b>2011</b>	<b>2,093</b>	<b>1,100</b>	<b>0</b>	<b>3,193</b>
	2010	2,080	1,269	0	3,349
	2009	1,615	1,936	0	3,551
<b>Impairment loss acc. to IAS 36</b>	<b>2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2010	200	0	0	200
	2009	3,498	595	0	4,093

### I. Application of IFRS – basic notes

technotrans AG is a publicly traded corporation domiciled in Sassenberg, Germany. These Consolidated Financial Statements of technotrans AG and its subsidiaries (the “group”) at December 31, 2011 were approved for presentation to the Supervisory Board by resolution of the Board of Management of March 2, 2012. 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 315a 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, as adopted by the European Union, were applied.

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

## II. Group

### a) Consolidated companies

technotrans AG and all companies (16 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.

The balance sheet date for all companies included in the Consolidated Financial Statements is December 31.

Company	Domicile	Interest	Equity*	Revenue*	Profit after tax*
		%	€ '000	€ '000	€ '000
<b>technotrans AG (Sassenberg and Gersthofen)</b>	<b>D Sassenberg</b>	<b>Parent company</b>	<b>35,065</b>	<b>68,302</b>	<b>2,186</b>
Termotek AG	D Baden-Baden	100	1,047	9,075	440
gds AG	D Sassenberg	100	2,467	3,704	330
gds Schweiz GmbH	CH Regensburg	51	22	333	1
technotrans graphics limited	GB Colchester	100	2,614	3,254	71
technotrans france s.a.r.l. (Saint-Maximin und Madrid)	F Saint-Maximin	100	1,428	5,338	137
technotrans italia s.r.l.	I Legnano	100	1,084	2,602	85
technotrans scandinavia AB	S Åkersberga	100	7,838	0	-23
technotrans rus OOO	RUS Moscow	100	-19	2	-33
technotrans america, Inc.	USA Mt. Prospect	100	3,025	8,763	653
technotrans américa latina ltda.	BR São Paulo	100	-2,467	2,018	-109
technotrans Asia pacific limited	PRC Hong Kong	100	-1,700	2,564	-13
technotrans printing equipment, (Beijing) co. Ltd.	PRC Beijing	100	-336	1,568	-9
technotrans trading (Shanghai) co. Ltd.	PRC Shanghai	100	-57	542	2
technotrans technologies pte ltd. (Singapore and Melbourne)	SGP Singapore	100	442	2,234	82
technotrans middle east FZ-LLC	U.A.E. Dubai	100	393	1,034	44
technotrans india pvt ltd	IN Chennai	100	-23	223	1

\* EQUITY, REVENUE AND PROFIT AFTER TAX HAVE BEEN TAKEN FROM THE IFRS PACKAGES OF THE INDIVIDUAL SUBSIDIARIES (PRIOR TO CONSOLIDATION).

On January 7, 2011 technotrans AG acquired 75.1 percent of the shares in – and therefore control of – Termotek AG, Baden-Baden, a specialist supplier of laser cooling systems. The remaining shares were acquired in the 2011 financial year. By way of counter-performance, technotrans AG granted the sellers 49,000 shares in technotrans AG on top of a fixed payment of € 1,337 thousand for the total transaction. The total issue price of the 49,000 shares was set at € 273 thousand and corresponded to the trading price of technotrans shares at the time of acquisition.

The acquisition costs of the company furthermore include a conditional purchase price payment. Depending on the EBIT achieved by the acquired company in the years 2011 to 2013, a retrospective purchase payment that of 60 percent of that EBIT will fall due and was recognised as a liability of € 1,880 thousand at the time of acquisition. The amount recognised as a liability was determined on the basis of EBIT estimates for the acquired company. The conditional purchase price payments based on this calculation were discounted with effect from the date of acquisition. Based on the available knowledge at the balance sheet date, the EBIT expectations remain unchanged.

The acquired company contributed € 8,898 thousand towards consolidated revenue. Its contribution to the net profit for the period was € 440 thousand. The company was included in consolidation from the time of its acquisition.

The goodwill of € 2,549 thousand comprises intangible assets, which are not recognised separately. It is not expected that the goodwill will be deductible for tax purposes.

The acquisition of this company had the following effects on the consolidated balance sheet of technotrans:

	Carrying amount before acquisition	Adjustments	Fair value
	€ '000	€ '000	€ '000
Intangible assets	205	0	205
Property, plant and equipment	887	0	887
Inventories	1,446	0	1,446
Receivables and other assets	1,017	0	1,017
Cash and cash equivalents	5	0	5
Deferred tax	0	46	46
Liabilities	-2,906	0	-2,906
Deferred tax	-54	0	-54
<b>Identifiable assets and debts</b>	<b>600</b>	<b>46</b>	<b>646</b>
Goodwill			2,549
Non-controlling interests measured at the share in net assets at the date of acquisition			-161
<b>Cost of acquisition</b>			<b>3,034</b>
of which paid			
in cash			1,021
in shares			133
of which not paid			1,880
<b>Total</b>			<b>3,034</b>
Cash and cash equivalents acquired			-5
<b>Net cash outflow</b>			<b>1,016</b>

The acquisition of the non-controlling interests later on in the year was at a cost of € 456 thousand. Of this amount, the sum of € 316 thousand was paid in cash and € 140 thousand in shares in technotrans AG. The portion of the cost that exceeded the carrying amount of the controlling interests of € 295 thousand at the date of acquisition was offset against retained earnings.

technotrans japan k.k. was wound up in the financial year and deconsolidated with effect from December 31, 2011.

## 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, 2011.

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 liabilities arising and acquired at the time of acquisition. 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 positive differences remaining after purchase price allocation are recognised as goodwill. Goodwill is recognised as an asset and subjected to an impairment test annually. The costs associated with the business combination are recognised as an expense when they arise.

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. Termotek AG was acquired in the 2011 financial year. Fair values for its assets and liabilities were established as part of the initial consolidation process. The balance remaining after purchase price allocation is reported as goodwill and tested for impairment annually or if there are any indications of impairment. With regard to "key exercises of judgment in the context of financial reporting for 2011", see the Notes, Section 3 "Goodwill".

## 2) Assessment of the value of assets

At each balance sheet date management is to assess whether there is any indication that the carrying amount of an item of property, plant and equipment 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. With regard to “key exercises of judgment in the context of financial reporting for 2011”, see the Notes, Section 1 “Property, plant and equipment” and Section 2 “Investment property”.

## 3) Recognition and measurement of provisions

The determination of all provisions, and in particular of provisions for warranties and for impending losses from long-term rental agreements, inherently involves estimates. With regard to “key exercises of judgment in the context of financial reporting for 2011”, see the Notes, Section 16 “Provisions”.

## 4) 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, management 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.

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. Regular maintenance and repair costs are recorded as an expense after they have occurred.

Apart from land, items of 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 are derecognised from the Balance Sheet; any gains or losses arising are recognised in the Income Statement.

## 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

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.

**Investment property** pursuant to IAS 40 is recognised at amortised cost. This is property that is not used for operational purposes and serves exclusively as a source of rental income and capital gains. This property is depreciated according to the straight-line method in accordance with its useful life, over 33 years.

The reported **goodwill** constitutes the difference between the purchase price and the estimated market value of the net assets acquired through business combinations. 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 at the level of the cash-generating unit. 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.

**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, it comprises the directly allocable prime costs as well as the production overheads that can be allocated directly to the creation, manufacture and preparation of the asset, where they arise 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”.

The **taxes** for the period comprise current and deferred taxes. Taxes are recognised in the Income Statement unless they refer to items that are recognised directly within equity or the other result. In such cases, the corresponding taxes are likewise recognised within equity or the other result. 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 for creditable tax. Deferred tax assets for temporary differences as well as tax loss carryforwards are only reported to the extent that it is probable that sufficient taxable income will be available in the future to make use of these. 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. Deferred tax assets and liabilities are offset if a right to perform offsetting exists and the item relates to income taxes levied by the same taxation authorities and for the same company.

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 group portfolio valuation 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 at any time.

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

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). Borrowings 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. Long-term provisions are discounted.

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 unfavourable 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, 2011. Where they qualify as cash flow hedges, the correspondingly effective 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) is 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 2011 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 conducted 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		
	2011	2010	2009	31/12/2011	31/12/2010	31/12/2009
USD	1.3923	1.3257	1.3948	1.2937	1.3362	1.4406
JPY	110.9696	116.2400	130.3400	100.1000	108.6500	133.1600
GBP	0.8679	0.8578	0.8909	0.8369	0.8607	0.8881
SEK	9.0305	9.5373	10.6191	8.9210	8.9655	10.2520
CNY	9.0010	8.9712	9.5277	8.2162	8.8220	9.8350
HKD	10.8390	10.2994	10.8114	10.0510	10.3856	11.1709
CHF	1.2329	1.3803	1.5100	1.2164	1.2504	1.4836
BRL	2.3205	2.3314	2.7674	2.4188	2.2177	2.5113
AED	5.1536	4.9113	4.6813	4.7974	4.9615	5.3343
RUB	40.8927	40.2629	44.1376	41.7050	40.8200	43.1540
INR	65.0803	60.5878	-	70.4508	59.7580	-



## Changes in recognition and measurement principles

The Consolidated Financial Statements of technotrans AG at December 31, 2011 include all standards and interpretations adopted by the European Union, the application of which is mandatory from January 1, 2011.

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

STANDARD/ INTERPRETATION	Applicable from (financial years starting on or after ...)	Content	Effects on Consolidated Financial Statements
Improvements to IFRS 2010	<b>July 1, 2010 and January 1, 2011</b>	In the context of the annual improvements, eleven amendments were made to six standards and one interpretation.	No significant
<b>IAS 24:</b> Related Party Disclosures	<b>January 1, 2011</b>	The revised IAS 24 has introduced an exemption option for the disclosure requirements on related parties for government entities. The definition of a related party has also been modified.	None
Amendment to <b>IAS 32:</b> Financial Instruments: Presentation	<b>February 1, 2010</b>	The amendment to IAS 32 governs the accounting treatment of rights issues, options or warrants.	None
Amendment to <b>IFRIC 14:</b> Contributions in respect of Minimum Funding Requirements	<b>July 1, 2010</b>	IFRIC 14 provides guidance on the accounting of defined benefit plans in cases where existing plan assets exceed the pension obligations.	None
Amendment to <b>IFRIC 19:</b> Extinguishing Financial Liabilities with Equity Instruments	<b>July 1, 2010</b>	IFRIC 19 explains how to account for the partial or full extinguishing of a financial liability through the issuance of shares or other equity instruments.	None yet

During the 2011 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 2011 financial year.

The following standard as adopted by the European Union by December 31, 2011 has not yet been observed in these accounts:

STANDARD/ INTERPRETATION	Applicable from (financial years starting on or after ...)	Content	Effects on Consolidated Financial Statements
Amendment to <b>IFRS 7:</b> Financial Instruments	<b>July 1, 2011</b>	The amendments to IFRS 7 concern enhanced disclosures about transfers of financial assets.	None yet

### 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, 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/January 1, 2010</b>	<b>25,474</b>	<b>15,598</b>	<b>24</b>	<b>41,096</b>
Foreign currency translation differences	57	192	0	249
Additions	22	921	21	964
Disposals	-68	-657	0	-725
Transfers	0	23	-23	0
<b>Cost at December 31, 2010/January 1, 2011</b>	<b>25,485</b>	<b>16,077</b>	<b>22</b>	<b>41,584</b>
Foreign currency translation differences	6	54	0	60
Additions from corporate acquisition	0	1,300	0	1,300
Additions	170	746	0	916
Disposals due to reporting change to investment property	-6,719	0	0	-6,719
Disposals	0	-884	0	-884
Transfers	0	22	-22	0
<b>Cost at December 31, 2011</b>	<b>18,942</b>	<b>17,315</b>	<b>0</b>	<b>36,257</b>

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

The property in Gersthofen was reclassified as "investment property" in the 2011 financial year to reflect the fact that it is now used almost exclusively by third parties (cf. Section 2 "Investment property").

There was an opposite effect from additions to property, plant and equipment following the inclusion of Termotek AG in the consolidated companies.

The disposals among other assets, plant and other equipment mainly stem from the asset inventory carried out in the 2011 financial year.

	Property*	Other assets, plant and other equipment	Construction in progress	Property, plant and equipment
	€ '000	€ '000	€ '000	€ '000
<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/January 1, 2010</b>	<b>8,260</b>	<b>10,851</b>	<b>0</b>	<b>19,111</b>
Foreign currency translation differences	22	109	0	131
Depreciation for the year	803	1,626	0	2,429
Disposals	-65	-571	0	-636
Impairment loss acc. to IAS 36	200	0	0	200
<b>Accumulated depreciation at December 31, 2010/January 1, 2011</b>	<b>9,220</b>	<b>12,015</b>	<b>0</b>	<b>21,235</b>
Foreign currency translation differences	10	51	0	61
Additions from corporate acquisition	0	413	0	413
Depreciation for the year	754	1,481	0	2,235
Disposals due to reporting change to investment property	-2,635	0	0	-2,635
Disposals	0	-834	0	-834
<b>Accumulated depreciation at December 31, 2011</b>	<b>7,349</b>	<b>13,126</b>	<b>0</b>	<b>20,475</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>
<b>Residual carrying amounts at December 31, 2010</b>	<b>16,265</b>	<b>4,062</b>	<b>22</b>	<b>20,349</b>
<b>Residual carrying amounts at December 31, 2011</b>	<b>11,593</b>	<b>4,189</b>	<b>0</b>	<b>15,782</b>

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

As in 2009 and 2010, no self-constructed assets were capitalised in the 2011 financial year. No write-downs or reversals were performed in the year under review. Land charges totalling € 14,750 thousand have been registered as collateral for long-term loans (cf. Section 12, "Borrowings").

## 02

## Investment property

€ '000	
<b>Cost</b>	
<b>Position at January 1, 2011</b>	<b>0</b>
Additions	6,719
Disposals	0
Transfers	0
<b>Position at December 31, 2011</b>	<b>6,719</b>
<b>Depreciation</b>	
<b>Position at January 1, 2011</b>	<b>0</b>
Additions	2,635
Depreciation for the year	68
Disposals	0
Transfers	0
<b>Position at December 31, 2011</b>	<b>2,703</b>
<b>Residual carrying amount at December 31, 2011</b>	<b>4,016</b>

Property owned by the group is in principle used by the group itself in the course of its ordinary business activities. Following the concentration of manufacturing activities at Sassenberg, the industrial property in Gersthofen is no longer being used for the group's own business activities. Since January 1, 2011 the property has been classified as a financial investment as defined in IAS 40. The carrying amount for this property calculated at amortised cost is € 4,016 thousand. The fair value is € 4 million. The internal valuation was conducted on the basis of current market rents using an income capitalisation method based on the "Federal Ordinance on Principles for the Determination of the Current Values of Real Estate – WertV". Pro rata rental income totalling € 128 thousand was realised from the investment property in the 2011 financial year. On the other hand there were expenses of € 137 thousand.

## 03

## Goodwill

€ '000	
<b>Cost at December 31, 2010</b>	<b>0</b>
Additions from corporate acquisition	2,549
<b>Cost at December 31, 2011</b>	<b>2,549</b>
<b>Accumulated impairment at December 31, 2011</b>	<b>0</b>
<b>Residual carrying amounts at December 31, 2011</b>	<b>2,549</b>

The carrying amount for goodwill reported as € 2,549 thousand at December 31, 2011 is allocated to the Laser Cooling cash-generating unit within the Technology segment. It results from the acquisition of 75.1 % of the shares of Termotek AG with effect from January 7, 2011.

The Laser Cooling cash-generating unit to which goodwill was allocated was tested for impairment pursuant to IAS 36.10 in the 2011 financial year. For this, the carrying amount of a cash generating unit is compared with the recoverable amount. The recoverable amount is the higher of the two amounts of the fair value less proceeds of disposal, and the value in use.

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 of the cash-generating unit for the 2012 to 2016 financial years. 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 2.5 percent (long-term market trend for the laser industry) were assumed. It was furthermore assumed that the material, labour and other cost ratios will remain largely unchanged from the actual figures for 2011.

Discounting of the anticipated cash flows is based on a weighted pre-tax cost-of-capital rate of 10.59 percent.

## Intangible assets

	Concessions, industrial and similar rights	Development expenditure recognised as an intan- gible asset	Intangible assets
	€ '000	€ '000	€ '000
<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/January 1, 2010</b>	<b>14,224</b>	<b>6,370</b>	<b>20,594</b>
Foreign currency translation differences	70	0	70
Additions			
acquired separately	175	0	175
from internal development	115	0	115
Disposals	0	0	0
<b>Cost at December 31, 2010/January 1, 2011</b>	<b>14,584</b>	<b>6,370</b>	<b>20,954</b>
Foreign currency translation differences	19	7	26
Additions			
from corporate acquisition	99	191	290
acquired separately	300	0	300
from internal development	0	189	189
Disposals	-1,254	0	-1,254
<b>Cost at December 31, 2011</b>	<b>13,748</b>	<b>6,757</b>	<b>20,505</b>
<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/January 1, 2010</b>	<b>11,574</b>	<b>6,370</b>	<b>17,944</b>
Foreign currency translation differences	37	0	37
Amortisation for the year	920	0	920
<b>Accumulated amortisation at December 31, 2010/January 1, 2011</b>	<b>12,531</b>	<b>6,370</b>	<b>18,901</b>
Foreign currency translation differences	13	7	20
Additions from corporate acquisition	79	6	85
Amortisation for the year	853	38	891
Disposals	-1,254	0	-1,254
<b>Accumulated amortisation at December 31, 2011</b>	<b>12,222</b>	<b>6,421</b>	<b>18,643</b>
<b>Residual carrying amounts at December 31, 2009</b>	<b>2,650</b>	<b>0</b>	<b>2,650</b>
<b>Residual carrying amounts at December 31, 2010</b>	<b>2,053</b>	<b>0</b>	<b>2,053</b>
<b>Residual carrying amounts at December 31, 2011</b>	<b>1,526</b>	<b>336</b>	<b>1,862</b>

Investment in intangible assets increased as planned in the 2011 financial year. Compared to 2010, amortisation was relatively stable and consisted primarily of amortisation of the SAP software.

The disposals of intangible assets stem mainly from the asset inventory carried out during the financial year.

Intangible assets arising from development activities are capitalised pursuant to IAS 38 if it is probable that future economic advantage will accrue from the use of the asset and the costs of the asset can be reliably determined. technotrans AG and Termotek AG capitalised intangible assets which are the result of development activities amounting to € 189 thousand in the financial year (2010: € 0 thousand, 2009: € 0 thousand). The items capitalised were predominantly development projects for products outside the printing industry. The priorities were the development of a new control unit for cooling equipment and filtration techniques for application in the machine tools industry.

Due to nonfulfilment of the requirements for recognition as stated in IAS 38.57, costs amounting to € 2,046 thousand (2010: € 2,467 thousand, 2009: € 2,839 thousand) were recognised as an expense.

The spotlight of activities in 2011 was on optimising the energy efficiency of various products from the ranges of dampening solution circulators and ink roller temperature control units and with a view to realising cost savings in their designs and production technology. Another major area involved defining and creating customer-specific applications using the established technologies, and revising the current product range's mechanisms and refrigeration and control technology. In preparation for drupa 2012, the process and control technology of the principal products was furthermore analysed and potential for improvements identified. Adapting technology from printing industry applications for use in other areas that are new to technotrans was a further priority area, underlining the company's hard-and-fast plans to generate future growth outside the printing industry. More specifically, the first systems in the field of fluid management and metering technology were successfully developed and positioned in the relevant market.

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 and development expenditure recognised as an intangible asset is three to five years.

In the Income Statement, the amortisation of development expenditure recognised as an intangible asset is allocated to the cost of sales using the function of expense method, according to the principle of causation. 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.

## 05

## Financial assets

	31/12/2011	31/12/2010	31/12/2009
	€ '000	€ '000	€ '000
Rent deposits	173	102	156
Market value of interest rate caps	0	0	1
Partial retirement bankruptcy cover	211	448	448
Other	0	101	17
	<b>384</b>	<b>651</b>	<b>622</b>

To provide cover in the event of bankruptcy pursuant to Section 8a of German Partial Retirement Law, corresponding funds totalling € 211 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.

## 06

## Inventories

	31/12/2011	31/12/2010	31/12/2009
	€ '000	€ '000	€ '000
Raw materials and supplies	7,327	6,696	7,867
Work in progress	1,925	3,359	2,591
Finished goods and merchandise	4,778	4,874	5,587
	<b>14,030</b>	<b>14,929</b>	<b>16,045</b>

Of total inventories, € 4,377 thousand (2010: € 3,271 thousand, 2009: € 4,526 thousand) are reported at the fair value less production costs still to be incurred and distribution costs. Impairment of inventories totalling € 1,257 thousand (2010: € 758 thousand, 2009: € 1,470 thousand) was recognised as an expense in the 2011 financial year. In the same period, reversals led to an income of € 467 thousand (2010: € 273 thousand, 2009: € 0 thousand), as higher net realisable values could be assumed than in the previous year.

## 07

## Trade receivables

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

In the year under review, additions to the impairment on receivables totalling € 1,618 thousand (2010: € 607 thousand, 2009: € 832 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:

IMPAIRMENT OF RECEIVABLES	31/12/2011	31/12/2010	31/12/2009
	€ '000	€ '000	€ '000
Opening level	1,277	1,605	1,099
Allocated	1,618	607	832
Derecognition of receivables	-20	-407	-161
Cash receipts for receivables written off	-369	-526	-133
Exchange differences	6	-2	-32
<b>Closing level</b>	<b>2,512</b>	<b>1,277</b>	<b>1,605</b>

## 08

## Income tax receivable

This comprises ongoing income tax assets as well as a corporation tax credit balance from previous years.

At December 31, 2011 technotrans AG still had a corporation tax credit balance of € 382 thousand from previous years. This rebate (Section 37 (5) of German Corporation Tax Law) has been capitalised at the present value of € 340 thousand (2010: € 389 thousand, 2009: € 437 thousand). The rebate is being paid in eight equal annual instalments between 2010 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.

## 09

## Other assets

	31/12/2011	31/12/2010	31/12/2009
	€ '000	€ '000	€ '000
<b>Financial assets</b>			
Receivables from suppliers	201	387	287
Reinsurance for pensions	52	72	70
Other	79	268	90
<b>Total</b>	<b>332</b>	<b>727</b>	<b>447</b>
<b>Other assets</b>			
Prepaid expenses	770	495	758
Creditable input tax	50	224	400
Miscellaneous	271	68	114
<b>Total</b>	<b>1,091</b>	<b>787</b>	<b>1,272</b>
<b>Total</b>	<b>1,423</b>	<b>1,514</b>	<b>1,719</b>

## 10

## 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.

## 11

## Equity

The development in equity is shown in the Statement of Movements in Equity. The equity of the group totalled € 37,291 thousand at December 31, 2011 (2010: € 33,884 thousand, 2009: € 31,287 thousand).

**Issued capital**

At December 31, 2011 the issued capital (capital stock) of technotrans AG comprised 6,907,665 issued no par value registered shares, of which 6,432,775 were outstanding. 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		
	2011	2010	2009	2011	2010	2009
<b>Position at January 1</b>	<b>6,907,665</b>	<b>6,907,665</b>	<b>6,907,665</b>	<b>6,340,035</b>	<b>6,311,415</b>	<b>6,271,797</b>
Issued to employees (as Christmas bonus)	0	0	0	43,740	28,620	39,618
Issued for the acquisition of Termotek AG	0	0	0	49,000	0	0
<b>Position at December 31</b>	<b>6,907,665</b>	<b>6,907,665</b>	<b>6,907,665</b>	<b>6,432,775</b>	<b>6,340,035</b>	<b>6,311,415</b>

**Approved capital**

The Shareholders' Meeting on May 6, 2010 authorised the Board of Management to raise the share capital, with the approval of the Supervisory Board, by the issue of new shares on one or more occasions by April 30, 2015, against contributions, by up to a total of € 3,450,000. No use was made of this authorisation in 2011.

**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 counter-value in money instead of exchange for treasury shares. This authorisation was not used in the 2011 financial year.

#### 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.

#### Retained earnings

The reported retained earnings comprise

	31/12/2011	31/12/2010	31/12/2009
	€ '000	€ '000	€ '000
Other reserves	27,394	27,040	10,211
Net profit/net loss for the period	3,019	1,517	-10,347
	<b>30,413</b>	<b>28,557</b>	<b>-136</b>

Of the retained earnings of technotrans AG, an amount of € 691 thousand relates to the legal reserve pursuant to Section 150 (2) of German Stock Corporation Law.

The difference of € 878 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 268 (8) of German Commercial Code, an amount totalling € 3,716 thousand of the other retained earnings of the parent company may not be distributed due to the capitalisation of deferred taxes.

#### Other reserves

	31/12/2011	31/12/2010	31/12/2009
	€ '000	€ '000	€ '000
Hedging reserve	-36	-9	-12
Reserve for exchange rate differences from financing of investment	-1,089	-1,155	-1,219
Exchange differences	-4,999	-5,177	-5,996
Treasury shares	-6,834	-8,168	-8,580
	<b>-12,958</b>	<b>-14,509</b>	<b>-15,807</b>

Pursuant to IAS 39, the negative market value of the interest rate swaps used was recognised in the hedging reserve with no income effect, following deduction of deferred taxes (cf. Section 33 "Financial instruments"). In the 2011 financial year, a loss of € 38 thousand (2010: gain of € 5 thousand, 2009: gain of € 18 thousand) was recognised within equity with no effect on income. In return, deferred tax of € 11 thousand (2010: € 2 thousand, 2009: € 5 thousand) was booked with no effect on income.

technotrans scandinavia AB and technotrans 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. In addition, technotrans america inc. in turn extended a loan to technotrans AG. Pursuant to IAS 21.32 and IAS 12.61A, the accumulated translation differences up to the balance sheet date and any taxes on these are netted directly within equity. In the 2011 financial year, currency translation losses of € 109 thousand (2010: losses of € 64 thousand, 2009: gains of € 492 thousand) were netted directly within equity; the taxes on these amounts in return likewise netted within equity amount to € 43 thousand (2010: € 0 thousand, 2009: € 0 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. This item furthermore includes the differences resulting from the translation of the assets and liabilities of the international subsidiaries at the closing rate and from the translation of the expenses and income at the average rate for the year. From the 2011 financial year on, the exchange differences from the translation of accumulated profits for previous years are equally reported under other reserves as exchange differences. This item was previously reported in the Statement of Movements in Equity, under retained earnings. The previous years have been adjusted accordingly.

### Treasury shares

At the Shareholders' Meeting on May 6, 2010 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 percent of the share capital at the time of the resolution) and is valid until April 30, 2015. No shares were bought back during the period January to December 2011. 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 2011 financial year, 43,740 no par value shares with a fair value of € 184 thousand were issued to employees by way of a Christmas bonus. In addition, 49,000 no par value shares with a fair value of € 273 thousand formed part of the purchase price of Termotek AG. At the reporting date of December 31, 2011 the total treasury shares amounted to 474,890 ordinary shares. They represent 6.87 percent of the share capital.

### Capital management

At December 31, 2011 the equity ratio was 55.5 percent (2010: 50.0 percent). 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. The aim is always to have liquidity reserves amounting to at least 10 percent of annual revenue. This objective is achieved by implementing 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 (long-term target margin for EBIT: 10 percent), the equity ratio (target: above 50 percent) 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.

technotrans' financing structure was reorganised in the 2010 financial year. A substantial portion of borrowed funds raised carry the obligation to adhere to certain financial indicators (financial covenants). The financial ratios (equity ratio, gearing and EBITDA margin) are to be calculated for the Consolidated Financial Statements on a rolling 12-monthly basis. In 2011 the financial covenants were met.

## 12 Borrowings

	31/12/2011	31/12/2010	31/12/2009
	€ '000	€ '000	€ '000
Short-term borrowings	9,742	8,309	16,335
Long-term borrowings	6,819	9,599	5,338
<b>Total borrowings</b>	<b>16,561</b>	<b>17,908</b>	<b>21,673</b>

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

MATURITIES OF BORROWINGS	up to 1 year	1 to 5 years	over 5 years	Total	Interest p.a.	Collateral
	€ '000	€ '000	€ '000	€ '000	%	
€ fixed rate credit	491	1,240	0	1,731	3.50 %	Land charge
€ fixed rate credit	333	1,167	0	1,500	4.98 %	Land charge
€ fixed rate credit	667	2,333	0	3,000	4.92 %	Land charge
€ fixed rate credit	1,000	0	0	1,000	3.45 %	None
						Global assignment, assignment of ownership, guarantee
€ fixed rate credit	500	0	0	500	5.99 %	Global assignment, assignment of ownership, guarantee
						Global assignment, assignment of ownership, guarantee
€ fixed rate credit	6	7	0	13	4.81 %	Global assignment, assignment of ownership, guarantee
						Global assignment, assignment of ownership, guarantee
€ fixed rate credit	25	25	0	50	8.77 %	Global assignment, assignment of ownership, guarantee
						3-month EURIBOR cover via interest rate swap (fixed rate: 2.81 %)
Variable € credit	812	1,219	328	2,359		Land charge
						3-month EURIBOR cover via interest rate swap (fixed rate: 1.48 %)
Variable € credit	3,000	0	0	3,000		Borrowing base
						3-month EURIBOR + margin (currently 2.47 %)
Variable € credit	2,000	0	0	2,000		Borrowing base
						3-month EURIBOR (currently 4.977%)
Variable € credit	0	0	500	500		None
Variable € credit	250	0	0	250	4.20 %	Guarantee
Variable € credit	69	0	0	69	7.89 %	Guarantee
						Global assignment, assignment of ownership, guarantee
Variable € credit	589	0	0	589	5.95 %	Global assignment, assignment of ownership, guarantee
<b>Total</b>	<b>9,742</b>	<b>5,991</b>	<b>828</b>	<b>16,561</b>		



A substantial portion of borrowings is collateralised by land charges totalling € 10,750 thousand on the company premises in Sassenberg, and € 4,000 thousand on the company premises in Gersthofen.

A collateral trust contract was concluded with participating lenders for the credit facilities under the borrowing base financing arrangements. In specific, this trust contract encompasses non-accessory security of technotrans AG (global assignment of trade receivables – carrying amount at December 31, 2011: € 3,866 thousand – and assignment of ownership of inventories – carrying amount at December 31, 2011: € 9,757 thousand).

Borrowings of € 1,971 thousand relate to Termotek AG. The credit is predominantly secured by means of collateral furnished by Termotek AG such as global assignment, assignment of ownership and guarantees.

### 13 Other financial liabilities

	31/12/2011	31/12/2010	31/12/2009
	€ '000	€ '000	€ '000
Conditional purchase price of Termotek AG	1,607	0	0
Liabilities to employees	130	130	130
Conditional purchase price of gds Schweiz GmbH	111	82	77
Other	9	0	12
	<b>1,857</b>	<b>212</b>	<b>219</b>

### 14 Trade payables

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

	31/12/2011	31/12/2010	31/12/2009
	€ '000	€ '000	€ '000
Trade payables	3,006	2,296	3,593
Outstanding purchase invoices	117	842	931
	<b>3,123</b>	<b>3,138</b>	<b>4,524</b>

### 15 Prepayments received

Prepayments 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.

### 16 Provisions

	Obligations to personnel	Payments to be made under warranty	Other provisions	Provisions for pensions	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
<b>Opening level at January 1, 2011</b>	<b>3,321</b>	<b>2,212</b>	<b>1,458</b>	<b>206</b>	<b>7,197</b>
Exchange rate movements	2	5	23	0	30
Used	2,243	935	1,256	1	4,435
Reversed	391	900	31	0	1,322
Allocated from interest acquired	37	38	96	0	171
Allocated	1,940	727	1,214	9	3,890
<b>Closing level at December 31, 2011</b>	<b>2,666</b>	<b>1,147</b>	<b>1,504</b>	<b>214</b>	<b>5,531</b>
Long-term provisions	717	0	196	214	1,127
Short-term provisions	1,949	1,147	1,308	0	4,404

The obligations to personnel consist largely 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, 2011, 5 employees had partial retirement employment contracts. The obligations from existing partial retirement employment contracts were measured on the basis of an actuarial appraisal and the provision amounts to € 282 thousand (2010: € 441 thousand, 2009: € 472 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 5 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. Based on the estimate of obligations at December 31, 2011 and the provisions used in the previous year, an amount of € 900 thousand was reversed in 2011.

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. In addition, provisions for litigation risks amounting to € 290 thousand were created in 2011. At December 31, 2011 they also include provisions for impending losses from long-term rental agreements amounting to € 166 thousand (2010: € 425 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.

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 4.78 percent (previous year: 4.21 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 2011 amount to € 10 thousand (previous year: € 10 thousand), and the actuarial gain to € 19 thousand (previous year: € 9 thousand loss). All expenses are recognised within administrative expenses. Pension payments amounting to € 1 thousand (previous year: € 0 thousand) were made in 2011.

Two 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 € 52 thousand (2010: € 72 thousand, 2009: € 70 thousand) and is reported under financial assets (Section 9). The anticipated return on these policies is 3.8 percent p.a. The actual expense in the 2011 financial year was € 3 thousand.

## 17 Income tax payable

Income tax payable in the year under review relates substantially to technotrans technologies pte ltd, technotrans france s.a.r.l as well as Termotek AG.

## 18 Other liabilities

	31/12/2011	31/12/2010	31/12/2009
	€ '000	€ '000	€ '000
<b>Financial liabilities</b>			
Debtors with credit balances	86	221	235
Current liabilities from derivative financial instruments	61	13	18
Other financial liabilities	494	125	106
<b>Total</b>	<b>641</b>	<b>359</b>	<b>359</b>
<b>Other liabilities</b>			
Sales tax	462	878	516
Operating taxes	282	295	413
Liabilities in respect of social insurance	164	440	245
Other	85	92	147
<b>Total</b>	<b>993</b>	<b>1,705</b>	<b>1,321</b>
<b>Total</b>	<b>1,634</b>	<b>2,064</b>	<b>1,680</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. For deliveries, revenue is realised in accordance with the agreed terms of delivery; for services, it is realised when the service has been performed. 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 2011 was Germany € 68.0 million, rest of Europe € 11.5 million, America € 10.0 million and Asia € 7.8 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 and the expense arising in connection with warranty obligations are likewise reported under cost of sales. The other cost of sales mainly comprises translation costs, maintenance expense and rental expense.

	2011	2010	2009
	€ '000	€ '000	€ '000
Cost of materials	38,939	34,115	33,652
Cost of labour	18,068	16,883	17,512
Subcontractors, personnel leasing	2,304	2,328	2,694
Travel expenses	1,406	1,570	1,798
Warranty	999	1,396	780
Depreciation and amortisation	841	854	901
Rent and leasing costs	641	426	998
Operating requirements	505	530	796
Impairment loss acc. to IAS 36	0	200	4,093
Other	2,783	2,128	2,327
	<b>66,486</b>	<b>60,430</b>	<b>65,551</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.

	2011	2010	2009
	€ '000	€ '000	€ '000
Cost of labour	8,589	8,191	8,386
Logistics costs	1,783	1,813	1,773
Impairment of receivables	1,618	607	832
Travel expenses	721	797	725
Promotional and exhibition costs	511	783	696
Rent and leasing costs	311	288	226
Depreciation and amortisation	239	260	317
Other	647	651	794
	<b>14,419</b>	<b>13,390</b>	<b>13,749</b>

The other distribution costs for the financial year consist primarily of expenses for commissions 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.

	2011	2010	2009
	€ '000	€ '000	€ '000
Cost of labour	5,258	4,584	4,578
Depreciation and amortisation	2,058	2,063	2,221
Consultancy, audits	1,344	1,311	1,690
IT costs	1,013	891	881
Rent and leasing costs	443	410	403
Other	1,353	895	1,135
	<b>11,469</b>	<b>10,154</b>	<b>10,908</b>

In the 2011 financial year, the fees for the auditors recorded as an expense pursuant to Section 319 (1) first and second sentences of German Commercial Code amounted to € 313 thousand (2010: € 394 thousand, 2009: € 332 thousand), including € 31 thousand for the audits of previous years.

FEES FOR	2011	2010	2009
	€ '000	€ '000	€ '000
Auditing of the financial statements	251	311	265
Tax consultancy services	48	46	68
Other services	33	37	0
<b>Total</b>	<b>332</b>	<b>394</b>	<b>333</b>

The figure for the 2011 financial year includes the fees and expenses of the auditors of the Consolidated Financial Statements, KPMG AG Wirtschaftsprüfungsgesellschaft, for the auditing of the Consolidated Financial Statements and the auditing of the annual financial statements of technotrans AG. The figures for previous years in addition include fees of other associate companies of KPMG AG in the international KPMG network.

## 23 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 4 "Intangible assets").

## 24 Other operating income

	2011	2010	2009
	€ '000	€ '000	€ '000
<b>Income unrelated to the accounting period</b>			
Reversal of provisions	1,322	2,173	1,988
Other income unrelated to the accounting period	505	652	234
Book profits on the disposal of assets	113	48	6
<b>Total</b>	<b>1,940</b>	<b>2,873</b>	<b>2,228</b>
<b>Other operating income</b>			
Foreign currency gains	1,238	1,832	1,335
Personnel-related revenue	113	102	81
Insurance payments	79	194	84
Other	870	645	461
<b>Total</b>	<b>2,300</b>	<b>2,773</b>	<b>1,961</b>
<b>Total</b>	<b>4,240</b>	<b>5,646</b>	<b>4,189</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.

## 25 Other operating expenses

	2011	2010	2009
	€ '000	€ '000	€ '000
<b>Expenses unrelated to the accounting period</b>			
Other expenses unrelated to the accounting period	70	109	90
Book losses on the disposal of assets	4	10	133
<b>Total</b>	<b>74</b>	<b>119</b>	<b>223</b>
<b>Other operating expenses</b>			
Foreign currency losses	1,488	1,642	921
Litigation risks	290	0	0
Other operating taxes	172	126	174
Expenses in connection with the settlement of the patent dispute	0	0	3,697
Other	274	169	266
<b>Total</b>	<b>2,224</b>	<b>1,937</b>	<b>5,058</b>
<b>Total</b>	<b>2,298</b>	<b>2,056</b>	<b>5,281</b>

## 26 Net finance costs

	2011	2010	2009
	€ '000	€ '000	€ '000
Financial income	37	30	48
Financial charges	-925	-1,192	-826
<b>Net finance costs</b>	<b>-888</b>	<b>-1,162</b>	<b>-778</b>

The interest income relates predominantly to bank credit balances. Interest income of € 16 thousand (2010: € 16 thousand, 2009: € 17 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 borrowings. No borrowing costs were capitalised in the reporting period.

## Income tax expense

	2011	2010	2009
	€ '000	€ '000	€ '000
<b>Actual income tax expense</b>			
Tax expense for the period	-555	-345	-419
Tax rebates unrelated to the accounting period	223	0	81
<b>Total</b>	<b>-332</b>	<b>-345</b>	<b>-338</b>
<b>Deferred tax</b>			
Deferred tax expense	-867	-271	-337
Deferred tax income	319	259	3,035
<b>Total</b>	<b>-548</b>	<b>-12</b>	<b>2,698</b>
<b>Income tax expense</b>	<b>-880</b>	<b>-357</b>	<b>2,360</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 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 30.06 percent (previous year 29.93 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 14.2 percent (previous year: 14.1 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.

LATENTE STEUERN	2011		2010		2009	
	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000
Non-current assets	736	53	810	2	878	2
Inventories	408	26	375	17	432	15
Receivables	130	31	73	0	57	0
Provisions	126	107	93	112	133	104
Liabilities	13	19	61	0	4	9
Loss carryforwards	2,503	0	3,018	0	2,934	0
Cash-flow hedging	18	0	2	0	5	0
<b>Total</b>	<b>3,934</b>	<b>236</b>	<b>4,432</b>	<b>131</b>	<b>4,443</b>	<b>130</b>
<b>Offsetting</b>	<b>218</b>	<b>218</b>	<b>121</b>	<b>121</b>	<b>118</b>	<b>118</b>
	<b>3,716</b>	<b>18</b>	<b>4,311</b>	<b>10</b>	<b>4,325</b>	<b>12</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 € 22,961 thousand for 2011. Deferred taxes amounting to € 2,503 thousand were recognised as an asset on an amount of € 8,275 thousand in agreement with IAS 12.34. No deferred tax assets were recognised on the remaining loss carryforwards of € 14,664 thousand and on deductible temporary differences of € 5,211 thousand. The loss carryforwards may be carried forward for 20 years in the USA (€ 7,096 thousand), for seven years in Japan (€ 342 thousand), for five years in China (€ 748 thousand), for ten years in Russia (€ 237 thousand), for three years in Singapore (€ 286 thousand) and for an unlimited period in other cases. In view of the uncertain earnings expectations of the companies in Asia and of technotrans rus OOO, technotrans america Inc., technotrans américa latina ltda. and technotrans scandinavia AB, no or only pro rata deferred taxes were created on the loss carryforwards.

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

	2011	2010	2009
	€ '000	€ '000	€ '000
<b>Applicable tax rate</b>	<b>30.06 %</b>	<b>29.93 %</b>	<b>29.63 %</b>
<b>Consolidated earnings before taxes on income</b>	<b>3,899</b>	<b>1,874</b>	<b>-12,707</b>
Theoretical tax expense/income	-1,172	-561	3,765
Impairment (-) or reversal of impairment (+) on deferred tax assets on tax loss carryforwards and temporary differences	-73	150	409
Expense from the non-recognition of deferred tax assets on tax losses occurring in the financial year and temporary differences	67	-165	-897
Tax effect			
from the use of deferred taxes on temporary differences and from tax loss carryforwards following impairment	298	0	0
from the non-tax-effective reduction for impairment of goodwill	0	0	-716
of non-deductibility of business expenses and tax-exempt income	-176	-81	-138
Differences compared with local tax rates	-44	12	-69
Tax effect from the use of unrecognised loss carryforwards	0	274	0
Changes to deferred tax resulting from tax rate changes	-3	-16	5
Other taxes not relating to the period	223	30	1
<b>Actual and deferred income tax expense/income</b>	<b>-880</b>	<b>-357</b>	<b>2,360</b>

Actual and deferred tax that was directly allocable to equity, comprising € 11 thousand from the change in cash flow hedges and € 43 thousand from currency effects from the financing of an investment 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:

	2011	2010	2009
Net profit for the period	€ '000 3,019	1,517	-10,347
Average number of ordinary shares outstanding in the year	6,364,150	6,312,748	6,273,425
<b>Basic/diluted earnings per share</b>	<b>€ 0.47</b>	<b>0.24</b>	<b>-1.65</b>

In the 2011 financial year there were once again no stock options that would have had a dilutive effect on earnings per share pursuant to IAS 33.

## 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 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 through compiling technical documentation and producing and selling software for the compilation of documentation.

The revenue amounting to € 97,265 thousand (previous year: € 85,887 thousand) comprises € 68,010 thousand (previous year € 56,186 thousand) generated in Germany and € 29,255 thousand (previous year: € 29,701 thousand) generated internationally. It is broken down according to the registered office of the group company that realises the revenue.

The non-current assets allocable to the segments amounting to € 24,869 thousand (previous year: € 22,402 thousand) can be broken down by region as follows: Germany € 24,479 thousand (previous year € 20,898 thousand) and international € 390 thousand (previous year € 1,504 thousand).

The Segment Report itself is presented at the start of the Notes to the Consolidated Financial Statements.

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 € 17,184 thousand not allocated to the individual areas therefore refer to cash and cash equivalents (€ 12,798 thousand), current and non-current income tax receivable (€ 670 thousand) and deferred tax assets (€ 3,716 thousand).

No reconciliation between the segment and consolidated data is required, as the figures in the segment information coincide with those in the Consolidated 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 € 4,787 thousand, reduced by the net finance costs reported in the Income Statement of € 888 thousand, produces the accounting profit (€ 3,899 thousand).

The share of external revenue generated by technotrans' principal customer groups (OEM printing press manufacturers) amounted to € 52.6 million (54 percent) in 2011. This group accounts for a € 43.5 million € (71 percent) share of the Technology segment, and € 9.1 million € (26 percent) of 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.

### 29 Cash flow from operating activities

The cash flows from operating activities (net cash) amounted to € 5,868 thousand (2010: € 7,418 thousand, 2009: € 3,640 thousand) in the past financial year. This includes cash from operating activities amounting to € 7,684 thousand (2010: € 6,981 thousand, 2009: € 4,223 thousand) as well as interest and income tax received and paid amounting to € -1,816 thousand (2010: € 437 thousand, 2009: € -583 thousand). The change in working capital in 2011 resulted overall in a negative cash flow contribution.

### 30 Cash flow from investing activities

The cash flows from investing activities comprise cash payments for investments in property, plant and equipment and in intangible assets (property, plant and equipment € 916 thousand and intangible assets € 489 thousand) and for the acquisition of consolidated companies (€ 1,016 thousand). The investment volume for the year under review tallied with the target level for 2011.

### 31 Cash flow from financing activities

Repayments amounting to € 3,831 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. In addition, € 316 thousand was paid for the acquisition of non-controlling interests.

### 32 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.

## VII. Other particulars

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## Financial instruments

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

Section	31/12/2011	31/12/2010	31/12/2009
	€ '000	€ '000	€ '000
<b>Hedging instruments carried at fair value</b>			
· Market value of interest rate caps/ interest rate swaps 5/18	-61	-13	-17
<b>Held-to-maturity investments</b>			
· Reinsurance for pensions 9	52	72	70
<b>Loans and receivables</b>			
· Rent deposits 5	173	102	156
· Partial retirement bankruptcy cover 5	211	448	448
· Other non-current assets 5	0	101	17
· Trade receivables 7	9,985	10,140	10,654
· Receivables from suppliers 9	201	387	287
· Other current assets 9	79	268	90
· Cash and cash equivalents 10	12,798	13,125	10,274
	<b>23,447</b>	<b>24,571</b>	<b>21,926</b>
<b>Financial liabilities measured at amortised cost</b>			
· Borrowings 12	16,561	17,908	21,673
· Other financial liabilities 13	1,857	212	219
· Trade payables 14	3,123	3,138	4,524
· Debtors with credit balances 18	86	221	235
· Other current liabilities 18	494	125	106
	<b>22,121</b>	<b>21,604</b>	<b>26,757</b>

NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY	From interest	From subsequent measurement			From disposal	2011	2010
		At fair value	Currency translation	Impairment			
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Held-to-maturity investments	-3	0	0	0	0	-3	2
Loans and receivables	23	0	2	-1,249	0	-1,224	-590
Financial liabilities measured at amortised cost	-816	0	-6	0	0	-822	-1,262
<b>Total</b>	<b>-796</b>	<b>0</b>	<b>-4</b>	<b>-1,249</b>	<b>0</b>	<b>-2,049</b>	<b>-1,850</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. The trade receivables are to some extent covered by credit insurance; the insured volume at the reporting date was € 2,200 thousand.



The bad debt risk entails a concentration of risk because the major printing press manufacturers worldwide account for a substantial portion of technotrans' receivables. Significant bad debt losses were incurred from two printing press manufacturers in the financial year. Corresponding impairment was applied (see the Notes, Section 7 "Trade receivables").

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. technotrans does not usually demand security from customers.

The credit risks from trade receivables can be broken down by region, customer group and age structure as follows:

	31/12/2011	31/12/2010	31/12/2009
	€ '000	€ '000	€ '000
<b>By region</b>			
Germany	3,578	4,750	5,301
Other eurozone countries	2,328	1,956	2,582
Rest of Europe	1,153	563	469
North America	1,202	880	1,199
South America	190	249	63
Asia & Middle East	1,534	1,742	1,040
<b>Total</b>	<b>9,985</b>	<b>10,140</b>	<b>10,654</b>
<b>By customer group</b>			
OEM (major printing press manufacturers)	6,469	3,593	4,417
End customers	3,516	6,547	6,237
<b>Total</b>	<b>9,985</b>	<b>10,140</b>	<b>10,654</b>
<b>Age structure of receivables (without impairment)</b>			
<b>Carrying amount</b>	<b>9,985</b>	<b>10,140</b>	<b>10,654</b>
of which: neither impaired nor overdue	6,640	5,998	6,412
of which: not impaired and			
overdue by up to 30 days	1,921	2,032	1,768
overdue by between 31 and 60 days	641	608	866
overdue by between 61 and 90 days	357	355	307
overdue by more than 90 days	426	904	1,169

With regard to the trade receivables that are neither impaired nor overdue, there is no indication at the balance sheet date that the debtors will not meet their obligations to pay.

#### Liquidity risk

technotrans AG uses rolling financial and liquidity planning to determine its liquidity requirements. Continuing credit facilities amounting to up to € 7.8 million (2010: € 6.8 million, 2009: € 5.5 million) existed at the balance sheet date.

As a result of the restructuring of external financing, formerly short-term loans were converted into long-term loans, thus reducing the risk of a short-term liquidity bottleneck.

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, 2011:</b>							
Borrowings	16,561	17,543	2,713	7,603	2,438	3,877	912
Other non-current liabilities	1,857	1,976	n/a	n/a	1,865	n/a	111
Trade payables	3,123	3,123	3,123	n/a	n/a	n/a	n/a
Other current liabilities	641	641	641	n/a	n/a	n/a	n/a
<b>Total</b>	<b>22,182</b>	<b>23,283</b>	<b>6,477</b>	<b>7,603</b>	<b>4,303</b>	<b>3,877</b>	<b>1,023</b>
<b>At December 31, 2010:</b>							
Borrowings	17,908	19,330	1,975	6,948	3,637	6,223	547
Other non-current liabilities	212	212	n/a	n/a	135	n/a	77
Trade payables	3,138	3,138	3,138	n/a	n/a	n/a	n/a
Other current liabilities	359	359	359	n/a	n/a	n/a	n/a
<b>Total</b>	<b>21,617</b>	<b>23,039</b>	<b>5,472</b>	<b>6,948</b>	<b>3,772</b>	<b>6,223</b>	<b>624</b>
<b>At December 31, 2009:</b>							
Borrowings	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	359	359	359	n/a	n/a	n/a	n/a
<b>Total</b>	<b>26,775</b>	<b>27,976</b>	<b>8,714</b>	<b>13,218</b>	<b>2,959</b>	<b>2,458</b>	<b>627</b>

### Market risks

At technotrans, only the fair values of the interest rate caps agreed (carrying amount and fair value € 0 thousand) and fixed-interest borrowings (carrying amount € 7,794 thousand) are fundamentally exposed to an interest rate risk. Potential interest rate fluctuations affect the carrying amount in the case of interest rate caps and reinsurance. 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, 2011 the trade receivables were denominated for the most part in euros; other noteworthy components were denominated in US dollars (USD 1.3 million, equivalent to € 1.0 million) and Sterling (GBP 0.4 million, equivalent to € 0.5 million). At December 31, 2010 there had been foreign-currency receivables of USD 1.2 million (€ 0.9 million) and GBP 0.4 million (€ 0.5 million), and at December 31, 2009 of USD 1.7 million (€ 1.2 million) and GBP 0.3 million (€ 0.3 million).

Bank credit balances are held predominantly in euros. At December 31, 2011 the group held significant foreign-currency accounts in US dollars (USD 3.7 million, equivalent to € 2.8 million) and Sterling (GBP 1.9 million, equivalent to € 2.3 million). The foreign currency amounts quoted are held essentially by technotrans AG and the local national companies within the group. At December 31, 2010 there had been foreign-currency credit balances of USD 2.5 million (€ 1.9 million) and GBP 1.6 million (€ 1.9 million), and at December 31, 2009 of USD 2.4 million (€ 1.7 million) and GBP 2.5 million (€ 2.8 million).

Financial liabilities are denominated predominantly in euros.

Foreign currency risks are limited within the technotrans Group by the fact that production takes place principally within the eurozone, and that the currency of production usually corresponds to the currency in which the customer is invoiced. 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, 2011.

### Sensitivity analysis

A potential 10 percent 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:

	Effect on equity	Effect on profit after tax
	€ '000	€ '000
<b>At December 31, 2011</b>		
USD	275	59
GBP	238	6
<b>At December 31, 2010</b>		
USD	204	10
GBP	224	7
<b>At December 31, 2009</b>		
USD	180	-106
GBP	313	13

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 percent 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 12); including these derivative financial instruments, the financial assets and financial liabilities are not exposed to any significant interest rate risk.

	Nominal amount	Repaid	Balance	Fixed rate	Variable interest	Maturity	Fair value
	€ '000	€ '000	€ '000	% p.a.			€ '000
PayerSwap	3,688	1,329	2,359	2.81	3-month EURIBOR	Sep. 2018	-42
PayerSwap	3,000	0	3,000	1.48	3-month EURIBOR	May 2013	-19
Interest rate cap	2,000	1,600	400	4.50	6-month EURIBOR	Sep. 2012	0

The fair values are obtained from the measurement of the outstanding items, disregarding any counter-cyclical trends in value from the positions. The fair values are calculated by major German banks on the basis of discounted cash flows (level 2 according to IFRS 7.27 A).

### 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 € 61 thousand under the current "Other liabilities" (Section 18). The underlying loan transactions are measured at amortised cost, using the effective interest method.

The deferred tax on the negative market prices of € 11 thousand was netted against the hedging reserve with no effect on income, with the result that the negative balance of the hedging reserve was increased to € 36 thousand.

Interest expense of € 1 thousand (2010: € 1 thousand, 2009: € 1 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. The fair value of the interest rate cap was € 0 thousand, as in the previous year. This meant that neither measurement gains nor measurement losses were realised in the financial year.

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:

	31/12/2011		31/12/2010		31/12/2009	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Reinsurance for pensions	52	52	72	72	70	70
Rent deposits	173	173	102	102	156	156
Partial retirement bankruptcy cover	211	211	448	448	448	448
Other non-current assets	0	0	101	101	17	17
Trade receivables	9,985	9,985	10,140	10,140	10,654	10,654
Receivables from suppliers	201	201	387	387	287	287
Other assets	79	79	268	268	90	90
Cash and cash equivalents	12,798	12,798	13,125	13,125	10,274	10,274
Borrowings	-16,561	-16,609	-17,908	-17,868	-21,673	-21,894
Other non-current liabilities	-1,857	-1,857	-212	-212	-219	-219
Trade payables	-3,123	-3,123	-3,138	-3,138	-4,524	-4,524
Market value of interest rate cap/ interest rate swap	-61	-61	-13	-13	-17	-17
Debtors with credit balances	-86	-86	-221	-221	-235	-235
Other current liabilities	-494	-494	-125	-125	-106	-106
<b>Total</b>	<b>1,317</b>	<b>1,269</b>	<b>3,026</b>	<b>3,066</b>	<b>-4,778</b>	<b>-4,999</b>
Gains (+) or losses (-) not entered		-48		40		-221

The carrying amounts for the financial instruments (for example, cash and cash equivalents, trade receivables and payable 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 borrowings 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.

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## Potential liabilities and other financial commitments

	31/12/2011			31/12/2010	31/12/2009
	up to 1 year	1 – 5 years	over 5 years	Total	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
Tenancy and operating lease agreements	1,148	2,166	1,151	4,465	1,627
Maintenance agreements	582	580	0	1,162	745
Conditional purchase price	0	0	0	0	2,000
Other	359	0	0	359	0
<b>Total</b>	<b>2,089</b>	<b>2,746</b>	<b>1,151</b>	<b>5,986</b>	<b>4,372</b>

Potential liabilities and other financial commitments are measured at their nominal amount; amounts in foreign currency were measured at the closing rate.

The future obligations from tenancy and lease agreements relate primarily to tenancy obligations for the business premises of subsidiaries and to new vehicle leasing agreements concluded in the 2011 financial year. The increase results mainly from the existing rental agreement of Termotek AG, which runs until 2022. The expenditure for tenancy and lease agreements (minimum lease payments) in the year under review amounted to € 1,433 thousand (2010: € 1,126 thousand, 2009: € 1,633 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. There has been no further financial commitment from this arrangement since the 2010 financial year.

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## Personnel expenses

	2011	2010	2009
	€ '000	€ '000	€ '000
Wages and salaries	27,467	26,899	26,524
Christmas bonus	184	194	200
Social insurance	4,961	3,217	4,611
Expenses for retirement benefits and maintenance payments	612	533	640
<b>Total</b>	<b>33,224</b>	<b>30,843</b>	<b>31,975</b>

The item wages and salaries also includes payments made in connection with the termination of employment amounting to € 416 thousand (2010: € 1,006 thousand, 2009: € 1,472 thousand).

Social insurance comprises expenditure for defined contribution plans (employer contributions to the compulsory state pension scheme) totalling € 2,133 thousand (2010: € 2,019 thousand, 2009: € 1,989 thousand).

In the reporting period 43,740 (2010: 28,620, 2009: 39,618) 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 € 184 thousand (2010: € 194 thousand, 2009: € 200 thousand).

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## Total employees, yearly average

	2011	2010	2009
<b>Average number of employees</b>	<b>659</b>	<b>620</b>	<b>676</b>
of which in Germany	501	455	491
of which abroad	158	165	185
Technicians/skilled workers	407	406	465
Academic background	146	138	135
Trainees	48	40	42
Other	58	36	34

## 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.

From the 2011 financial year the remuneration system for the Board of Management meets the latest standards and the statutory requirements of the Act on the Appropriateness of Management Board Compensation (German VorstAG). Please refer to the “Report on the Remuneration System of the Board of Management” in the Management Report for the group for information on the payment components.

PAYMENTS   TO MEMBERS OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD	2011	2010	2009
	€ '000	€ '000	€ '000
<b>Board of Management</b>			
Regular payments			
of which fixed	539	451	458
of which variable	305	135	0
Termination benefits	0	125	0
<b>Total</b>	<b>844</b>	<b>711</b>	<b>458</b>
<b>Supervisory Board</b>			
Regular payments			
of which fixed	77	78	78
of which variable	41	19	0
<b>Total</b>	<b>118</b>	<b>97</b>	<b>78</b>

The regular payments to the Board of Management (fixed) include payments by the company for defined contribution plans totalling € 45 thousand (2010: € 30 thousand, 2009: € 31 thousand).

No employer's pension commitment has been made towards the members of the Board of Management, nor have loans been granted to them or surety obligations accepted on their behalf.

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

There exists a tenancy agreement running until 2022 between Domnick/Ehl GbR, Scheibenhardt, as the landlord and Termotek AG, Baden-Baden, as the tenant. The annual rental expense in 2011 came to € 247 thousand. Mr Frank Domnick is Chairman of Termotek AG and Mr Thomas Ehl is a member of the Supervisory Board of Termotek AG.

## DIRECTORS' HOLDINGS

### BOARD OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

## Shares

	31/12/2011	31/12/2010	31/12/2009
<b>Board of Management</b>			
Henry Brickenkamp	40,000	40,000	40,000
Dirk Engel	5,200	5,200	5,200
Dr. Christof Soest	444	0	0
<b>Supervisory Board</b>			
Klaus Beike	579	494	441
Manfred Bender (until May 12, 2011)	0	0	0
Dr Norbert Bröcker	250	250	250
Heinz Harling	64,854	64,854	64,854
Matthias Laudick	1,216	1,131	884
Helmut Ruwisch (since May 12, 2011)	1,500	0	0
Dieter Schäfer	0	0	0
<b>Family members</b>			
Marian Harling	1,000	1,000	1,000

## Corporate Governance

The Board of Management and Supervisory Board submitted the Declaration of Conformity pursuant to Section 161 of German Stock Corporation Law in January 2012 and provided permanent access to it by shareholders and interested parties on the company's website ([www.technotrans.de](http://www.technotrans.de)).

## 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 2, 2012. These Consolidated Financial Statements are subject to approval by the Supervisory Board (Section 171 (2) 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 2011 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	%	
Objectif Small Caps Euro, Paris, France	> 5	17/05/2010	5.28	Lazard Frères Gestion SAS, Paris, France
technotrans AG, Sassenberg	> 5	12/03/2008	5.02	-
WestLB, Düsseldorf	< 5	18/11/2005	4.94	-
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, Tübingen	> 3	02/06/2010	4.47	-
LBBW Asset Management Investmentgesellschaft mbH, Stuttgart	> 3	11/02/2011	3.75	Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, Tübingen
Midlin NV, Maarsbergen, the Netherlands	> 3	15/01/2010	3.02	Teslin Capital Management BV, Maarsbergen, the Netherlands

\* EXCEEDED (>) OR UNDERCUT (<)

## CORPORATE BODIES

### Board of Management

**Dipl. Wirtsch.-Ing. Henry Brickenkamp**

Board of Management Spokesman

Sales Director since 2005, deputy Board member from 2006, full Board member since 2007 and Board of Management Spokesman since May 2008. Responsible for Products and Markets (Sales and Service world-wide, Business Units, industrial system solutions and Marketing)

**Dipl.-Kfm. Dirk Engel**

Finance Director

Head of Group Accounts since April 2004, Finance Director since 2006, with responsibility for Finance and Administration (Finance/Controlling, Human Resources, IT, Legal Support and Investor Relations)

**Dr. Ing. Christof Soest**

Member of the Board of Management

Technical Director since January 2011, Member of the Board since June 2011, responsible for Technology and Operations (Production and Quality Management world-wide, Procurement, Logistics, Research & Development, Controls and CPS)

### Members of the 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 (Member until May 12, 2011)

**Dr. Norbert Bröcker**

**Deputy Chairman of the Supervisory Board**

Partner in Hoffmann Liebs Fritsch & Partner, Düsseldorf

**Dipl.-Ing. Heinz Harling**

**Chairman of the Supervisory Board of technotrans AG**

Member of the Supervisory Board of Gämmerler AG (until August 2011)

**Matthias Laudick**

technotrans AG, Sassenberg (employees' representative)

**Helmut Ruwisch**

Chairman of the Board of Management of Indus Holding AG, Bergisch Gladbach (Member since May 12, 2011)

Chairman of the Supervisory Board of MFO AG, Elsdorf

Member of the Supervisory Board of Conpair AG, Essen

Member of the Advisory Board of Emons Spedition GmbH, Colone

**Dieter Schäfer**

Chief representative of the Werner & Pfleiderer Bakery Group, Bielefeld

Chairman of the Audit Committees of technotrans AG

## PROPOSAL FOR THE APPROPRIATION OF PROFIT

The Board of Management and the Supervisory Board propose that the accumulated profit of technotrans AG of € 1,103,496.98 be brought forward.

No dividend will be distributed.

## 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 12, 2012



technotrans AG  
The Board of Management



## INDEPENDENT AUDITORS' REPORT

We have audited the Consolidated Financial Statements prepared by technotrans AG – comprising the Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Recognised Income and Expense, Consolidated Cash Flow Statement, Statement of Movements in Equity and Notes – as well as the Group Management Report for the financial year from January 1 to December 31, 2011. The preparation and the content of the Consolidated Financial Statements and Group Management Report in accordance with IFRS as adopted by the EU, and in accordance with the supplementary requirements under commercial law pursuant to Section 315a (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 we plan and perform the audit such that we can establish 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 Group 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.

In our opinion, formed on the basis of our audit, the Consolidated Financial Statements are in accordance with IFRS, as adopted by 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 12, 2012

**KPMG AG**

**Wirtschaftsprüfungsgesellschaft**



Hunke  
Independent Auditor



Droste  
Independent 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 2011 financial year, in accordance with the statutory provisions and articles of incorporation. We were involved directly and at an early stage in all decisions that were of considerable significance to the company.

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 2011 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 14, May 11/12, September 27 and December 16, 2011, 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 statutory provisions 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 2011 were:

- The revenue and earnings performance of the company and possible measures to shore up earnings in view of the risks from the financial and economic crisis emerging especially in the second half of the year
- The financial statements for 2010
- The resolutions and agenda items for the Shareholders' Meeting
- The strategic positioning and development of the company's divisions
- Liquidity planning and financing
- The future composition of the Board of Management and Supervisory Board
- The takeover of Termotek AG, its integration and its development in 2011
- The impact of and action required following the insolvency of manroland AG
- Budgeting for the 2012 financial year, which encompassed revenue, cost, earnings, investment and personnel targets, as well as rough targets for subsequent years
- 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 Article 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 three committees. The Nominating Committee (members: the shareholders' representatives on the Supervisory Board) proposes suitable candidates for elections to the Supervisory Board. Because Manfred Bender, Chairman of the Board of Management of Pfeiffer Vacuum AG, surrendered office with effect from the Shareholders' Meeting on May 12, 2011, the Nominating Committee looked for a suitable successor. Based on the proposal of the Nominating Committee, at its meeting in March the Supervisory Board resolved to propose Helmut Ruwisch, Chairman of the Board of Management of Indus Holding AG, be elected by the next Shareholders' Meeting as new Supervisory Board member. Helmut Ruwisch and Dieter Schäfer, who had belonged to the Supervisory Board since October 2010 as a court-appointed member, were each elected by a large majority.

The Board of Management and Supervisory Board would like to thank Manfred Bender, who had belonged to the supervisory body since 2006, for his dedication and constructive support for the company's development over the past few years.

An Audit Committee was in addition formed (members: Dieter Schäfer; Helmut Ruwisch; Heinz Harling) and a Personnel Committee (members: Heinz Harling; Dr Norbert Bröcker; Helmut Ruwisch). The latter met twice in 2011 and prepared the resolutions of the Supervisory Board to appoint Dr Christof Soest as additional member of the Board of Management (Technical Director) with responsibility for the Technology and Operations area with effect from June 1, 2011, and to extend the contracts of Henry Brickenkamp and Dirk Engel for a further three years. The whole Supervisory Board unanimously approved these resolution proposals.

The Audit Committee likewise met twice, 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, mandating the auditors to perform 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 audit reports and documents for the accounts as well as the Board of Management's proposal on the appropriation of profit for the 2011 financial year 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 12, 2012. 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 annual financial statements of the parent company and the Consolidated Financial Statements for the 2011 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 Group Management Report, we approved the auditors' findings and signed off the annual and Consolidated Financial Statements at the meeting on March 12, 2012. The annual financial statements are thus established. The Supervisory Board endorses the proposal by the Board of Management on the appropriation of profit.

The Supervisory Board would like to thank the Board of Management and all employees of the group for their commendable dedication. Together they showed great commitment in shaping the company's development in the 2011 financial year. 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



technotrans AG

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