technotrans

on track

Annual Report 2014

Key data of the technotrans Group (IFRS)

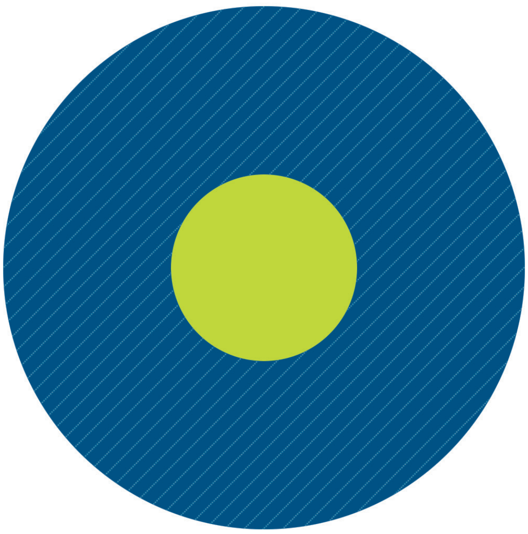
		2014	2013	2012	2011	2010
Earnings						
Revenue	€'000	112,371	105,207	90,662	97,265	85,887
Technology	€'000	73,758	65,988	53,733	61,673	51,388
Services	€'000	38,613	39,219	36,929	35,592	34,499
Gross profit	€'000	37,421	33,124	31,652	30,779	25.457
EBITDA[1]	€'000	9,873	7,815	8,319	7,980	6,585
Earnings before interest and tax (EBIT)	€'000	6,830	4,626	5,357	4,787	3,036
Net profit for the period[2]	€'000	4,381	3,016	3,094	3,019	1,517
as % of revenue	%	3.9	2.9	3.4	3.1	1.8
Net profit per share (IFRS)	€	0.67	0.47	0.48	0.47	0.24
Dividend per share	€	0.33*	0.20	0.12	0	0
Balance sheet						
Issued capital	€'000	6,908	6,908	6,908	6,908	6,908
Equity	€'000	47,470	43,743	40,865	37,291	33,884
Equity ratio	%	63.7	59.9	63.2	55.5	50.0
Return on equity	%	9.4	7.0	7.6	8.1	4.5
Balance sheet total	€'000	74,534	73,019	64,705	67,215	67,779
Net debt[3]	€'000	–4.763	–941	–8,122	5,481	4,865
Working Capital[4]	€'000	31,489	28,254	27,087	18,527	17,126
ROCE[5]	%	11.4	8.3	10.0	8.9	6.2
Employees						
Number of employees (average)		771	763	646	659	620
Personal expenses	€'000	39,808	37,022	32,651	33,224	30,843
as % of revenue	%	35.4	35.2	36.0	34.2	35.9
Revenue per employee	€'000	146	138	140	148	139
Cashflow						
Cash flow[6]	€'000	7,124	2,693	10,979	5,868	7,418
Free Cash flow[7]	€'000	4,821	–3,433	13,172	3,606	6,287
Shares						
Number of shares at end of period		6,516,434	6,493,474	6,455,404	6,432,775	6,340,035
Share price (max)	€	9.56	10.35	7.20	7.51	7.25
Share price (min)	€	7.41	6.90	4.10	4.01	4.40

[1] EBITDA = EBIT + depreciation on intangible and tangible assets
[2] Net profit for the period = profit attributable to technotrans AG shareholders
[3] Net debt = financial liabilities – cash and cash equivalents
[4] Working Capital = current assets – current liabilities
[5] ROCE = EBIT/Capital employed
[6] Cash flow = Net cash from operating activities acc. to cash flow statement
[7] Free Cash flow = Net cash from operating activities + cash used for investments acc. to cash flow statement

* Proposal to the Shareholder Meeting

// on track

technotrans – the way, the goal, the vision



// Table of contents

// Dear Shareholders, Dear Business Associates,

The past 2014 financial year was overall a satisfactory one for our employees and shareholders. After two years of consolidation, the technotrans share price moved back up towards €10.00 at the end of the year. Both the analysts who continually monitor our company and the financial media revised their assessments of the future business performance of our company upwards. These independent observers consequently share the optimism of the Board of Management.

In 2014 we achieved an increase in both revenue and profit in each successive quarter. There was a plausible explanation for this: all market areas delivered what we expected of them. To start with, we increased our revenue in the printing industry by 1.7 percent despite the further retreat of the offset market. We achieved this mainly through growing market shares and new business in the digital and flexographic printing area.

Our second-largest area of activity, mechanical and plant engineering, also developed extremely well with 19.5 percent growth year on year. In this domain, we saw all technical disciplines expand. Business with laser manufacturers was up 18 percent, for example, and business with manufacturers of cutting, turning, grinding and polishing machinery increased by 30 percent. Stamping and pressing equipment manufacturers even delivered 100 percent growth. These revenue growth figures are attributable on the one hand to healthy business performance with our existing customers and on the other hand to project ventures embarked on with newly acquired customers.

As well as the traditional areas of business, what we call the future markets also developed very positively: in the areas of temperature control for storage media, converter technology and also medical and scanner technology, we were up 90 percent on the previous year. Even if our earnings in those areas are currently only in the low single-digit millions, these growth rates emphatically reflect the future potential in those markets. It is particularly worth noting that the customers in question are without exception new to technotrans.

In the Services segment, expanded activities and services in the new areas of business almost compensated for the slight contraction of the Print Segment and the Technical Documentation area. Overall, we therefore experienced just a moderate drop in revenue of 1.5 percent compared with the previous year.

We have chosen “on track” as the motto for this year’s Annual Report. We believe it accurately reflects the current position of our company technotrans. We are able to look back on a positive past financial year. The Annual Report is undoubtedly a snapshot that provides only a very limited reflection of a very eventful and successful year for the technotrans Group. Five years ago we embarked on our path out of the crisis, and since then we have achieved a great deal. On the following pages we have taken stock of the major milestone events of recent years. Even if a review of the past does not constitute the basis for the future, it will nevertheless provide both you and us with a sense of what you and we can expect in the near future: change and progress.

We have prepared the way for sustained growth and are making good progress with developing new, attractive growth areas for the future. Thank you for your trust and we look forward to your continuing association with us in 2015.

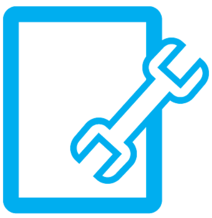
On behalf of the Board of Management

Henry Brickenkamp

Dr. Christof Soest Technical Director / **Henry Brickenkamp** Board of Management Spokesman / **Dirk Engel** Fincance Director technotrans consolidates its structures in the wake of the global economic crisis and the structural crisis in the printing industry. This includes combining its core skills into three business units: Temperature Control, Fluid Conditioning, Ink & Fluid Technology.

Production operations moved from the Mt. Prospect (USA) and Gersthofen (GER) locations to Sassenberg (GER).

technotrans hives off the global document solutions division as gds AG.

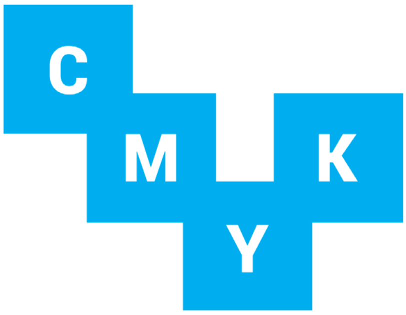


2009

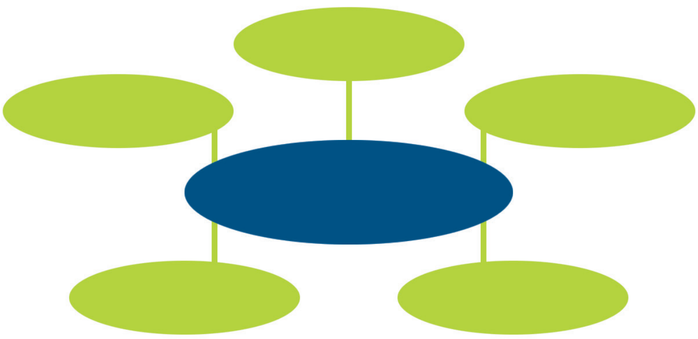
2010

Contacts in the field of digital printing are increased, an area for which special products are refined and optimised.

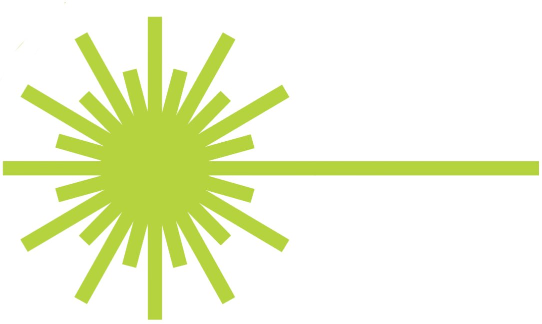
Existing manufacturing processes are developed and modified for the new markets.



Launch of a more active process of market diversification and technology transfer within the technotrans Group. New markets are accessed through product developments and targeted acquisitions.



Acquisition of Termotek AG (Baden-Baden), manufacturer of cooling equipment for lasers. The new cooling systems activities of the technotrans Group are presented at the Laser World of Photonics in Munich.



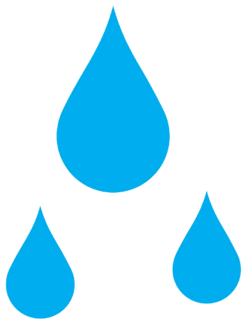
Presentation of the compact toolsmart.line series for the preparation and filtration of cooling lubricants in machine tools at the EMO in Hanover (world's leading exhibition for metalworking).

2011

2012

Establishment of the Taicang (China) production location in partnership with KLH Kältetechnik.

Debut of the low-mist spray.xact spray lubrication system for lubricating coils, blanks and profiles with emulsions, oils or corrosion inhibitors.

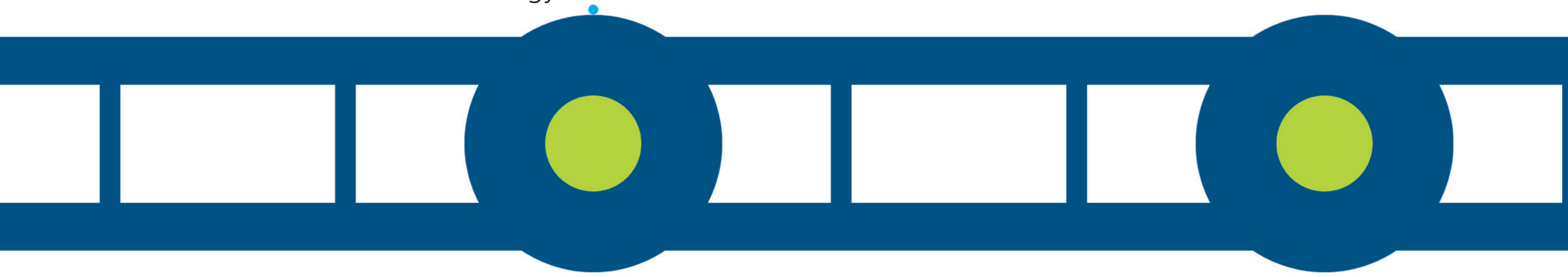


Development contract for cooling solutions for energy storage systems in electronic tram systems.

Supplier of cooling systems for medical technology, for use in conjunction with a new type of laser system in the treatment of cataracts.

Acquisition of majority interests in KLH Kältetechnik GmbH (Bad Doberan), a manufacturer of universal cooling systems and energy-saving industrial cooling systems.

Entry into the Asia growth market with internal and external cooling systems for medical technology.



OEM contract for spray-lubrication with world-leading partner for fine blanking systems and installation-ready fine blanking and forming components.

Introduction of the energy-efficient beta.c eco+ for dampening solution preparation and ink roller temperature control in the print area.

2013

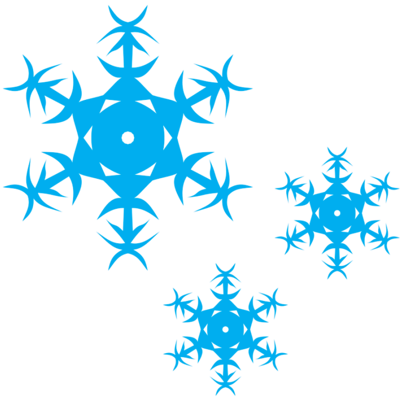
2014

The first no-maintenance inking units for flexographic and packaging printing are shipped.

Unveiling of new cooling systems for energy storage devices in mobile applications at the Berlin InnoTrans – the International Trade Fair for Transport Technology.

First train in South America to be fitted with technotrans cooling.

Cooling devices for use in scanner technology reach market maturity.



First joint presentation by technotrans Group at the Laser World of Photonics in Shanghai and Munich.

Continuing along the path of actively shaping the future and treating change as an opportunity.

2015

// We would like to express our gratitude to all **employees** and **managers** of the technotrans **Group**.

Our **thanks** are also due to all **shareholders** for their continuing association with us. //

// technotrans on the Capital Market – Shares

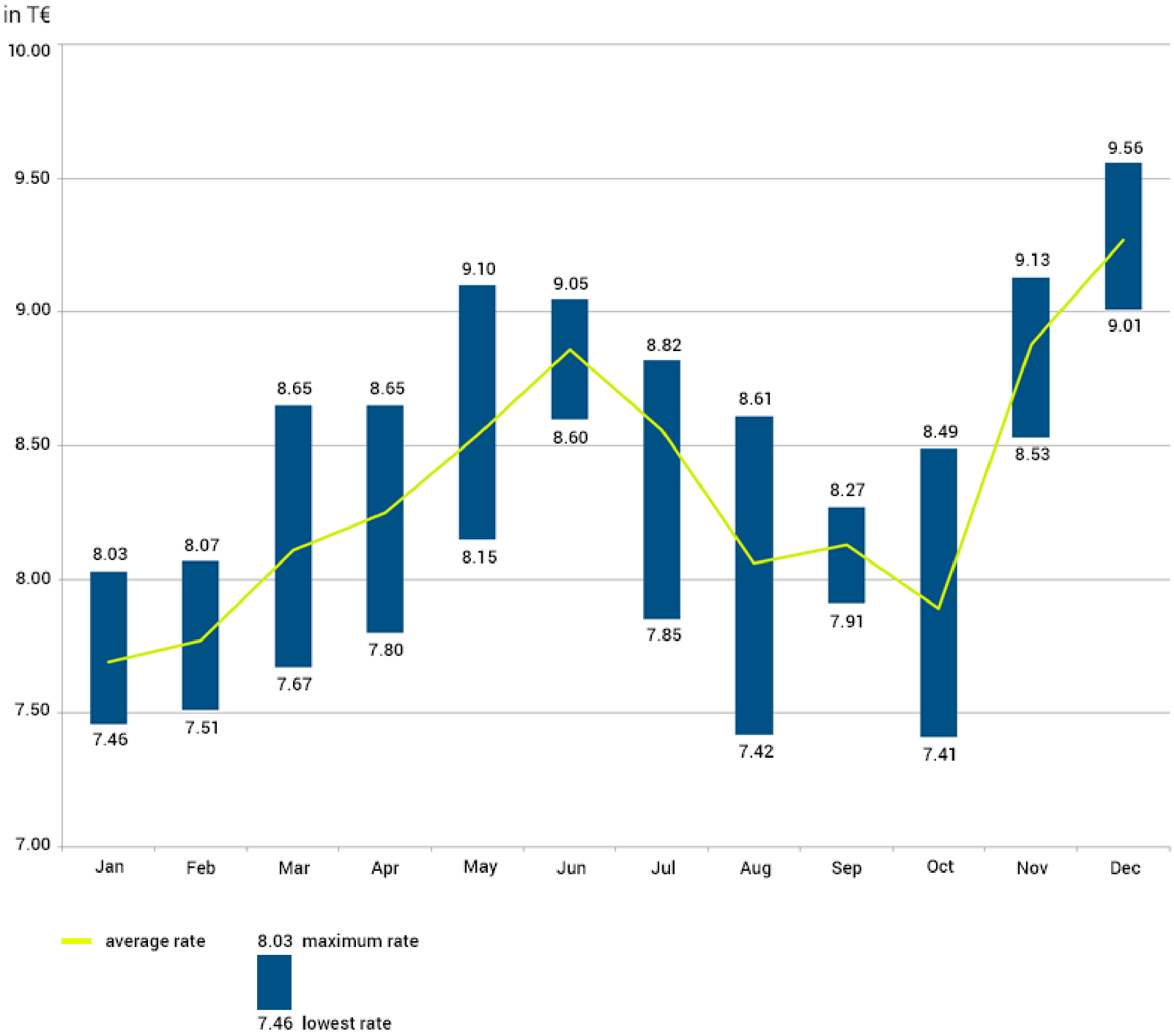
The technotrans trading price comfortably outperformed the market as a whole, represented by the Technology All Share Index, in a market environment strongly influenced by cyclical and political factors in the course of the year.

The stock markets put in a distinctly mixed performance in 2014. Initial euphoria at the start of the year subsequently gave way to concerns about further economic growth in China and emerging economies. In the second quarter, German share indices recovered thanks to an improvement in the monetary environment created by the expansionary monetary policy of the ECB. However uncertainty over the escalating crisis in Ukraine and the possible geopolitical consequences weighed on the share price performance as the year progressed. Fears of a wider economic downturn pervaded European stock markets. Investors were greatly unsettled by the downgrading of economic forecasts and the performance of the main indices, too, weakened further as the year progressed. The outlook nevertheless improved towards the end of the year, giving share prices a significant lift.

Stock price (January 1st - December 30th 2014)

The 2014 financial year also brought two contrasting halves for technotrans' shares. With technotrans shares initially reaching a first-half high of € 9.10 on May 28, 2014, there then came a marked setback to the trading price in the third quarter and at the start of the fourth quarter due to market factors. The year-low of € 7.41 was recorded on October 15, 2014. Since then – and especially since the publication of the Interim Report at September 30, the trading price has risen significantly. The year-high of € 9.56 was achieved at the end of the year (December 29, 2014). At € 9.28 on the last day's trading on December 30, 2014, the trading price was more than 20 percent up on the position at the turn of 2013 / 2014 (€ 7.71) and therefore outperformed the SDAX and TecDAX indices.

Performance of technotrans share (XETRA) in 2014 (in €)

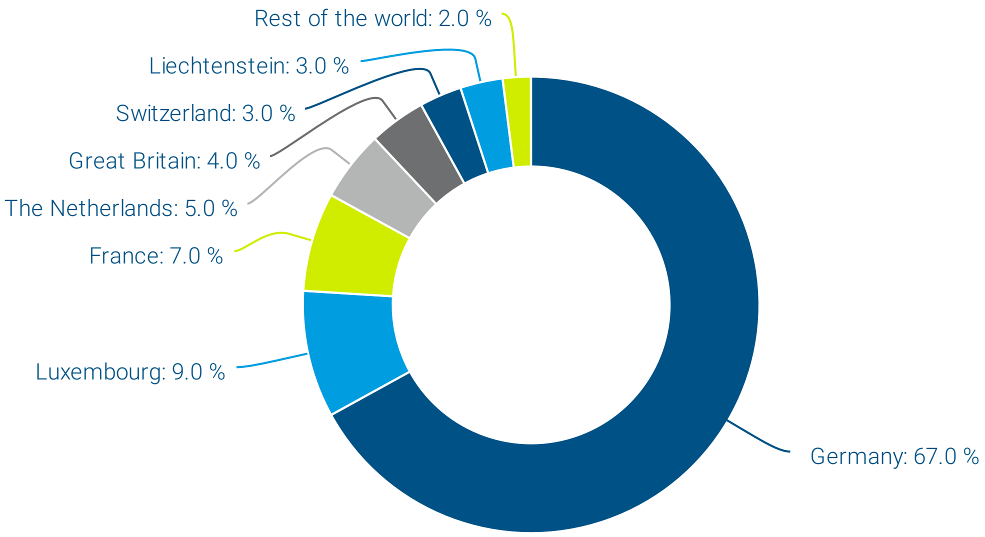


Dialogue with Shareholders, Analysts and the Business Press

We again conducted open, ongoing communication with all capital market operators in the 2014 financial year. Supported by internal and external resources, both Chief Executive Officer Henry Brickenkamp and Chief Financial Officer Dirk Engel maintained a dialogue with institutional investors and analysts at roadshows and capital market conferences. There were also numerous conversations with our private shareholders. The business performance of technotrans again featured in the national media in the 2014 financial year. The shares were covered by four analysts in 2014 (Bankhaus Lampe, HSBC Trinkaus and Burkhardt, M.M. Warburg, Montega). At present the analysts' price targets for technotrans shares range between € 11 and € 14 and without exception represent "buy" recommendations. We expect to see a further increase in interest along with our entry into attractive new markets outside the printing industry and the gradual shift in our peer group.

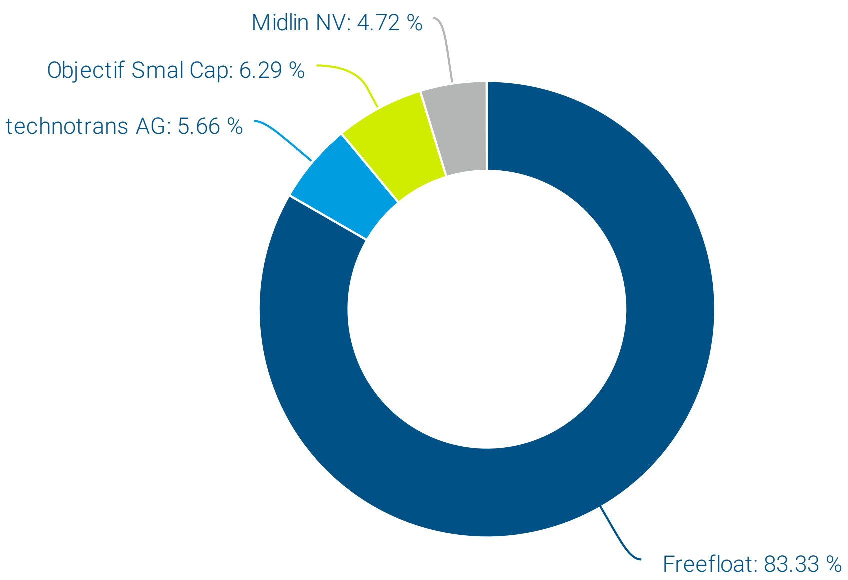
Capital market oriented		2014	2013
Trading price (Xetra closing price)			
High	€	9.56	10.35
Low	€	7.41	6.90
End of financial year	€	9.28	7.71
Number of shares at end of period	Units	6,516,434	6,493,474
Market capitalisation	€ ' 000	60,473	50,065
Earnings per share (basic, IFRS)	€	0.67	0.47
Dividend per share	€	0.33	0.20

Shareholdings at end of period - by region



Source: company-provided information

Shareholder structure at end of period in percent



Source: company-provided information

Related Parties – Directors' Holdings

At the reporting date of December 31, 2014 the total number of treasury shares amounted to 391,231. The shareholder structure otherwise remained broadly unchanged. No new voting right notifications according to Sections 21 (1) or (1a) of German WpHG have been received.

	31/12/2014	31/12/2013
Board of Management		
Henry Brickenkamp	47,037	45,037
Dirk Engel	20,000	10,000
Dr. Christof Soest	18,764	10,764
Supervisory Board		
Reinhard Aufderheide	3,347	3,309
Dr. Norbert Bröcker	250	250
Heinz Harling	64,854	64,854
Thomas Poppenberg	554	506
Helmut Ruwisch	1,500	1,500
Dieter Schäfer	0	0
Family members		
Marian Harling	1,000	1,000

The Board of Management and Supervisory Board will propose that a dividend of € 0.33 per share be distributed for the past financial year. This represents a dividend yield of 3.6 percent, compared with 2.3 percent in the previous year. Our proposal ensures that our shareholders participate appropriately in the company's profit performance, in keeping with our established dividend policy. The distribution rate envisaged is 50 percent of consolidated net profit.

Financial year		2014	2013	2012	2011
Dividend per share	€	0.33 [1]	0.20	0.12	-
Payout ratio	%	49	43	25	0
Amount distributed	€ '000	2,150 [3]	1,299	776	0
Dividend yield [2]	%	3.6	2.3	1.3	0.0

[1] Proposal to the Shareholders' Meeting

[2] Dividend payment / technotrans trading price on day of Shareholders' Meeting; for FY 2014: dividend payment / technotrans trading price at year end

[3] Based on the estimated number of dividend-bearing shares for the past financial year on the day of the Shareholders' Meeting

// 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 Chief Executive Officer since May 2008.
Responsible for the Products and Markets division (Sales and Service worldwide, business units, tt industrial system solutions and Marketing).

Dipl.-Kfm. Dirk Engel
Member of the Board of Management

Head of Group Accounts since 2004, Chief Financial Officer since 2006.
Responsible for the Finance and Administration division (Finance/ Controlling, Personnel, IT, Legal Support and Investor Relations).

Dr.-Ing., Dipl.-Wirtsch.-Ing. Christof Soest
Member of the Board of Management

Technical Director since January 2011, Member of the Board of Management since June 2011.
Responsible for the Technology and Operations division (Production and Quality Management worldwide, Purchasing, Logistics, Development, Electrical Engineering and CPS).

Members of the Supervisory Board

Reinhard Aufderheide	technotrans AG, Sassenberg (employees' representative)
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
Thomas Poppenberg	technotrans AG, Sassenberg (employees' representative)
Helmut Ruwisch	Chairman of the Advisory Board of Klein Pumpen GmbH, Frankenthal Member of the Supervisory Board of Conpair AG, Essen Member of the Supervisory Board of Thyssen`sche Handelsgesellschaft mbH, Mülheim a.d.R. Member of the Supervisory Board of Cloppenburg Automobil SE, Düsseldorf
Dieter Schäfer	Industrial consultant for mechanical engineering businesses Chairman of the Audit Committee of technotrans AG

Committees:

Audit Committee
Messrs Schäfer, Harling, Ruwisch

Nominating Committee:
Messrs Harling, Bröcker, Ruwisch, Schäfer

Personnel Committee:
Messrs Harling, Bröcker, Ruwisch

// Report of the Supervisory Board

The Supervisory Board performed the duties incumbent upon it under the law and in accordance with the Articles of Incorporation and the Rules of Procedure with considerable care in the year under review. We regularly advised the Board of Management on the running of the company and oversaw its activities. The Supervisory Board was involved directly and at an early stage in all decisions of fundamental significance for the company.

The Board of Management briefed us regularly, promptly and comprehensively, both orally and in writing, on the corporate planning, the progress of business, the strategic development and the current position of the group. Based on the Board of Management's reporting, we discussed in detail the business performance as well as decisions and processes of importance for the company. Deviations in the business performance from the planning were explained individually to the Supervisory Board and discussed at length by the Supervisory Board. The Board of Management coordinated the strategic direction of the company with us. After thorough examination and consultations, the Supervisory Board and the appropriate Supervisory Board committees approved the resolution proposals put forward by the Board of Management. As Chairman of the Supervisory Board, I was moreover in regular contact with the Board of Management and remained abreast of the current development of the company's business. 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 2014 financial year the Supervisory Board considered the economic position and operational and strategic development of the company and its divisions at length in four ordinary meetings, which took place on March 10, May 14, September 25 and December 12, 2014, 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. At an extraordinary meeting of the Supervisory Board on July 14, 2014 we considered the submission of a bid within the context of an M&A project. Even if we ultimately did not pursue this transaction further, the Board of Management and Supervisory Board demonstrated their ability to act and provided evidence of the company's capacity to respond swiftly and decisively. All members of the Supervisory Board and Board of Management attended all meetings with the exception of those on May 14 and July 14, 2014.

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 2014 were:

- The economic development (revenue and profit) of the company, and in particular of its newest majority interests and of their integration
- The 2013 financial statements and the passing of the appropriate resolution
- The resolution proposals and agenda items for the Shareholders' Meeting, in particular the proposal to conclude a control and profit transfer agreement between technotrans AG and Termotek AG as well as between technotrans AG and gds AG
- Modifying conversion of Termotek AG and gds AG to the legal form of GmbH (private limited company)
- The strategic positioning and development of the company's divisions
- Technology management and innovation, product development overview
- Liquidity planning and financing
- The general acquisitions strategy and the negotiations resulting from this
- Budgeting for the 2015 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 has formed three committees. The Nominating Committee (members: the shareholders' representatives on the Supervisory Board) proposes suitable candidates for elections to the Supervisory Board. The Nominating Committee did not meet in 2014.

An Audit Committee has in addition been formed (members: Dieter Schäfer; Helmut Ruwisch; Heinz Harling) as well as a Committee for Board of Management Affairs (Personnel Committee; members: Heinz Harling; Dr Norbert Bröcker; Helmut Ruwisch). The latter met once and dealt in particular with the composition of the Management Board and with drawing up the contracts and agreeing the remuneration of the members of the Board of Management. At the committee's proposal, the full Supervisory Board unanimously approved the extension of contract (three years) for Henry Brickenkamp (Chief Executive Officer) and Dirk Engel (Chief Financial Officer) at its meeting in December 2014.

The Audit Committee 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. Other aspects included fiscal matters, compliance, assuring the independence of the auditors, commissioning the auditors with the audit mandate and identifying the priority areas for the audit, and agreeing the fee. The interim reports to be published were discussed in advance 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 2014 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 9, 2015. The firm of auditors, represented by the two independent auditors appointed to carry out the task, also 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 2014 financial year have both been granted an unqualified audit certificate. Following our own examination of the annual financial statements, the Consolidated Financial Statements and the Combined Management Reports, we approved the auditors' findings and signed off the annual and Consolidated Financial Statements at the meeting on March 9, 2015. The annual financial statements are thus established. The Supervisory Board endorses the proposal by the Board of Management on the appropriation of profit.

In accordance with the corresponding recommendation In the German Corporate Governance Code, the Supervisory Board members of technotrans AG disclose any conflicts of interest to the Supervisory Board without delay. The Deputy Chairman of the Supervisory Board Dr Norbert Bröcker is partner in the law firm Hoffmann Liebs Fritsch & Partner. The law firm Hoffmann Liebs Fritsch & Partner provided legal advice for technotrans AG on a variety of topics in the past financial year. The Supervisory Board of technotrans AG approved the involvement of Hoffmann Liebs Fritsch & Partner as well as the consultancy fees arising. To avoid any conflicts of interest, Dr Bröcker abstained from these votes. No other potential conflicts of interest that are to be disclosed to the Supervisory Board and would need to be reported at the Shareholders' Meeting arose in the year under review.

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 dedication in shaping the company's development in the 2014 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

// Corporate Governance Report

Corporate governance denotes the responsible management and control of companies in a manner that strives for long-term value creation. This includes purposeful, effective collaboration between the Board of Management and Supervisory Board, regard for the interests of shareholders and employees, transparency and responsibility in all entrepreneurial decisions, and the suitable handling of risks. technotrans takes the German Corporate Governance Code as its point of reference.

Responsible corporate management is a high priority at technotrans. The Board of Management and Supervisory Board of technotrans AG again gave in-depth consideration to the fulfilment of the requirements of the German Corporate Governance Code, and in particular to the amendments decided upon by the government commission responsible on May 13, 2013. Both bodies submitted a joint Declaration of Compliance in September 2014 pursuant to Section 161 (1) of the German Stock Corporation Act (AktG):

Declaration of Compliance with the German Corporate Governance Code

The Board of Management and Supervisory Board declare that, since the last Declaration of Compliance in September 2013, technotrans AG has in the 2014 financial year complied with the conduct recommendations of the Code Commission appointed by the German government, in the version dated June 24, 2014, and moreover intends to observe the recommendations in the future. The following exceptions apply:

Article 4.2.5 (Disclosure of Board of Management remuneration)

The German Corporate Governance Code recommends that the benefits granted plus fringe benefits, the maximum and minimum attainable remuneration for variable remuneration components as well as the fixed remuneration, short-term and long-term variable remuneration received, together with the benefit expenses for occupational pensions and other maintenance benefits, be presented in the Remuneration Report for every Board of Management member for financial years commencing after December 31, 2013, and that template specimen tables be used for this information. technotrans AG discloses the remuneration of each individual Board of Management member in agreement with the applicable requirements, broken down into non-performance-related and performance-related pay. The Board of Management and Supervisory Board do not believe that changing the form of presentation for Board of Management remuneration will improve quality and ease of understanding. For that reason, no further sub-classification is practised, nor are the specimen tables used.

Article 5.1.2 (Composition of the Board of Management)

The German Corporate Governance Code recommends that the Supervisory Board also heed diversity in the composition of the Board of Management, and that it should in particular strive for the adequate representation of women. The Supervisory Board considers that belonging to a particular gender is not an attribute that would particularly qualify a female or male candidate for a particular position, and therefore disregards this criterion when selecting the most suitable candidate for a position. When deciding on the appointment of new members of the Board of Management, in future the emphasis will be on the qualifications of the candidates and not on their gender.

Article 5.4.1 (Objective for the composition of the Supervisory Board)

The German Corporate Governance Code contains the recommendation that the Supervisory Board should state specific objectives for its composition that, depending on the specific situation of the company, take account of the international operations of the company, potential conflicts of interest, the number of independent Supervisory Board members, a possible age limit for Supervisory Board members, and diversity. The specific objectives should in particular envisage the appropriate involvement of women. In addition proposals by the Supervisory Board to the election bodies responsible are to reflect these objectives. The Board of Management and Supervisory Board are of the opinion that the intention pursued by the Code can also be achieved without the need to state specific goals, and that defining such goals would actually hinder the Supervisory Board in selecting suitable members. The Supervisory Board of technotrans AG has therefore not stated any specific goals with regard to its composition. In future, the Supervisory Board will however heed the criteria that are stated in the recommendations of the Code, such as diversity, when putting proposals for election to the Shareholders' Meeting, but regardless of gender will continue to give priority to the knowledge and specialist qualifications of possible candidates. In addition, technotrans AG has for many years applied an age limit of 67 (at the time of election) to membership of its Supervisory Board.

Article 5.4.6 (Remuneration of the Supervisory Board members)

In the event that performance-related remuneration is promised to Supervisory Board members, the German Corporate Governance Code envisages that this be tied to sustainable corporate performance. In accordance with the articles of incorporation the members of the Supervisory Board receive a variable remuneration component that does not expressly reflect sustainable corporate performance.

The Remuneration Report can be found in the Combined Management Report.

In addition to the recommendations, the Corporate Governance Code contains suggestions, compliance with which is not binding. Nor are explanations for departures from the suggestions required. technotrans does not depart from these suggestions.

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.

Sustainable economic, ecological and social activity in keeping with applicable law is an indispensable element of entrepreneurial culture for technotrans. It also includes trust, respect and integrity in the way we deal with each other. This is manifested in exemplary behaviour towards employees, business partners, shareholders and the public. technotrans interprets compliance to mean observance of the law, the articles of incorporation, internal rules and any commitments undertaken voluntarily.

technotrans attaches particular importance to establishing a group-wide compliance structure that binds all employees worldwide to the compliance guideline. The purpose of this code of behaviour is to assure a uniform level of ethical and legal standards throughout the entire group of companies. A compliance manager is appointed to ensure the relevant topics are suitably refined and disseminated through training.

// Combined Management Report

This Management Report has been prepared in accordance with the principles of the German Accounting Standard DRS 20. DRS 20 covers the submission of management reports by German publicly traded parent companies which are obliged under Section 315a of the German Commercial Code to prepare a Group Management Report pursuant to Section 315. This year, the technotrans Group Management Report was for the first time combined with the Management Report of technotrans AG pursuant to Section 315 (3) of the German Commercial Code in conjunction with Section 298 (3) of the German Commercial Code. The Management Report is therefore hereinafter referred to as the Combined Management Report. The annual financial statements of technotrans AG, which are prepared in accordance with the requirements of the German Commercial Code, and the Combined Management Report are published simultaneously in the Federal Official Gazette. Unless otherwise indicated, the information provided below applies jointly to the technotrans Group and to technotrans AG. Sections which contain information only on technotrans AG are identified as such.

// Basic Profile of the Group

// Business Model of the Group

Organisational Structure of the Group

The technotrans Group is an international technology and service company that concentrates on customer-specific applications in the field of liquid technology. It comprises technotrans AG and 14 subsidiaries in which technotrans AG directly has an interest, as well as 5 companies in which it holds an interest indirectly. The parent company technotrans AG, with its registered office in Sassenberg (Westphalia), directly or indirectly has a majority interest in all subsidiaries. The ownership structure within the group is presented in the Notes, under "Consolidated Companies“ and "Shareholdings".

technotrans AG (D-Sassenberg)

producing subsidiaries

- **technotrans america inc.** (USA-Mt. Prospect)
- **Termotek GmbH** (D-Baden-Baden)
- **KLH Kältetechnik GmbH** (D-Bad Doberan)
- **Taicang KLH Cooling Systems** (PRC-Taicang)

sales/service subsidiaries and other

- **technotrans graphics ltd.** (GB-Colchester)
- **technotrans france sarl.** (F-Saint-Maximin)
- **technotrans italia s.r.l.** (I-Legnano)
- **technotrans Asia Pacific limited** (PRC-Hongkong)
- **technotrans printing equipment co.Ltd.** (PRC-Beijing)
- **technotrans technologies pte.ltd.** (SGP-Singapore)
- **technotrans india pvt ltd.** (IN-Chennai)
- **technotrans middle east FZ-LLC** (VAE-Dubai)
- **technotrans américa latina ltda.** (BR-São Paulo)
- **gds GmbH** (D-Sassenberg)
- **gds-Sprachenwelt GmbH** (D-Hünfeld)
- **ISD GmbH** (CH-Regensdorf)
- **KLH Cooling International Pte. Ltd.** (SGP-Singapore)
- **SHT Immobilienbesitz GmbH & Co. Vermietungs KG** (D-Mainz)
- **technotrans scandinavia AB** (S-Åkersberga)

Segments

The Group’s business is divided into two segments: Technology and Services. The Technology segment generates just under two-thirds of total revenue. In this business area technotrans develops and sells equipment and systems based on its core skills of cooling/temperature control, filtering/separating, spraying/pumping of liquids, along with the corresponding control and process engineering. Its customers come from a variety of industries such as the printing industry, the laser industry, machine tool engineering, and stamping and forming technology; their background is increasingly in other markets, too, such as energy storage technology as well as scanner and medical technology.

The Technology segment is complemented by the Services segment. technotrans’ activities (worldwide parts supply and hotline) are rounded off by an extensive range of services. These include providing customer support for the installation, maintenance and operation of systems. The subsidiaries gds GmbH and gds-Sprachenwelt GmbH, which likewise come under this segment, mainly produce technical documentation, including in translation. They also sell proprietary software, which is used to generate that documentation.

Locations

With 22 locations, numerous joint undertakings and 781 employees (December 31, 2014), the technotrans Group enjoys a presence in all major markets worldwide.

Products and Services

The core skills of technotrans AG in liquid technology are organised into three business units (BU). Its special knowledge of temperature control (“temperature control” BU), filtering and separating (“fluid conditioning” BU) and spraying and pumping liquids (“ink & fluid technology” BU) is the result of many years of experience. 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 company is steadily broadening its product range in close collaboration with existing and potential customers, including many renowned industrial enterprises, with a view to opening up new application areas in order to safeguard its long-term growth. Activities outside the printing industry brought in around 33 percent of revenue in 2014; the aim is to increase this share gradually to at least 50 percent.

Business Processes

The principal business processes encompass the development, assembly, testing and sale of equipment, along with all relevant services for major customers and their end users. Its low manufacturing penetration enables technotrans to respond flexibly and cost-effectively to the requirements of customers.

Sales Markets

The technotrans Group’s largest customers come from the printing industry, the laser industry, machine tool engineering and medical technology. In the sphere of the printing industry, we supply almost all leading printing press manufacturers worldwide. The market share of technotrans here is well over 50 percent. 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.

Alongside technotrans AG, the market for suppliers of peripheral equipment to the printing industry includes merely a relatively small number of companies which have a predominantly regional focus. In the other lines of industry in which technotrans is active, the supplier market is highly fragmented. A major success factor for technotrans is the approach of positioning itself as a systems supplier of complex, custom-made solutions with its own international service network, and not as an out-and-out component supplier. technotrans is steadily consolidating its position as market leader in its chosen niche markets; the market entry barriers for potential competitors are for the most part high.

External Factors Influencing Business

The investment propensity of the target industries in which the technotrans Group is active regularly has a major influence on the group’s business performance. That propensity is in turn determined by the present and anticipated economic situation. In view of its focus on the German mechanical and plant engineering sectors, cyclical fluctuations there have a marked influence on its business performance. The specific branching-out of business activities into high-growth industries such as the laser industry as well as energy storage or medical technology is designed to significantly reduce that correlation in future. This is also loosening the group’s exposure to the structural difficulties that have long been a defining feature of the printing industry.

// Disclosures and Explanatory Notes Relating to Takeover

The following disclosures satisfy the requirements pursuant to Section 289 (4) of the German Commercial Code (HGB), Section 315 (4) of the German Commercial Code and Section 120 (3) second sentence of the German Stock Corporation Act (AktG).

1. The issued capital at December 31, 2014 comprises 6,907,665 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 and 85 of AktG on the appointment and dismissal of the members of the Board of Management are applied. The articles of incorporation of the company contain no regulations over and above Section 84 of AktG. Pursuant to Section 179 of AktG, 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 consent of the Supervisory Board, authorised to increase the share capital on one or more occasions by up to a total of € 3,450,000 until May 14, 2019, through the issue of new shares against contributions in cash or in kind. No use was made of this authorisation in 2014. The subscription right of shareholders may be excluded insofar as the requirements of Section 186 (3) fourth sentence of AktG 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.
   In addition the Board of Management of the company is authorised until May 14, 2019 to acquire treasury shares up to 10 percent overall of the share capital existing at the time of the resolution, or at the time of this authorisation being exercised if the latter figure is lower. 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 consent 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, 2014 a total of 690,000 treasury shares had been acquired via the stock market on the basis of the authorisation. At the end of 2013, 222,657 shares from this total were distributed to the employees as part of their Christmas bonus, and 4,152 shares by way of a remuneration component. A further 22,960 shares were distributed to the employees as part of their Christmas bonus at the end of 2014. 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 15, 2014 and with the consent of the Supervisory Board, to issue bonds with a term of a maximum of 5 years on one or more occasions up until May 14, 2019 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 material agreements of 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.

// Research and Development

The research and development activities and measures in 2014 broadly correspond to those of the previous year. In the Development area, we set up a development team to work on the topic of cooling for energy storage devices (e.g. lithium-ion batteries) in 2014. This area is developing, implementing and testing a large number of projects for mobile applications (e.g. energy storage devices for rail technology). The aim is to develop a product range for the different applications in a highly focused manner. For many applications, the actual operating conditions and therefore the necessary specifications have not yet been validated adequately. This area therefore fundamentally also involves a large amount of research and advance development work over and above the product development work proper. Even if in this market only a relatively low revenue is generated, we believe that strategically it has great potential for the future for technotrans. Our participation in the InnoTrans show (International Trade Fair for Transport Technology) in 2014 gave us impetus for new projects on an international scale. One system was already commissioned and tested in Brazil at the end of 2014.

As well as these tasks, technotrans Development lends effective support to the business units (BU). It develops new ideas, product qualification processes and customer-specific solutions for technical problems. By doing so, we are steadily refining and optimising components or even entire product systems.

In addition to the tasks of advance development, where new technologies are identified and qualified, we continue to investigate the scope for transferring products and technologies to other areas of application as one of our priority activities. The culture of innovation is continually promoted through both internal and external innovation workshops. We maintain an active exchange of ideas with universities and institutes to promote such innovation. We do so both in the form of projects and also by involving students in our work. Technological exchanges with external partners are very important to us.

In addition, in 2014 we laid the foundations for a group-wide control platform within the development area of controls. The aim is to develop and gradually implement a control concept for the products of the technotrans Group. The first control technology elements have already been exhibited at the EuroBLECH show in our product for spray lubrication (spray.xact).

Development spending is fundamentally recognised in the Income Statement. If the appropriate requirements are satisfied, development expenditure is treated as an intangible asset pursuant to IAS 38 and recognised as such on the Balance Sheet. Development expenditure recognised as an intangible asset at December 31, 2014 was € 1.4 million (previous year: € 1.6 million). The R&D ratio (development spending in relation to revenue) was 3.0 percent in the past financial year (previous year: 2.8 percent).

In rare instances external capacity is used for special development tasks, for example the further development of specific components. In limited cases, development work is financed in part by the party that will eventually be the customer. Once again, no public funds were taken in 2014. technotrans owns a large number of patents, licences and similar rights. Patent applications are regularly only filed after careful assessment of the advantages to be gained from such protection and the disadvantages arising from their disclosure and, not least, the costs involved in doing so.

// Goals and Strategies

The overriding goal of the technotrans Group is to increase the value of the company in the long term. To achieve that goal, technotrans concentrates on its core skills in the sphere of liquid technology, while focusing investment on measures that enable it to expand its product range further and gain a foothold in new areas of application for its technologies. Organic growth is rounded off by partnerships in areas where its core skills are called for, and also by targeted acquisitions. technotrans concentrates on niche markets where it is possible to achieve a market share in the region of 50 percent, taking into account the scale of its own business and the available resources. This is the key to being able to capitalise on economies of scale in offering customers benchmark technology and prices. technotrans is well-placed to realise such goals thanks to its clear focus on system partnerships with major industrial clients (OEM) which operate worldwide and expect their suppliers to have a similar organisation.

Its strategy is to seek sustainable, profit-driven corporate development. The overriding financial objective of the group is profitable growth. technotrans targets growth involving a revenue increase averaging between 5 and 10 percent per year. Its focus is on a steady improvement in the rate of return (EBIT margin) in the direction of 10 percent.

A sustained ability to distribute dividends and sound financing based on a high equity ratio also feature in the group's overall goal.

Strategic Fields of Activity

Group development

Improving the company's organisation and structure in order to underpin internal and external growth.

The growth strategy's implementation is supported by the corporate structure in that both the three business units – in which the core skills are concentrated – and the international sales and service locations worldwide are given growth targets to realise.

Increasing customer benefit

The product portfolio is continually being improved. Products and processes are undergoing evolutionary development to reflect changing customer requirements.

As a systems supplier to the printing industry, technotrans has held a leading position in its product areas for many years. Based on its close ties with the manufacturers of both offset and digital and flexographic printing presses, along with its unique expertise, we intend to consolidate our role as technology partner in that industry and – wherever possible – build on it. It is, however, assumed that this basis for offset printing business is likely to reveal a slight contraction in market volume in future. In addition, technotrans is also increasingly active in digital and flexographic printing – both areas likewise still have potential for moderate growth.

Broadening the business base

technotrans intends to broaden its business base to reduce its economic dependence on individual product lines and industries and therefore reduce the risk and impact of cyclical fluctuations. This entails both the further penetration of established markets and entry into new industries and application fields, making use of technotrans' core skills.
In order to achieve its growth targets, technotrans has therefore been vigorously developing and expanding applications outside the printing industry since 2010. The focus of the activities that are bracketed together in the technotrans industrial system solutions (ttis) sales area is on using technotrans core skills in industries with long-term growth potential. These include machine tool engineering, stamping and forming technology, laser and medical technology, and the energy storage technology area.

As well as organically accessing new markets, technotrans' growth strategy also involves the acquisition of companies with core skills that usefully complement those present in every area of the group. Acquisitions are fundamentally structured in such a way that they directly deliver increased value added. Wherever possible and advisable, the form of participation is moreover designed to ensure that the holders of critical expertise are bound to the company in the long term.

Quality

Quality, alongside economic efficiency, is a core value of technotrans products. We are continually improving quality management in order to supply customers with reliable equipment swiftly, often after only a short time in development.

Increasing collaboration across multiple locations

Capacities and potential are being integrated on a group-wide scale in order to derive optimum benefit from them, with the objective of generating long-term added value in all areas of the company.

technotrans' strategy includes systematically expanding and further internationalising the growth areas.

Systematic personnel development

All key human resources processes are being improved and also standardised wherever possible and helpful. The aim is to attract and hold onto good employees and to assure systematic personnel development.

// Control System

The technotrans Group's internal control system has the purpose of overseeing implementation of the corporate strategy. The control system basically comprises regular strategic discussions within the Board of Management and in-year planning discussions – including investment and personnel planning aspects – with the individual managing directors of the companies, as well as a monthly analysis of the business performance. The system seeks to identify deviations as early on as possible so that swift action can be taken as appropriate. Over and above this, the individual managing directors monitor and analyse their respective markets and specific competitive environment and report to the Board of Management on material changes to it, and on the opportunities and risks. The Board of Management submits regular reports to the Supervisory Board.

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

The following summary shows the development in the key financial ratios for the group over the past three years:

	target figure	IST		
	2014	2014	2013	2012
revenues (€ million)	€ 110 million +/- 5 %	112.4	105.2	90.7
EBIT (€ million)		6.8	4.6	5.4
EBIT margin (%)	4 - 6 %	6.1	4.4	5.9
Free Cashflow (€ million)	positive	4.8	-3.4	13.2

The business performance of the technotrans Group in the 2014 financial year was therefore positive overall, and slightly better than expected.

// Remuneration Report

The Board of Management is in charge of operations. It comprises three members and is overseen by the Supervisory Board in accordance with the statutory requirements and the articles of incorporation. The members of the Board of Management and Supervisory Board are listed in the “Corporate Bodies” section. The Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act, as well as further explanatory notes, can be found in the separate Corporate Governance Report, which forms part of this Annual Report. The Remuneration Report contains the itemised remuneration by individual member of the Board of Management and Supervisory Board of technotrans AG, as well as particulars of fringe benefits provided by the company for each individual member. The basic features of the remuneration system are also explained there.

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 (management bonus). 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 for the year serve as the basis for the targets for budgeting purposes. 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 management bonus 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 management bonus is only paid out to the extent that the respective targets for the assessment year are attained in subsequent years. The deferred management bonus 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 management bonus component lapses. If a Board of Management member leaves the company, their entitlement to a management bonus from previous years does not automatically lapse.

The company moreover provides fringe benefits (insurance premiums) 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.

There is also a cap on termination indemnities amounting 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 were envisaged for the 2014 financial year. The level of target attainment in the 2014 assessment year was 100 percent according to the target agreement (previous year: 60.7 percent). Only in the event of exceptional occurrences is the Supervisory Board authorised to adjust the remuneration parameters in the course of a given year.

The members of the Board of Management received the following remuneration in the past financial year:

	Henry Brickenkamp		Dirk Engel		Dr. Christof Soest	
€ '000	**2014**	2013	**2014**	2013	**2014**	2013
Fixed basic remuneration	200	200	160	160	160	160
Fringe benefits	49	48	46	46	45	43
Management bonus, year under review	176	145	140	116	140	94
Total remuneration	**425**	**393**	**346**	**322**	**345**	**297**
Entitlement dependent on the attainment of future performance targets	124	100	99	80	99	80

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. Under the articles of incorporation, this variable remuneration component is not expressly a reflection of sustainable corporate performance. 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 is likewise remunerated, in accordance with the articles of incorporation. The members of the Supervisory Board do not receive any stock options for their activities as non-executive directors. The company has taken out D&O insurance cover for the members of the Supervisory Board. There is an excess equivalent to the variable remuneration component in the year in which a claim is established.

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.

In accordance with the articles of incorporation the Supervisory Board members received the following remuneration for the year under review of 2014:

	2014			2013		
€ '000	**Total remuneration**	of which fixed	of which variable	**Total remuneration**	of which fixed	of which variable
Heinz Harling	38	22	16	33	22	11
Dr. Norbert Bröcker	27	15	12	23	15	8
Helmut Ruwisch	23	15	8	20	15	5
Dieter Schäfer	19	11	8	17	11	6
Reinhard Aufderheide [1]	16	8	8	8	5	3
Thomas Poppenberg [1]	16	8	8	8	5	3
Klaus Beike [2]	0	0	0	5	3	2
Matthias Laudick [2]	0	0	0	5	3	2
Total remuneration	**138**	**79**	**59**	**119**	**79**	**40**

[1] since May 16, 2013,
[2] until May 16, 2013

// Economic Report

// General and Industry-Specific Economic Environment

The rate of global economic growth slowed noticeably in summer 2014. The global economy became susceptible to disruptions such as geopolitical developments and turbulence on financial markets. The rise in global industrial production in the second and third quarters was only half that of the previous half-year spanning the winter. Global economic growth reached an overall 3.3 percent and was thus weaker than expected. The eurozone's recovery, too, faltered. The 0.8 percent increase in gross domestic product was much weaker than envisaged one year ago.

As early as summer 2014, the German mechanical engineering industry had to make a major correction to its forecast of a 3 percent rise in production output. The German Engineering Federation VDMA has confirmed its downgraded production forecast for 2014 of plus 1 percent.

The printing industry again performed more weakly than the mechanical engineering sector overall. Revenue from printing presses after the full twelve months was 12 percent down on the previous year, and incoming orders were 5 percent below the prior-year figure.

// Business Performance and Position

The 2014 financial year progressed better than planned. technotrans generated revenue in excess of € 112 million and achieved an EBIT margin of more than 6 percent. As a result, the final growth targets set for 2014 were slightly exceeded in terms of both revenue and operating profit.

At the time the plans for 2014 were crystallised, the Board of Management was expecting a moderate economic development that would bring the technotrans Group slight revenue growth. Revenue for the 2014 financial year was expected to reach € 110 million, give or take 5 percent. Both segments – "Technology" and "Services" – were forecast to grow. Based on the planned revenue expectations, the EBIT margin was expected to come in at between 4 and 6 percent. The free cash flow, too, was predicted to be positive again.

Overall, the revenue performance of the past financial year of € 112.4 million was pleasingly towards the upper end of the range of € 110 million plus or minus 5 percent, and represented a 6.8 percent improvement on the previous year's revenue total. The Technology segment in particular developed positively. By contrast, the Services segment did not quite match its prior-year revenue total and thus fell short of expectations. The increased revenue and the product mix also noticeably improved earnings before interest and taxes (EBIT); the overall EBIT margin for the group of 6.1 percent represented a slightly better result than planned. On the financing side, too, the group targets for 2014 were achieved as planned; the free cash flow was € 4.8 million and is back in positive territory. The strong equity position affords financial security and stability, and enables the company to continue pursuing the long-term development of its products and business.

// Financial Performance

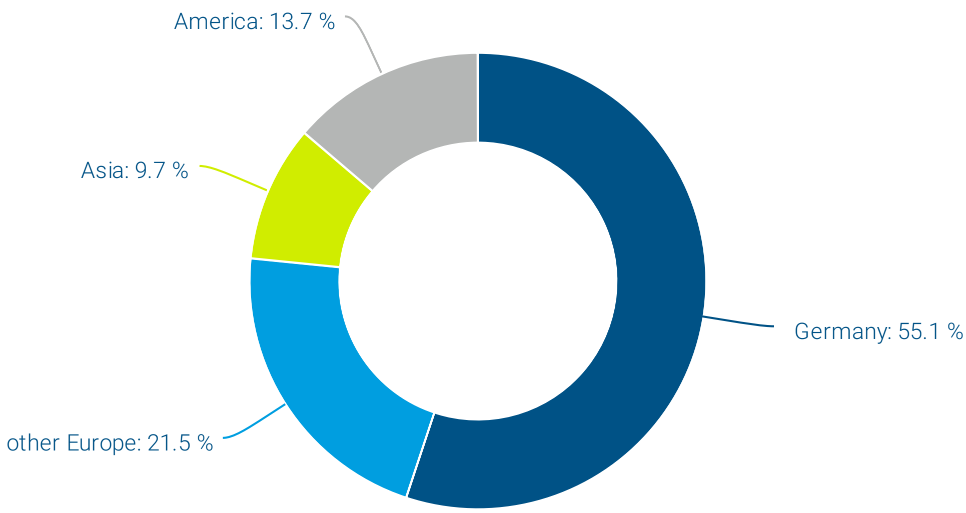
Development in Revenue

The technotrans Group generated revenue of € 112.4 million, which represents an increase of 6.8 percent compared with the previous year (€ 105.2 million). Thanks to a very strong fourth quarter of 2014, expectations for the full year in the order of € 110 million were slightly exceeded. Revenue growth for 2014 overall was organic in origin. It was achieved on the one hand from a 25.4 percent increase in the new markets (outside the printing industry) and on the other hand from growth in print business (+1.7 percent) for the first time in a number of years. The revenue share from outside the printing industry thus grew to around 33 percent of consolidated revenue. Our expectations of more dynamic progress for business development with new customers in other markets were therefore fulfilled. This development underlines just how successful the group's strategic direction is proving to be. Thanks to the market and revenue shares gained in the field of offset and digital printing, technotrans succeeded in growing in all relevant markets in 2014. The biggest boost to revenue came from our projects in the fields of laser technology, stamping and forming technology, and medical technology.

By Region

As a result of the customer structure in the printing industry but also the laser industry, technotrans traditionally generates a high proportion of its deliveries and revenue in Germany. The 2014 financial year saw the proportion of revenue achieved by the group with German customers climb from 54.4 percent in the previous year to 55.1 percent. In other European countries the revenue share was increased from 21.1 percent to 21.5 percent thanks to further revenue growth. The Asia region did not deliver any significant growth overall in the 2014 financial year, with the revenue share rising from 9.6 percent to 9.7 percent. Meanwhile the revenue share for America was down year on year at 13.7 percent for the past financial year, compared with 14.9 percent in 2013.

Revenue by region in percent



Development in Prices

Price adjustments to reflect the market trend were implemented mainly in the Services area in 2014. technotrans' business with printing press manufacturers is usually conducted on the basis of multi-year master agreements that only allow well-justified price increases during their term. The same is true of requests for price reductions by our customers. For us, long-term, partnerlike relations with our customers and safeguarding our position in the market take priority over short-term price maximisation. In the other markets, there was an overall satisfactory development in price effects in the past financial year.

Information on Order Backlog, Incoming Orders and Order Reach

technotrans' standard business with industrial customers is based on release orders. Equipping of certain machine models with technotrans technology is usually agreed in advance. The time frame between the release order and delivery is rarely more than two weeks. Because of these master agreements, information on incoming orders and order backlogs is not particularly meaningful.

Development in Earnings

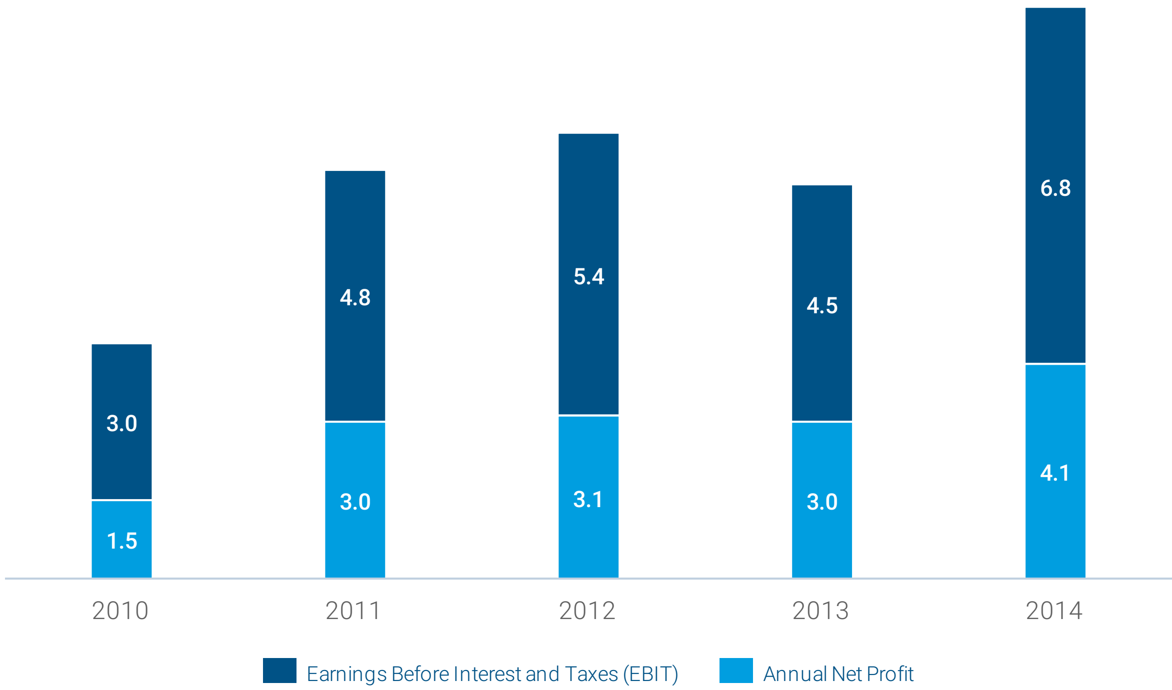
Gross Profit

Gross profit, in other words revenue less cost of sales, reached € 37.4 million (previous year: € 33.1 million). The improvement in gross profit by around 13 percent compared with the previous year was based in particular on the effects of changes to the product mix. On the costs side, further synergies realised from the integration of new business areas also had a positive impact on costs. Although the cost of purchased materials rose by 6.0 percent, this was in line with the movement in revenue (+6.8 percent). Despite the much stronger revenue growth in the Technology segment (+11.8 percent), the cost of purchased materials ratio of 39.0 percent was nevertheless a slight improvement on the previous year (39.3 percent). The gross margin rose as expected, reaching 33.3 percent (previous year: 31.5 percent) at year end.

Earnings Before Interest and Taxes (EBIT)

Earnings before interest and taxes (EBIT) for the 2014 financial year came to € 6.8 million, up 47.6 percent on the previous year (€ 4.6 million); this was equivalent to an EBIT margin of 6.1 percent (previous year: 4.4 percent). We consequently slightly exceeded our goal of an EBIT margin of between 4 and 6 percent for the 2014 financial year.

Earnings (EBIT/net income) 2010 to 2014



Distribution costs moved more or less in line with revenue, growing 7.8 percent to € 16.2 million(previous year: € 15.0 million). General administrative expenses increased only slightly from € 12.2 million to € 12.6 million. Development costs for the 2014 financial year were again up somewhat on the previous year, at € 3.4 million (previous year: € 3.0 million).

The overall positive balance of other operating income and expenses of € 1.5 million remained almost on a par with the previous year (€ 1.7 million). There was a net gain of € 0.6 million (previous year: net loss of € 0.3 million) thanks to the sharp currency fluctuations during the 2014 financial year; this figure mainly comprised unrealised gains. No hedging instruments were used to reduce the impact of exchange rate fluctuations on the operating result.

Personnel expenses for the 2014 financial year came to € 39.8 million (previous year: € 37.0 million). The 7.5 percent increase compared to 2013 reveals the effect of the moderate pay increase on the one hand, and one-off severance payments on the other. The personnel costs ratio of 35.4 percent was only slightly above the previous year's level (35.2 percent).

Depreciation and Amortisation

Depreciation and amortisation of € 3.0 million was slightly below the 2013 figure (€ 3.2 million). The figure for the 2014 financial year consequently again exceeded investment in property, plant and equipment and intangible assets of € 1.4 million (previous year: € 2.3 million) because technotrans is in a position to adapt its replacement investment flexibly to the prevailing business circumstances.

Financial Result

The interest result fell again in 2014 to € -0.6 million net (previous year: € -0.9 million). On the one hand financial liabilities were reduced as planned over the course of the year, leading to a fall in interest expense. On the other hand the in-year capital investment brought technotrans interest income that served to improve the financial result.

Tax Expense

The tax expense for the past financial year amounted to € 1.9 million (previous year: € 0.8 million). The effective tax rate of 29.5 percent was well up on the previous year's level (21,0 percent). Compared to 2013, income tax expense (actual income taxes and deferred taxes) was influenced in particular by taxes not relating to the period. For the fiscal particularities, please refer to the additional explanations in Section 26 of the Notes to the Consolidated Financial Statements.

The consolidated result after tax (net profit) for the 2014 financial year is € 4.4 million (previous year: € 3.0 million), equivalent to a rate of return of 3.9 percent (previous year: € 2.8 percent). Earnings per share outstanding rose from € 0.47 to € 0.67.

Segment Report

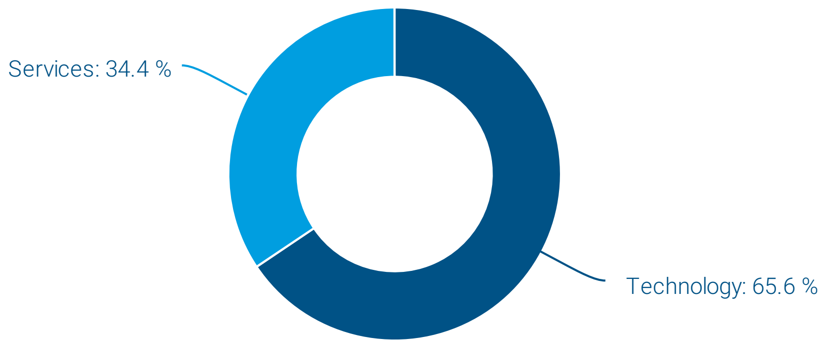
Revenue

In the Technology segment, revenue climbed to € 73.8 million in the 2014 financial year. The increase of € 7.8 million or 11.8 percent compared with the prior-year period is mainly attributable to the successful expansion of business in the non-print area. Here, the segment profited especially from the positive business performance in the laser industry and from substantial revenue growth for the proprietary technologies for temperature control, filtration, cooling lubricant preparation and also spray lubrication. Although the market environment revealed no signs of a recovery in demand for printing presses, technotrans also enjoyed a welcome rise in printing industry revenue in the second half of 2014 compared with both the first half of the year and the first half of the previous year. The revenue performance was impacted positively by our increased market shares for offset printing and the arrival of new production models for digital and flexographic printing. This took the revenue share of the Technology segment up to around 66 percent (previous year: 63 percent) of the total for the technotrans Group.

As expected, our subsidiaries Termotek and KLH again achieved double-digit growth (+19 percent) in the past financial year. This lifted the revenue share of the Technology segment to around 40 percent.

The Services segment was unable to match the previous year's revenue performance (€ 39.2 million) in the period under review with a 1.5 percent lower revenue to € 38.6 million. The downturn in business stems on the one hand stems from weaker demand due to the smaller installed base in the print sector, and on the other hand from a reluctance to invest that is affecting Technical Documentation service business. The Services segment brought in a total of 34 percent (previous year: 37 percent) of revenue in the past financial year. Service business is likewise being implemented with growing success in the new subsidiaries and our non-print activities. We expect to see slight growth again in the 2015 financial year.

Revenue by segment in percent



Earnings (EBIT)

The financial performance in the Technology segment improved in the course of the financial year as expected, hand in hand with rising revenue. 2014 also saw the Technology segment achieve positive profit contributions from the improved margin, thanks to synergy benefits from the integration of the new business areas. Overall, earnings before interest and taxes (EBIT) for the Technology segment thus improved year on year from € -1.8 million to € +0.4 million. If revenue stabilises at fourth-quarter levels, we therefore consider the future prospects of a positive operating result for the segment to be good.

The financial performance in the Services segment was largely unaffected by the slight downturn in revenue in 2014 and the result for the segment (EBIT) remained flat at € 6.4 million (previous year: € 6.4 million). This represents a virtually unchanged EBIT margin of 16.6 percent. The overall financial performance in the Services segment again proved to be very stable.

By Region

Because of the customer structure, the revenue of the Technology segment is traditionally very strongly focused on Germany. The proportion of revenue generated by German customers remained roughly constant in the year under review at 62.1 percent, compared with 62.2 percent in the previous year. Meanwhile the revenue share in the rest of Europe rose from 15.3 percent to 16.8 percent. Revenue for the Asia region represented 9.5 percent of the total, roughly the same level as in the previous year (9.4 percent). Following sharp growth in America in the previous year, 2014 brought a slight downward correction and the Technology revenue share slipped from 13.1 percent to 11.6 percent.

The regional revenue breakdown for the Services segment barely changed in 2014. The revenue shares compared with the previous year were as follows: Germany 41.7 percent (previous year: 41.2 percent), Rest of Europe 30.5 percent (previous year: 30.8 percent), Asia 9.9 percent (previous year: 10.1 percent), and America 17.9 percent (previous year: 17.9 percent).

Employees

At the end of the year, the Technology segment had an unchanged 529 employees (previous year: 529) and the Services segment 252 employees (previous year: 248). As in previous years, the general administrative areas have been spread between the segments pro rata, based on their revenue shares.

// Financial Position

Financial Management System

The task of financial management within the technotrans Group is handled centrally by the group parent. This primarily involves managing liquidity, securing borrowed capital and managing interest and foreign currency risks. It remains the goal of financial management 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 goal was again achieved in the 2014 financial year. Selective investment spending (€ 1.4 million) was again restricted to maintenance investments.

We pursued three main goals in particular in our financial and liquidity management work in 2014: to limit risks, to assure adequate liquidity reserves, and to optimise earnings and costs.

Limiting risks encompasses all financial risks that could threaten technotrans' survival as a going concern. 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 also manages the group's need for financing via the available credit facilities of technotrans AG, Termotek GmbH, KLH Kältetechnik GmbH and Taicang KLH Cooling Systems Co. Ltd. There are no exchange-rate factors affecting external borrowings. 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. No instruments for the hedging of foreign currency positions were used beyond the 2014 reporting date.

Capital Structure

The most important source of financing is the cash inflows from operating activities (operating cash flow). In 2014 there was merely a renewal of a loan for € 0.5 million for the financing of business expansion at Taicang KLH Cooling Systems Co. Ltd. At technotrans AG, the maturities of the credit lines newly concluded with the existing principal banks in 2013, with a total volume of € 11.5 million, were extended from one year to unlimited (indefinite). Debt finance was further reduced at KLH Kältetechnik GmbH and Termotek GmbH in the course of the year. Short-term credit lines were used only intermittently in the past financial year. All measures were implemented with varying maturities, making use of the best possible interest terms. At the end of the financial year the average weighted interest rate for borrowing was approx. 3.3 percent (previous year: 3.3 percent). Overall, the group has borrowing arrangements in place amounting to some € 25.1 million. At the balance sheet date the technotrans Group had available but unused borrowing facilities for € 13.5 million.

Off-balance-sheet financial instruments, such as leases, are of only minor significance for us.

In 2014 there were no restrictions on the availability of the loans provided. For its financial and liquidity planning, technotrans AG is working on the assumption that it will have adequate liquidity including for operating business in 2015, enabling it to meet its foreseeable payment obligations at all times and also be able to seize acquisition opportunities independently of the banks. Based on a sound equity base and a comfortable liquidity base, in conjunction with financing commitments by the banks, technotrans is able to invest flexibly at any time.

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 perform 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.

The Board of Management and Supervisory Board will propose to the Shareholders' Meeting in May 2015 that a dividend of € 0.33 per share outstanding be distributed for the 2014 financial year. This marks a return by technotrans to the dividend strategy of distributing 50 percent of the consolidated net profit.

Investment, Depreciation and Amortisation

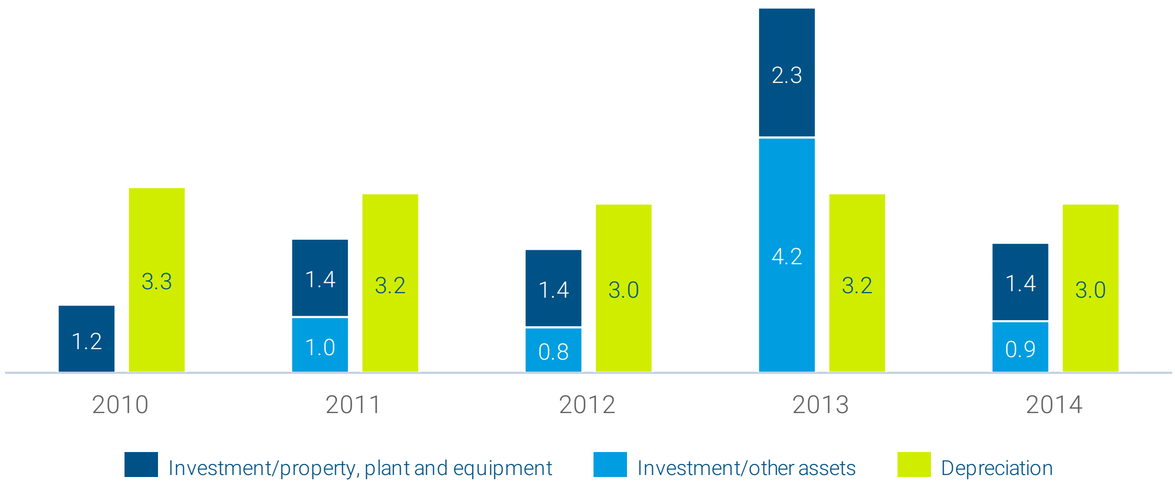
Investment came to € 1.4 million (previous year: € 2.3 million) in the 2014 financial year. In line with the business performance, spending thus remained at a reasonable minimum level. Investment spending was mainly for replacement purchases or IT equipment. Of the overall volume, € 0.8 million was attributable to the Technology segment and € 0.6 million to the Services segment. Because of the low level of manufacturing penetration, the scaling-back of investment spending has no impact on the efficiency of production capacity.

The development expenditure reported in the Income Statement came to € 3.4 million; this amounts to 3.0 percent of revenue. Development costs of € 0.2 million were also recognised as an intangible asset in the financial year; total development costs within intangible assets decreased to € 1.4 million (previous year: € 1.6 million). In the year under review, the amortisation of development expenditure recognised as an intangible asset came to € 0.3 million (previous year: € 0.1 million).

Depreciation and amortisation for the 2014 financial year totalled € 3.0 million (previous year: € 3.2 million). Of this, € 2.5 million was attributable to the Technology segment and € 0.5 million to the Services segment. The customer base acquired along with KLH and the property in Sassenberg are major sources of depreciation and amortisation.

No further definite investments that would require an exceptional level of financing are currently planned for fixed assets or intangible assets.

Investment / depreciation and amortisation in € million



Liquidity

On the basis of net income for the year of € 4.4 million (previous year: € 3.0 million), the cash flow from operating activities before working capital changes totalled € 10.2 million (previous year: € 7.6 million).

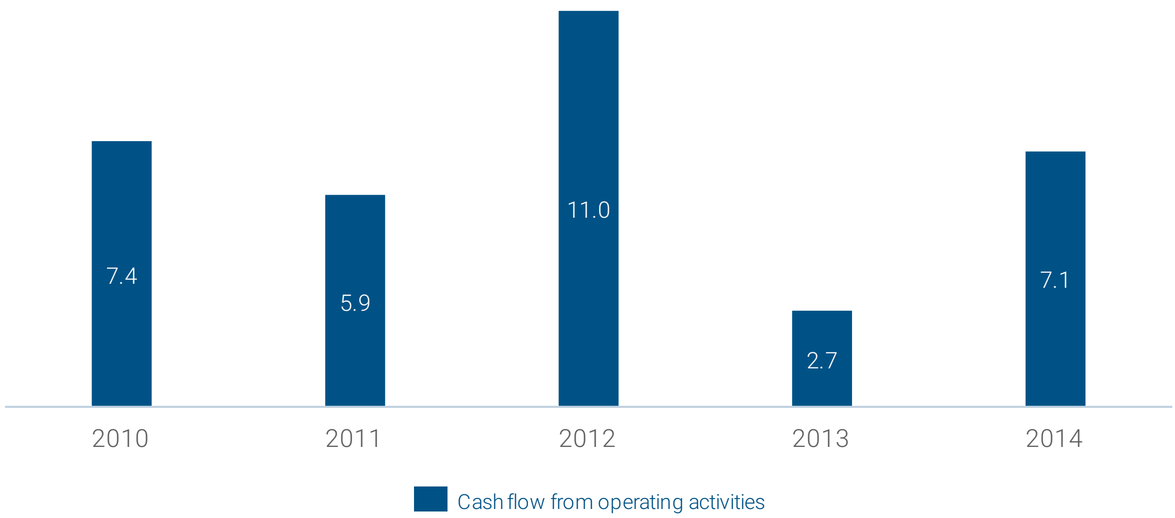
The changes in working capital had a negative cash flow effect of around € 2.8 million (previous year: € 3.4 million). The increased cash outflows were reflected especially in the buildup of receivables and inventories at the reporting date mainly as a result of the strong fourth-quarter growth. Compared to the previous year, the buildup of provisions had a positive impact on cash flow.

Overall, the net cash from operating activities amounted to € 7.1 million (previous year: € 2.7 million). This operating cash flow was sufficient to finance initially the cash outflow from investing activities of € 1.4 million (previous year: € 2.3 million) and the final conditional purchase price component for the acquisition of Termotek GmbH amounting to € 0.9 million. The overall net cash employed for investing activities came to only € 2.3 million in 2014, compared with € 6.1 million in the previous year.

The net cash employed for financing activities in the 2014 financial year came to € -4.6 million (previous year: € +1.6 million). On balance, the receipts and payments in connection with the financing of loans produced a cash outflow of € 3.3 million (previous year: € 2.4 million cash inflow). € 1.3 million (previous year: € 0.8 million) was paid out in the form of a dividend distribution to technotrans shareholders in the year under review.

As expected the free cash flow developed positively, climbing to € 4.8 million at the end of the year under review (previous year: € -3.4 million). Cash and cash equivalents at year-end thus came to € 17.2 million, just up on the prior-year level (€ 16.7 million). From a capital management perspective the group's liquidity remains comfortable; in 2015 the group thus continues to be in a position to meet its payment obligations from business operations.

Cash flow from operating activities in € million

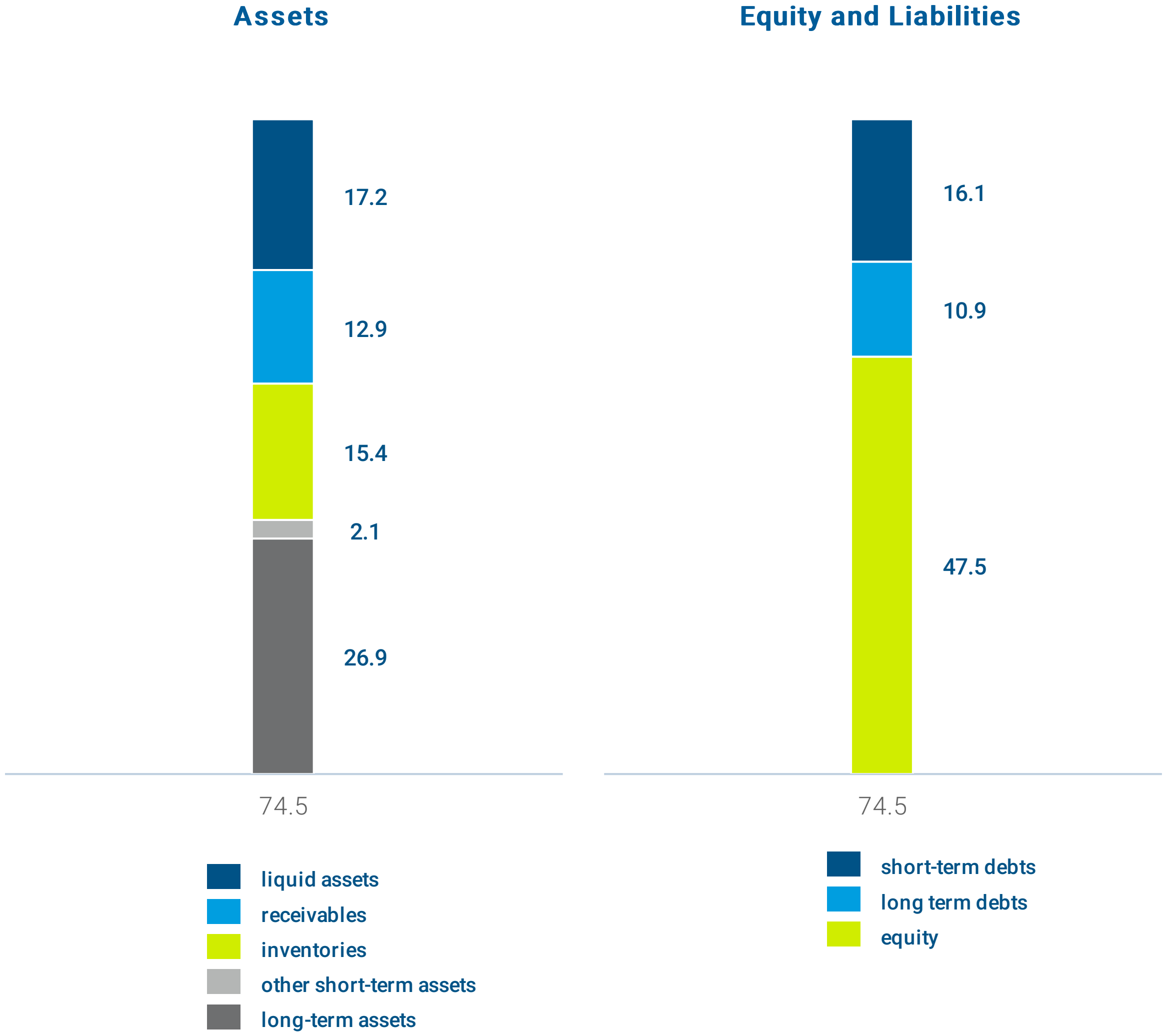


// Net Worth

Total Equity and Liabilities

The net worth and capital structure of the technotrans Group again shifted towards equity in 2014. The balance sheet total at December 31, 2014 rose slightly from € 73.0 million at the prior-year reporting date to € 74.5 million.

Balance sheet structure in € million



Assets

Non-current assets of € 26.9 million at the end of 2014 were € 2.9 million lower than in the previous year (€ 29.8 million), mainly as a result of depreciation and amortisation on property plant equipment and intangible assets. Declining tax loss carryforwards meant that deferred tax assets from non-current assets were reduced by € 1.2 million compared with the previous year.

By contrast, there was a substantial rise in current assets from € 43.2 million to € 47.6 million. Inventories and receivables at December 31, 2014 climbed by € 3.8 million in total compared with the prior-year reporting date, mainly as a result of the broadened business base and also revenue growth. Cash and cash equivalents of € 17.2 million rose yet further from the prior-year reporting-date total (€ 16.7 million) as a result of the effects explained in the Cash Flow Statement.

Equity and Liabilities

Within equity and liabilities, equity rose by a further 8.5 percent from € 43.7 million to € 47.5 million. This development reflects the group's healthy economic development. The equity ratio thus improved to 63.7 percent (previous year: 59.9 percent). The return on equity, representing net income as a proportion of equity, was 9.4 percent (previous year: 7.0 percent).

As planned, non-current liabilities fell from € 14.3 million in the previous year to € 10.9 million at the end of the 2014 financial year. Borrowings were the main source of change within this item. The € 0.9 million carrying amount for other financial liabilities at the balance sheet date was slightly lower than for 2013; it basically consists of the conditional purchase price components resulting from the interests acquired in KLH (€ 0.5 million from 2013) and gds-Sprachenwelt (€ 0.3 million from 2012). The deferred tax liabilities of € 0.7 million stem from the capitalisation of a customer base following on from the acquisition of KLH Kältetechnik GmbH.

On the other hand current liabilities showed a slight increase of € 1.1 million to € 16.1 million (previous year: € 15.0 million) mainly as a result of an increase in prepayments received from € 1.3 million in the previous year to € 2.0 million and increased provisions amounting to € 5.4 million (€ +0.9 million).

At the balance sheet date, technotrans had financial liabilities totalling € 11.6 million (previous year: € 14.9 million). No current bank overdrafts were in use at December 31, 2014. The non-current financial liabilities stem principally from investments in fixed assets, as well as from acquisitions of interests; they are protected in part by land charges. Details of the structure of financial liabilities are provided in the Notes to the Consolidated Financial Statements (Section 11).

Working Capital

technotrans calculates working capital as current assets less current liabilities. At December 31, 2014 working capital was € 31.5 million, an increase of € 3.2 million on the prior-year reporting date (€ 28.3 million). The increased working capital supplies further proof of the technotrans Group's improved liquidity situation. Cash and cash equivalents account for the lion's share of current assets.

Net Debt and Gearing

The group's net liquidity, calculated as the difference between non-current plus current interest-bearing borrowings and cash and cash equivalents, improved from € 0.9 million to € 4.8 million in the year under review. The ratio of net debt to equity (gearing) is consequently negative at -10.0 percent (previous year: -2.2 percent).

Provisions

Provisions rose from € 5.4 million to € 6.5 million in 2014.

The long-term provisions of around € 1.1 million (previous year: € 0.9 million) comprise both personnel-related obligations (pensions) and those Board of Management remuneration components that focus on sustainable corporate performance. The short-term provisions amounting to € 5.4 million (previous year: € 4.5 million) consist of other obligations towards personnel (€ 3.4 million), payments to be made under warranty (€ 1.1 million) and other provisions (€ 0.9 million).

// Non-Financial Performance Indicators and Other Particulars

As well as financial ratios, the following non-financial performance indicators play a decisive role in the sustained success of the technotrans Group.

Sustainability

technotrans subscribes to the principles of sustainable business development. The group parent and its subsidiaries treat employees, suppliers and business partners in a fair and respectful manner. They advocate the protection of the environment and of the earth's resources, and are mindful of their social responsibility. They bind their employees into a culture of unfailing regard for the law and for ethical standards.

At technotrans we accept that responsibility worldwide in a variety of ways, for instance through our commitment to the Global Compact initiative of the United Nations (UN), or through the group-wide code of behaviour introduced in 2011. We always base our actions on the THINK-LEARN-ACT corporate philosophy that is actively practised throughout the entire group.

The UN Global Compact is a strategic initiative that seeks to promote corporate social responsibility and sustainability in organisations and enterprises. Its centrepiece is ten universally acknowledged principles spanning human rights, labour standards, environmental protection and anti-corruption measures.

technotrans has been a member of the initiative since 2006. We want to play an active role in furthering its long-term goal of defining the social and ecological aspects of globalisation, while also consciously measuring our activities and strategies against these standards. Implementing the ten principles is a permanent challenge in our day-to-day work.

technotrans promotes and protects human rights. We advocate compliance with worldwide labour standards, and are involved in the fight against child and forced labour. By offering approved student internships, we offer young people an opportunity to get to know the world of work during the school holidays through arrangements that meet all the statutory requirements, so that they can form a better picture of their own career direction. Within our company we tolerate no discrimination (gender, skin colour, nationality, religion, social background, disability, etc.) of employees, nor any form of harassment in the workplace. We have also set ourselves the goal of making family and working life compatible. Our employees are appointed solely on the basis of their qualifications – and nothing else. Checks are regularly carried out to assess whether the guidance to that effect, as laid down for instance in management manuals or compliance guidelines, has been followed. This audit of our group again brought to light no departures from the application of the principles in respect of labour standards and human rights in 2014. As part of the German Engineering Federation's "We're Taking Things On" action week, technotrans AG again demonstrated its strong commitment to corporate responsibility. In partnership with MINT-EC, Berlin, an association that promotes centres of excellence in mathematics and natural sciences at schools, and the MEET battery research centre in Münster, technotrans held a workshop with school students from all over Germany on the topic of "Modern Battery Technology – From Research to Product".

We (technotrans) are successful internationally. But all over the world there are the weak, who will have no future prospects if we do not join together to support them. Children and young people are in an even more precarious position. They need our help particularly urgently. That is why technotrans has been an active supporter of Friedensdorf International (Aktion Friedensdorf e.V.) since 2011; it performs constructive work with long-term benefits for the future. This charity attends to children from war-torn and crisis zones, supporting them with medical and psychological help, education, projects and relief supplies.

In its economic activity, technotrans consciously seeks to help the environment by preserving resources. We develop technologies that redefine the benchmark and are designed for energy-saving components and low-emission solutions. We will continue to give environmental protection and sustainability primacy throughout our development of products and use of resources. We are currently exploring a highly promising solution for sustainable energy storage technology in stationary and mobile applications.

Corruption is a danger to everyone. It hampers development, deepens poverty and has a devastating effect on society, both economically and socially. High quality and reliability have built up our good reputation in the markets and repeatedly facilitate our access to new customers. To protect our group against potential losses, we maintain transparency and implement internal control mechanisms. In particular, we have adopted a worldwide, binding set of anti-corruption guidelines.

Much remains to be done, all over the world. For that reason, we will continue to do all in our power to support the Global Compact through our business activities and strategies, which we will adjust as necessary to bring them into line with these principles.

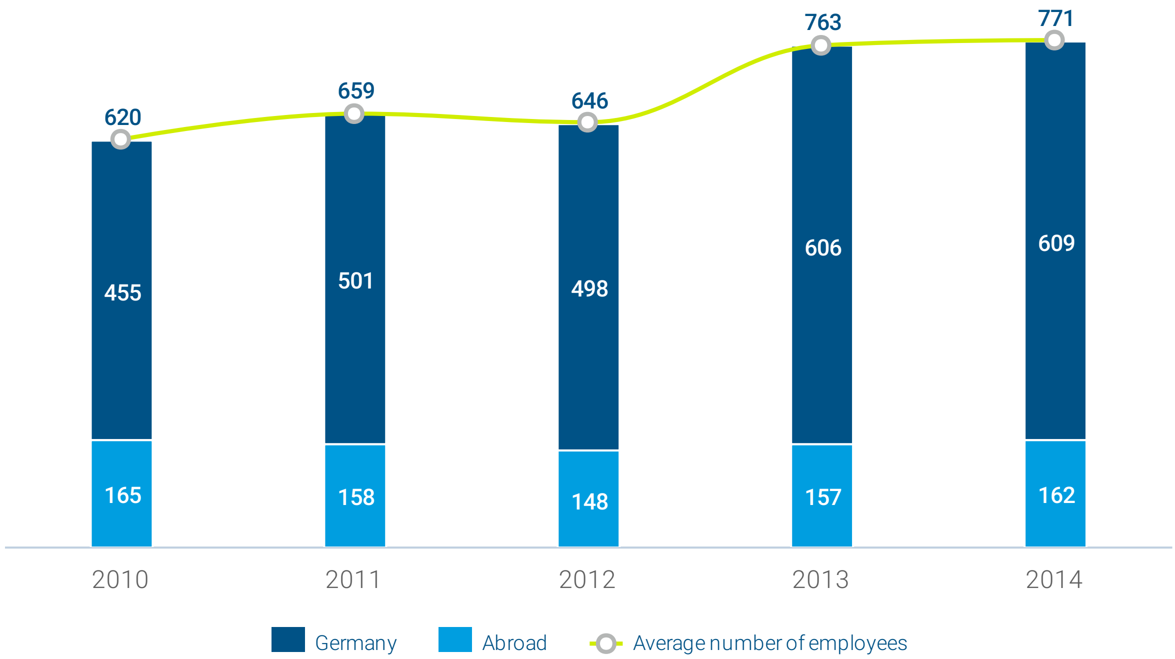
Employees

Total and Changes

The number of employees in the technotrans Group at the end of the financial year increased only minimally from 777 to 781. Of the average total of 771 employees in 2014, there were 62 working part-time; that represents a 7.9 percent share.

technotrans was again able to respond flexibly to temporary fluctuations in the level of orders in 2014 by means of time accounts and temporary employees, with time credits then earned or used as necessary. The current imbalance between revenue volume and the number of employees reflects the start-up investment in projects through which we aim to tap into additional sales markets, but which are not yet bringing in the volume of revenue being targeted. Taking account of the planned growth, we consequently only plan to adjust capacity in isolated cases.

Employees by region



Apprentices

technotrans traditionally treats training as a very important matter. On the one hand it aims to continue recruiting juniors from within its own ranks. On the other hand it is in the interests of both society and the company to respond in a timely manner to the challenges of demographic change. An ageing society and the shortages of skilled staff are already having an impact. This development will become even more marked over the next few years.

The number of apprentices in the group remained 77 at December 31, 2014, the same high level as one year earlier. The apprentice total for technotrans AG, Sassenberg, of 56 was slightly higher than at the end of 2013 (51 apprentices). The proportion of apprentices at the group parent was therefore almost 14 percent. One initiative specifically seeks to create additional apprenticeships for high-school graduates as an attractive alternative to “studying in overcrowded lecture theatres”. The range of vocations for which technotrans now provides training is correspondingly diverse: Bachelor of Science in Mechanical Engineering, Industrial Engineer/Bachelor of Engineering, Mechatronics Engineer, Mechatronics Engineer for Refrigeration Technology, Industrial Manager, Office Administrator, IT Administrator, IT Specialist for Applications Development, Technical Product Designer, Technical Systems Planner, and Warehouse Specialist.

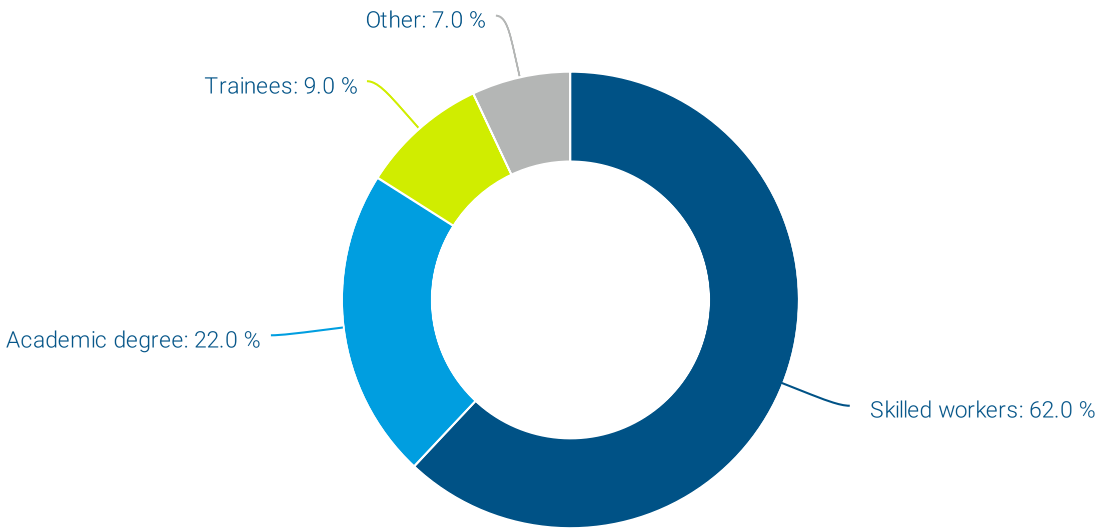
For many years technotrans AG has been punching above its weight in the standard of training it provides for juniors. This commitment again paid dividends in the 2014 financial year. Fabian Rottmann (22), who had started training at technotrans as a Mechatronics Engineer for Refrigeration Technology in 2011 and qualified in summer 2014 as the year’s top trainee, won this year’s Refrigeration Plant Engineer category of the German Skilled Trades Competition for North Rhine-Westphalia. He has remained with the company after finishing his training and is now on a dual course of study leading to a Bachelor of Science degree in Refrigeration Systems Technology. technotrans is also proud that Tobias Künne, training for a vocational qualification as Warehouse Specialist, excelled as one of the best apprentices in the region.

In order to broaden the horizons of its apprentices during their training, technotrans encourages exchanges between the apprentices and their colleagues at neighbouring businesses. It also aims to promote specialist exchanges within the group.

Qualifications and Age Structure

technotrans is a technology company. That is reflected in the qualifications of its employees. Not counting the apprentices, 41 percent of employees have undergone training leading to qualifications, 21 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 4 percent are over 60. The average age is just under 40; this figure is therefore virtually unchanged from the previous year.

Qualification of the Employees



Personnel Development

The specialist and social expertise of a company's employees are its most valuable asset. Internal and external training as well as vital advancement measures were again provided for employees in 2014 to keep them well qualified for the challenges of the future. Over the next few years technotrans will provide systematic personnel development featuring specialist courses, and also courses aimed at management and junior management.

To make it easier for employees to strike a balance between working and family life, the flexible child care options have been significantly broadened in partnership with a municipal kindergarten. The arrangements are aimed especially at women who would like to keep pursuing their career objectives while bringing up a family.

Personnel Expenses

Personnel expenses totalled € 39.8 million in 2014 (previous year: € 37.0 million). The increase is attributable on the one hand to the moderate pay increase in the financial year and on the other to one-off payments amounting to around € 0.9 million (previous year: € < 50 thousand) for the termination of employment. The personnel costs ratio for the group (personnel expenses as a proportion of revenue) was 35.4 percent (previous year: 35.2 percent). The aim is to bring this ratio down to around 30 percent in the future.

Revenue per employee rose year on year from € 138 thousand to € 146 thousand. This key performance indicator therefore still falls short of former levels and from an operational perspective is not satisfactory. However from a strategic viewpoint it is important for technotrans to hold onto qualified expertise carriers in order to develop new markets and as a basis for future growth.

Projects in 2014

To fulfil its role as shared service centre for the group, in the past financial year the personnel department of technotrans AG handled operational personnel work for all domestic locations as well as other projects aimed at establishing an efficient and modern human resources management structure for the entire group.

It was therefore a major highlight of the year that our HR manager Timo Sterzl was presented with the HR Next Generation Award 2014, an initiative of the Haufe Group publication “personalmagazin” in collaboration with HRM Expo and the German Association for Personnel Management (DGFP). The high-ranking jury comprising ten experienced HR professionals voted Timo Sterzl among the top five finalists. From that group the jury placed him second at an awards ceremony held in Berlin: a brilliant achievement, especially considering the very strong field of contenders.

Remuneration Model

The remuneration of employees at technotrans AG is a reflection of their individual positions within the company. They are each allocated to grades, which in turn comprise a number of remuneration bands. Annual decisions on percentage pay increases are negotiated between the Board of Management and the Works Council. Pay increases averaging between 1.5 and 3.0 percent were agreed for the 2015 financial year.

The employees’ profit share is in addition tied to the EBIT margin. Upward of an EBIT margin of 5 percent, a bonus is paid out to those who are not entitled to a management bonus. Performance-related pay components e.g. for service technicians were also introduced. Employee-financed occupational health insurance cover was also introduced for all employees at German locations in 2014; this provides top-up insurance cover where there are gaps in the cover afforded by the statutory health insurance schemes. technotrans will increase its activities in the sphere of health management in future.

Throughout the group, managers receive (management) bonuses that are agreed individually in their contracts and depend half on the attainment of company targets, and half on their personal performance. They receive part of annual pay increases in the form of shares. There are no other incentive schemes involving share components.

Purchasing and Procurement

For 2014, the priority tasks created by market diversification and the new challenges that this has brought remained essentially the same for all areas of the company. To realise the many different activities and projects successfully, one priority was to implement new projects swiftly. It is clearly a matter of course for us that targets such as quality and costs are never neglected. But another performance indicator that is often relevant is time – when a customer can get hold of a first prototype or trial version. This is a very important aspect specifically for technotrans, in view of its strategic goal of developing potential in new markets.

Optimised processes, leaner structures and a high level of commitment among employees in all areas of the company are how it rises to this challenge. Professional structures coupled with pragmatism and receptiveness to new ways of doing things are therefore a fundamental element of the technotrans corporate culture. This culture pervades all areas of the company.

A major task for Purchasing in 2014 was to implement the many projects both operationally and strategically. The diversification of markets and products also entails a wide range of fresh demands in the procurement area. As well as the strategic objective of reducing variants and complexity, there is often a high level of operational urgency to source appropriate parts, including new ones, extremely rapidly and in a form that is already suitable for the application in question. New applications such as cooling systems for rail technology or medical technology also entail an array of new requirements. Special standards, specific new parts, new suppliers and contract management are just a few of the key areas that need to be taken into account in supplier management. The focus is on a structured approach that allows high flexibility, because the projects for new markets are usually under extremely high time pressure. Time to market is an important performance indicator for the entire supply chain where the objective is to enter new markets successfully.

The processes to realise further synergy potential in the group continue in parallel and are gradually being implemented.

Production, Quality and Logistics

technotrans has five production locations. Production essentially consists of assembly and testing processes. After phases of scaling back volumes in previous years, 2014 brought the first volume growth for many years, with personnel levels remaining constant. This led to a much more flexible handling of capacity adjustments, with large numbers of hours built up on flexitime accounts. Alongside the standardised processes for volume production, the spotlight is on swiftly implementing processes for new-customer business without neglecting the other goals of quality, costs and efficiency. Continuous improvements, high flexibility and a good standard of employee qualifications with an ongoing training concept are permanent tasks. Modified production and manufacturing concepts for new products are strategic tasks that need to be addressed swiftly and reliably. New markets and new products also necessitate different requirements and product specifications in production that have had to be incorporated into technotrans' processes.

The widening of the integrated group management system, preventive QM tasks in the projects and reducing warranty costs are just a few highlight areas of Quality Management in 2014. Quality Management (QM) at technotrans is not only adapting to increasingly new requirements, but also taking on additional management functions and initiatives. Knowledge transfer in the form of internal and group-wide technology forums, project management tasks and also operational task-force meetings are initiated and implemented by QM.

Internal structures were also optimised and simplified in 2014. To create greater flexibility and optimised processes, the tasks of the CPS (Central Process Support) department were assigned to the QM and R&D areas. The priorities were to speed up process and the transfer of responsibility for tasks while reducing interfaces.

technotrans does more than merely address quality topics reactively by incorporating control loops into its processes; QM is now increasingly showing entrepreneurial initiative. In our view, a modern QM approach entails more than simply performing a "process watchdog function"; it must increasingly step into the role of a "coach" or "internal consultant".

In addition to the specific requirements of the new technotrans markets (e.g. medical or rail technology), aspects in the domain of social responsibility are also being actively embraced and implemented in processes. This aspect too, for example, is increasingly feeding into supplier management through audits.

Expanding and optimising the group's Logistics processes was a major task area in 2014. technotrans AG's Logistics area at Sassenberg also supports the logistics processes of other group companies for instance in the form of location-specific improvements, while always heeding the wider logistics picture on a group scale.

The use of mobile data capturing (scanner technology) was stepped up and also adopted in the shipping processes. This led to faster packaging processes and improved quality.

Corporate Communications

Taking part in shows and exhibitions is a key instrument of corporate communications work at technotrans. Especially when the economy is going through a difficult time, shows provide an important boost to business. What better platform is there than a show as a meeting place for businesses and customers? This is precisely where the specialists of the industry in question can all be found together in one place.

In 2014 technotrans took the opportunity to present the company and its products with a print focus at four different industry exhibitions. These included the IPEX in Birmingham (UK), which regularly takes place mid-way through the four-year drupa cycle. As expected, Britain's major industry exhibition for printing and publishing confirmed the high demand for the expanded product portfolio for digital printing presses. Other shows attended were the ExpoPrint in São Paulo (Brazil), the GRAPH EXPO in Chicago (USA) and the World Publishing Expo in Amsterdam (Netherlands). At the Amsterdam show, technotrans placed the spotlight on the modernisation of offset printing presses. It demonstrated how incorporating new or replacing existing spray dampening systems help to make a system more cost-effective.

At a total of seven shows addressing target markets outside the printing industry, technotrans focused on nurturing ties with existing regular customers, building up customer contacts and attracting new prospective customers. At the AMB in Stuttgart – an international trade fair for metalworking – technotrans followed up its debut appearance in 2012. There was lively interest in its small and large active and passive cooling systems as well as the modular combined units for cooling, conditioning and filtering cooling lubricants. technotrans consequently presented itself as a full-liner for the machine tool industry. The EuroBLECH in Hanover provided technotrans with a platform on which to project itself as an established partner for stamping and forming technology. Two years ago, when technotrans had taken part as a newcomer, its spray lubrication systems had been unveiled to great acclaim. In 2014 we exhibited the entire product range for the lubrication of coils, blanks and profiles and demonstrated the spray.xact to an impressed audience. The portfolio of major international shows attended by technotrans was rounded off with its first appearance at the InnoTrans – the International Trade Fair for Transport Technology – held every two years in Berlin. Its presentation there focused on the mobile cooling systems for batteries and heat exchangers for charging stations and inverters. With electric mobility increasingly moving into the mainstream, technotrans' cooling and temperature control have met with an enthusiastic reception among both manufacturers of energy storage devices and manufacturers of buses and trams.

technotrans presented its solutions for the laser and machine tool industry and for stamping and forming technology at smaller, more specialised events such as the Southern Manufacturing in Farnborough (UK) and, for the second time, the Stamping Technology Congress in Dortmund.

To reinforce the impact of its presence at such shows, we provided intensive, effective PR support in the run-up to these events. A large number of trade magazines reported on technotrans products before, during and at the shows.

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. 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. Knowing the shareholder structure furthermore enables us to target our investor relations work even better.

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. Regardless of whether someone is a shareholder or is merely interested in the company, and whether they have a large or small shareholding, in addition to providing written reports we explain individual aspects and answer questions 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 mutual respect, and we value it very highly.

// technotrans AG (Condensed Version to German Commercial Code)

The annual financial statements of technotrans AG are prepared according to the German Commercial Code (HGB) and published in the Federal Official Gazette, unlike the Consolidated Financial Statements, which follow the International Financial Reporting Standards (IFRS).

Business and Economic Environment

technotrans AG is the parent company of the technotrans Group. technotrans AG is a technology company with core activities in the fields of cooling/temperature control, filtering/separating, and spraying/pumping of liquids. technotrans AG is moreover strongly influenced by its directly and indirectly held subsidiaries and participating interests. technotrans AG directly and indirectly holds 19 companies and also encompasses the central functions of the group. The economic environment for technotrans AG is essentially the same as that for the technotrans Group. The management approach for the group parent follows the same principles as for the group.

Financial Performance

Condensed profit and loss account of technotrans AG

in € '000	2014	2013
Revenue	61,197	56,464
Inventory change	149	-362
Other own work capitalized	10	0
Other operating income	3,205	4,359
Cost of materials	27,086	25,779
Personal expenses	22,120	20,979
Depreciation and Amortisation	1,406	1,544
Other operating expenses	10,445	10,253
Net finance costs	2,699	914
Profit of common business operation	**6,203**	**2,820**
Taxes	1,865	290
Annual net profit	**4,338**	**2,530**
Profit carried forward	2,086	1,855
Transfer to retained earnings	1,800	1,000
Net profit	**4,624**	**3,385**

The overall expectations of the Board of Management on the company's business performance in the 2014 financial year were met. technotrans AG handled the financial year successfully under its own momentum, in a moderate economic environment. Revenue contributions especially in the new application areas outside the printing industry were increased significantly. Revenue in the printing press industry, too, made positive progress thanks to a year-on-year increase in market shares. Service business remained stable.

Compared with the previous year (€ 56.5 million), revenue rose by 8.4 percent to € 61.2 million. Earnings before interest and taxes (EBIT) reached € 3.4 million (previous year: € 1.8 million), which corresponds to an EBIT margin of 5.6 percent. The revenue target from the start of the financial year of € 60 million, plus/minus 5 percent, and the earnings target for operating profit of a 3.5 to 5.5 percent EBIT margin were achieved overall.

Reconciliation of net income to earnings before interest and taxes (EBIT)

in € '000	2014	2013
Net profit for the period	4,338	2,530
Income Statement		
Income from write-ups of financial assets	126	1,872
Income from investments	968	1,250
Income from profit transfer agreement	1,877	0
Interest and similar income	71	15
Income from loans held as financial assets	225	186
Interest and similar expenses	396	583
Write-downs of financial assets and marketable securities	172	1,827
Income tax expense	1,802	228
Earnings before interest and taxes (EBIT)	**3,441**	**1,844**

While revenue in the Services segment again remained stable compared with the previous year at € 20.0 million (€ 19.8 million), the Technology segment achieved a substantial year-on-year increase in revenue of 12.4 percent to € 41.2 million (previous year: € 36.6 million).

The **cost of purchased materials** for technotrans AG was up 5 percent on the previous year at € 27.1 million. This meant the cost of purchased materials ratio improved from 46.0 percent to 44.2 percent.

Personnel expenses the 2014 financial year came to € 22.1 million, an increase of € 1.1 million (5.4 percent) on the previous year (€ 21.0 million). The stronger revenue growth meant the personnel expenses ratio improved slightly from 37.2 percent to 36.1 percent. The more intensive use of resources from key know-how carriers for the development of the new markets still weighs on the company's current profit performance.

Other operating income fell by € 1.2 million, from € 4.4 million in the previous year to € 3.2 million. Of this total, € 1.6 million (previous year: € 1.7 million) represented intercompany charges. The foreign exchange gains came to around € 0.6 million (previous year: € 0.5 million) and income unrelated to the accounting period totalled € 0.3 million (previous year: € 0.8 million). The latter stem mainly from the reversal of provisions and from cash received on impaired receivables.

The **other operating expenses** amounted to € 10.4 million, compared with € 10.3 million in the previous year. The amount also includes compensation payments for the settlement of intercompany transfer prices to subsidiaries amounting to € 0.8 million (previous year: € 0.9 million). Sales commissions edged up to € 0.8 million (previous year: € 0.6 million), while travel expenses remained almost unchanged from 2013 at € 0.7 million. An unchanged amount of € 0.8 million (previous year: € 0.8 million) was spent on warranties (including the allocation to the provision for guarantees).

Depreciation and amortisation for the financial year totalled € 1.4 million (previous year: € 1.5 million). Depreciation and amortisation consequently again easily exceeded investment in property, plant and equipment and intangible assets amounting to € 0.6 million (previous year: € 0.9 million).

technotrans AG posted a **financial result** of € 2.7 million (previous year: € 0.9 million). This figure includes on the one hand an investment result of € 1.0 million (previous year: € 1.25 million) and on the other hand the first income from profit transfer agreements (€ 1.9 million) from Termotek GmbH and gds GmbH. The interest result improved from € -0.6 million to € -0.3 million.

The **income taxes** for the 2014 financial year totalled € 1.8 million (previous year: € 0.2 million). This item is made up substantially of the reduced deferred tax assets on loss carryforwards for previous years (€ 1.3 million) and current income tax of € 0.5 million.

A **net profit for the year** of € 4.3 million is reported for 2014 (previous year: € 2.5 million).

Net Worth and Financial Position

Condensed balance sheet of technotrans AG

in € '000	31/12/2014	31/12/2013
ASSETS		
Fixed assets	**27,707**	**29,753**
Inventories	8,536	8,471
Receivables and other assets	12,060	8,652
Cash and cash equivalents	11,352	10,242
Current assets	**31,948**	**27,365**
Deferred items	**238**	**184**
Deferred tax assets	**530**	**1,816**
	60,423	**59,118**
EQUITY AND LIABILITIES		
Issued capital	6,516	6,493
Capital reserve	13,128	13,128
Retained earnings	17,630	15,640
Net profit	4,624	3,385
Equity	**41,898**	**38,646**
Provisions	**5,223**	**4,130**
Liabilities	**13,299**	**16,338**
Deferred items	**3**	**4**
	60,423	**59,118**

The **balance sheet total** of technotrans AG grew slightly compared with December 31, 2013 from € 59.1 million to € 60.4 million.

Fixed assets came to € 27.7 million (previous year: € 29.8 million) at the balance sheet date. Property, plant and equipment and intangible assets showed a year-on-year decrease of € 0.8 million to € 11.9 million. Within financial assets, loans to affiliated companies fell by € 1.0 million.

Inventories of € 8.5 million (previous year: € 8.5 million) were unchanged from the previous year.

Receivables and other assets grew by € 3.4 million compared with the position at December 31, 2013 to € 12.0 million. This increase was driven mainly by the high revenue volume at the end of the financial year. Cash climbed from € 10.2 million to € 11.4 million at the balance sheet date.

Equity increased to € 41.9 million, up from € 38.6 million at the end of the previous year. The increase is mainly attributable to the net profit for 2014, of which € 1.8 million was allocated to the retained earnings in agreement with Section 58 (2) of the German Stock Corporation Act. The equity ratio climbed from 65.4 percent to 69.3 percent.

Liabilities and **provisions** at the balance sheet date now amounted to only € 18.5 million (previous year: € 20.5 million). The change results mainly from a reduction in financial liabilities of € -2.4 million and in liabilities to affiliated companies (€ -0.4 million) and other liabilities (€ -0.5 million). Provisions grew by € 1.1 million compared with the position at December 31, 2013 to € 5.2 million. This was mainly attributable to the increase in the provisions for personnel costs.

The **cash flow from operating activities** (net cash) for the 2014 financial year reached € 4.7 million (previous year: € 1.7 million). The change in working capital and in cash-effective interest and taxes produces a negative overall contribution of € 2.8 million. This cash outflow was prompted mainly by the buildup of receivables at the reporting date, combined with a renewed scaling-back of liabilities.

Alongside the cash payments for investments in fixed assets and in loans to affiliated companies amounting to € 2.5 million, cash receipts from the scaling-back of loans by subsidiaries and in connection with a capital reduction at affiliated companies produced a balanced overall **cash flow from investing activities** (previous year: € 2.8 million cash outflow).

The **cash flow from financing activities** in the period under review reveals a cash outflow of € 3.7 million (previous year: cash inflow of € 2.0 million). This comprises € 2.4 million for the repayment of loans and € 1.3 million for the distribution of the dividend to the shareholders of technotrans AG.

Employees

At December 31, 2014 technotrans AG had 404 employees, four more than at the end of 2013 (400). At the end of 2014, this total comprised 317 employees belonging to the Technology segment (previous year: 319) and 87 employees belonging to the Services segment (previous year: 81).

Opportunities and Risks

The business performance of technotrans AG is essentially subject to the same opportunities and risks as that of the technotrans Group. These are explained in the Risks Report of the Combined Management Report.

Outlook

In view of technotrans AG's ties with the group companies as well as its importance within the group, we refer to our comments in the Report on Expected Developments, which in particular reflect our expectations for the parent company.

// Overall Statement on the Economic Position of the Group

We achieved most of the goals which we had set ourselves for the 2014 financial year and had announced in our Annual Report on the 2013 financial year. These included in particular organic growth in revenue of 6.8 percent, a substantial increase in the EBIT margin to 6.1 percent and a year-on-year increase in profit after tax of 49.5 percent. Moreover, we again achieved stable ratios in our capital structure with an equity ratio of 63.7 percent and a positive free cash flow of € 4.8 million. We remain optimistic about the coming financial years. We are determined to pursue the technotrans growth story and the medium and long-term goals.

We also want to offer our shareholders an attractive yield. As in the past, we intend to finance the dividend distribution from the free cash flow. The Board of Management of technotrans AG, in agreement with the Supervisory Board, proposes the payment of a dividend of € 0.33 (previous year: € 0.20) per share for the 2014 financial year.

// Report on Post-Balance Sheet Date Events

No events of particular significance affecting the financial performance, financial position or net worth of the company occurred after the end of the 2014 financial year.

// Opportunities and Risks Report

As a technology company, technotrans operates in a dynamic market environment in which new opportunities and risks are continually emerging. technotrans conducts opportunity and risk management to assist the company management in achieving the corporate targets. technotrans' long-term success depends on identifying and seizing opportunities at an early stage. Meanwhile the company is exposed to risks that could hinder the attainment of its short and medium-term targets. technotrans takes risks to mean internal and external events, resulting from uncertainty about future developments, which could adversely affect the attainment of corporate targets. technotrans understands opportunities to mean possible successes over and above the defined targets, which thus promote the development of the business. Risks and opportunities are inseparably linked. The structures and processes of the risk management system as explained in the Risks Report are therefore automatically also an aspect of opportunities management.

General and Industry-Specific Risks

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 specifically the printing press industry, the machine tool industry and the laser industry, as well as of other sectors. This growing 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.

As a systems supplier, technotrans still realises a comparatively high proportion of its revenue from the leading printing press manufacturers worldwide, which are going through a continuing process of restructuring and capacity-shedding. Economic difficulties for one of these customers or its exit 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. **At the time of compiling this report we rate this risk as moderate**. By contrast, manufacturers in the machine tool and laser market are approaching 2015 with confidence. Almost all laser and machine tool manufacturers are aiming for further growth in 2015.

A fundamental cyclical and industry-specific risk naturally remains because the actual economic development of the global economy and the German economy, but particularly of the export-oriented capital goods industry, could differ considerably from the forecasts made. **At the time of compiling this report we assess the risk as low** and we would moreover be able to adjust the company to changing circumstances at any time at short notice.

Corporate Strategy Risks

Corporate strategy risks exist mainly in the misjudging of the future market and business performance.

In order to gain access to further sales markets, we are focusing on our core skills and specifically addressing niche markets where we can succeed as a system partner to major industrial clients. As part of the process of opening up those markets, we exhibit at shows for the relevant target industries, for example. We are for example planning to take part in the following important shows and exhibitions in 2015, among others: the Photonics West (USA), Laser World of Photonics China, Laser World of Photonics Munich, and the World Publishing Expo, the Blechexpo and the Battery Conference in Germany.

The recent business results with customers in the printing industry have confirmed our resolve to press ahead with exploring applications for our core skills in other markets.

We place the spotlight of our Research & Development activities on innovations and optimising our technologies, both for the printing industry and for other sales markets. Projects take shape both in the business units and under the initiative of our own development department. 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. All in all, we do not expect any significant increase in research and development spending in 2015.

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 the strategic importance of these markets of the future, we are investing considerable resources in developing them. 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**.

If the expected economic or industry-specific developments 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. 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 2015 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.

Financial Risks

Financial risks include above all the liquidity risk, the interest risk, the exchange risk and the credit risk.

A marked deterioration in the financial performance, financial position and net worth compared with the plans for the 2015 financial year could result in our banks dictating corresponding credit clauses for certain financial ratios (covenants) when providing future financing. Based on our plans for 2015, we rate this risk as low.

In view of the company's structure and markets, exchange rates have only a limited impact on the operating 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 our customers.

We consider the risk of a major debt default to be low overall, among other things based on the experience of recent years and the reduced volumes. Wherever possible, we have insured against default losses on receivables and have thus further limited the risk. **All in all, we rate the financial risks as low**.

Market Risks

As well as corporate strategy risks, technotrans is exposed to market risks, in particular in the form of procurement risks and production risks. Price and volume risks are limited by careful management of business processes. No major purchase price increases are expected for 2015.

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, from supplier management and customer project handling to quality management, are intended to anticipate and eliminate such shortcomings.

A secure and effective IT infrastructure is the basis of the modern working environment. The growing integration of systems and the need for permanent availability place high demands on the information technology used. technotrans addresses possible risks from the failure of computer systems and networks, unauthorised accessing of data and data misuse through a central shared service centre function (in technical and organisational terms) as well as through regular investment measures and checks.

There exist possible risks mainly in the areas of personnel recruitment and personnel development. 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 are therefore prompted to move (fluctuation). We tackle this risk through focused training and advancement measures, by spreading individual expertise among teams and by offering commensurate pay. Employees appreciate the positive corporate culture, with the result that all measures combined make technotrans an attractive employer. **Overall, we rate the market risks as low**.

Legal Risks

The business operations of technotrans AG and its subsidiaries harbour risks from guarantee and product liability claims from customer complaints. While efficient contract and quality management can minimise this risk, this cannot exclude it altogether. technotrans has adequate insurance cover in place to guard against the risk, and also creates provisions in its accounts.

There are no risks for either technotrans AG or the individual subsidiaries from the outcome of judicial or arbitration proceedings that, according to current estimates, could have a significant detrimental effect on the economic position of the group. **Overall, we rate the legal risks as low**.

The overall risk situation has not changed significantly compared with the previous year, and remains moderate and manageable. The Board of Management is not aware of any potential economic or legal threat to it as a going concern.

// Risk Management and Internal Control System

(Section 289 (5) of German Commercial Code, Section 315 (2) No. 5 of German Commercial Code)

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. Within 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.

The risk management system is designed to promote the awareness of opportunities and risks among technotrans employees, and to guard against potential risks. The necessary procedures and rules of communication within individual corporate divisions have been defined and established by the Board of Management. The superior in charge of each area of operations is responsible for compliance with the standards and directives on how to handle risks. 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, management, 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 the internal set of rules as well as our own compliance organisation, and seek to improve them.

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, specifically the Audit Committee. This organisational structure also makes it possible to identify tendencies and risks early on with the aid of key performance 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, notwithstanding 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. The reporting and consolidation processes for all group companies are performed using a uniform IT system that is made available centrally by technotrans AG. To guarantee uniform reporting, there exist corporate guidelines such as financial reporting and consolidation manuals, compliance with which is examined in regular compliance audits. To some extent external service providers are also engaged e.g. for the measurement of pension obligations. At intermittent intervals internal checks on the subsidiaries' financial reporting are performed in situ. These include in particular IT-based and random examinations and plausibility checks, as well as the separation of functions and the dual control principle. 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 (quarterly). 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 is 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 2015

- as low if the risk potential is assessed at a value of less than 10 percent of the plan result
- as medium if the risk potential is assessed at a value of between 10 and 20 percent of the plan result, and
- as high or as 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

The economic environment for 2015 is broadly stable. Early indicators point towards growing confidence among businesses. The USA's very dynamic economy, but also growth prospects in other emerging regions of the world, give cause for confidence. Experts on the economy forecast Germany to enjoy stronger growth once more in 2015. Based on its current plans for 2015 technotrans, too, anticipates that the business situation will be overall positive.

Anticipated Economic Environment

While the International Monetary Fund (IMF) estimates the global economy's growth at 3.3 percent growth for 2014, its forecast for 2015 envisages a rise in global production and economic growth of 3.5 percent. On the one hand declining oil prices are having a positive impact on major national economies. On the other hand slower growth in China, Russia, the eurozone and Japan is holding the economy back. The experts from leading European economic research institutes (ifw/EUROFRAME) likewise expect to see Europe's economy stabilise in 2015, with growth of 1.5 percent. Major factors at work include the permanently low interest levels, the devaluation of the euro and the low inflation rate. A worsening of the renewed crisis in Greece or of the conflict in Ukraine could nevertheless put the brakes on the economic recovery.

German industry's confidence improved further at the start of the year. According to Ifo Konjunkturtest, the export outlook for the German mechanical engineering industry also improved again in January 2015 and remains on an upward trajectory thanks to the falling value of the euro and the declining oil price.

The German Engineering Federation (VDMA) expects price-adjusted output of machinery and plant in Germany to rise by 2 percent in 2015. The uncertainty surrounding the longer-term economic outlook remains high. Mechanical engineering companies see the USA as the main source of opportunities, while demand is expected to weaken in some major emerging economies.

Industry insiders expect the slight negative trend in the offset printing industry to continue. This business mood is driven mainly by the continued decline in production activity from reduced demand and lower levels of incoming orders both domestically and internationally.

Anticipated Development

In the 2015 financial year technotrans intends to devote increased attention to growing the existing portfolio organically and expanding it through acquisitions. The benchmark for organic growth is GDP growth in Germany. New products and new customers for applications in the field of mechanical and plant engineering and in the growth markets (energy storage, medical and scanner technology) will help to broaden the business basis for subsequent years. The further business development of the technotrans Group in 2015 will to a large degree depend on the world economy, on various project launches involving existing customers, and on new customers.

Expected Business Situation

The Board of Management rates the business outlook for the 2015 financial year as positive overall. technotrans has set itself the goal of growing faster than the market. The GDP forecast for 2015 (ifo economic forecast and IfW Institute for the World Economy) is 1.5 percent. technotrans has set itself a revenue growth target of at least 3 percent for 2015. Overall, the Board of Management expects the technotrans Group to achieve revenue of € 116 – 120 million for 2015, assuming steady development in the world economy. The EBIT margin for 2015 should be in the range of 6.8 to 7.3 percent. For planning purposes EBIT therefore needs to be between € 7.8 and € 8.8 million. The revenue and earnings planning does not reflect possible acquisitions. The level of orders in the first two months of 2015 currently supports these expectations. On the procurement side we do not expect to see any major price changes; in the personnel arena there will be a slight rise in personnel costs. The effective tax rate for the group is expected to be in the region of 30 percent.

To handle successfully the many customer projects currently in the start-up phase, we continue to invest in resources and are also stepping up our sales activities in the new markets. The revenue volume and the time required to get the new projects off the ground will in turn materially influence the earnings position. However we are convinced that we will soon begin to reap rich rewards from investing in this way in the future growth of the company.

Given the prevailing economic environment, the Board of Management expects technotrans AG (separate financial statements) to achieve slight revenue growth in the order of 2–3 percent in the 2015 financial year. As matters stand we also anticipate an improved financial performance from the higher revenue level. Our goal is to achieve an EBIT margin of 6 percent for technotrans AG.

Expected Development of the Segments

The revenue and earnings of the Technology segment already improved considerably last year. No negative effects are currently expected for 2015 either, and revenue overall should therefore rise further. We assume that demand for offset presses worldwide in the 2015 financial year will remain roughly on a par with 2014. On the other hand technotrans expects there to be robust demand for digital and flexographic printing presses. The laser and mechanical engineering markets, stamping and forming technology, energy storage technology as well as medical and scanner technology will remain the segment's growth drivers. We have successfully stepped up our activities in these growth areas in recent years. The many new product launches lead us to expect a further rise in the revenue contribution of these areas in 2015.

The Services segment generates a relatively high proportion of the technotrans Group's overall revenue and therefore plays an important part in keeping our business stable. 2015 will be another challenging year for the segment, with 2014 the first financial year that did not yield a rise in service revenue. Weak demand as a result of the continuing decline in the installed base in the print sector and the reluctance to invest that is affecting Technical Documentation business had a stronger impact than expected.

We anticipate that revenue for the Services segment will grow slightly once more in 2015 thanks to increased use of our worldwide service network by the group's new companies, and expect the financial performance to remain on an even keel with an unchanged EBIT margin.

Expected Financial Position and Net Worth

For 2015, the Board of Management expects a positive operating cash flow thanks to steady income and earnings, so technotrans should again be in a position to finance business operations and the maintenance investments it envisages in property, plant and equipment and intangible assets (excluding acquisitions) from cash flow. After interest and capital repayments, the current view is that the free cash flow should be positive once more.

On the financial side, based on the planned business performance the Board of Management expects borrowings to come down yet further as a result of scheduled repayments (around € 3.3 million). technotrans had cash and cash equivalents amounting to € 17.2 million at the reporting date of December 31, 2014. This is ample to be able to finance ongoing business in all group companies. technotrans also has unutilised borrowing facilities which, together with the surplus financial resources, provide considerable flexibility for following up strategic options where appropriate.

As before, the Board of Management views acquisitions as an appropriate way of strategically adding to corporate growth and accessing additional future industries. It is continually scouting for and analysing suitable options. For technotrans – in the role of strategic investor – suitable targets must not only fit in with its market and growth-led expansion strategy, but also offer the prospect of unlocking appropriate synergy potential. In addition, technologies that would specifically broaden its core skills are fundamentally of great interest. It is the declared intention of the Board of Management to accelerate the company's growth through further 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 other additional takeover targets at the time of compiling this report there are as yet no firm pledges. technotrans intends broadly to maintain the current structure of the balance sheet. The equity ratio, too, is to be kept stable at its current level of above 60 percent. Depending on the financial commitment necessitated by any acquisitions, there may be a slight temporary dip in the equity ratio.

The prospects for the distribution of a dividend for the 2015 financial year are good: the company has a sound balance sheet structure and the profitability trend is positive. As matters stand we would make a distribution of dividend dependent on plans for any major investment projects that would have a priority claim on financial resources, e.g. a major acquisition, at the time that decision needs to be reached. Given these conditions, we stand by our dividend declaration that we once more intend to distribute half of our consolidated net profit in the future.

// Corporate Governance Declaration

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

Disclaimer:

The Group Management Report contains future-related statements. Considerable variation between anticipated developments and actual outcomes 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.

// Table of contents

// Consolidated Balance Sheet

ASSETS

	Note	31/12/2014	31/12/2013
		€ '000	€ '000
Non-current assets			
Property, plant and equipment	(1)	15,158	15,990
Goodwill	(2)	5,828	5,828
Intangible assets	(3)	4,264	5,050
Income tax receivable	(7)	115	171
Financial assets	(4)	48	49
Deferred tax	(26)	1,493	2,721
		26,906	**29,809**
Current assets			
Inventories	(5)	15,400	14,330
Trade receivable	(6)	12,940	10,178
Income tax receivable	(7)	420	648
Financial assets	(8)	653	684
Other assets	(8)	977	647
Cash and cash equivalents	(9)	17,238	16,723
		47,628	**43,210**
Total assets		**74,534**	**73,019**

EQUITY AND LIABILITIES

	Note	31/12/2014	31/12/2013
		€ '000	€ '000
Equity	(10)		
Issued capital		6,908	6,908
Capital reserve		12,928	12,928
Retained earnings		33,874	32,275
Other reserves		-11,596	-12,327
Net profit for the period		4,381	3,016
Total equity attributable to technotrans AG shareholders		**46,495**	**42,800**
Non-controlling interests in equity		975	943
		47,470	**43,743**
Non-current liabilities			
Borrowings	(11)	8,346	11,620
Provisions	(15)	1,079	923
Other financial liabilities	(12)	850	888
Deferred tax	(26)	650	889
		10,925	**14,320**
Current liabilities			
Borrowings	(11)	3,293	3,293
Trade payables	(13)	2,637	2,644
Prepayments received	(14)	1,966	1,290
Provisions	(15)	5,374	4,483
Income tax payable	(16)	516	564
Financial liabilities	(17)	656	1,212
Total equity and liabilities	(17)	1,697	1,470
		16,139	**14,956**
Total equity and liabilities		**74,534**	**73,019**

// Consolidated Income Statement

	Note	2014	2013
		€ '000	€ '000
Revenue	(18)	**112,371**	**105,207**
of which Technology		73,758	65,988
of which Services		38,613	39,219
Cost of Sales	(19)	-74,950	-72,083
Gross profit		**37,421**	**33,124**
Distribution costs	(20)	-16,200	-15,025
Administrative expenses	(21)	-12,550	-12,221
Development costs	(22)	-3,382	-2,985
Other operating income	(23)	2,792	2,860
Other operating expenses	(24)	-1,251	-1,127
Earnings before interest and taxes (EBIT)		**6,830**	**4,626**
Financial income		103	30
Financial charges		-670	-918
Net finance costs	(25)	**-567**	**-888**
Profit before tax		**6,263**	**3,738**
Income tax expense	(26)	-1,850	-786
Net profit for the period		**4,413**	**2,952**
of which			
Profit attributable to technotrans AG shareholders		4,381	3,016
Profit/loss attributable to non-controlling interests		32	-64
Earnings per share (€)	(27)		
(basic)		0.67	0.47
(diluted)		0.67	0.47

// Consolidated Statement of Recognised Income and Expense

	Note	2014	2013
		€ '000	€ '000
Net profit for the period	(10)	**4,413**	**2,952**
Other result			
Items that were or must be reclassified to Income Statement			
Exchange differences from the translation of foreign group companies		329	-115
Exchange rate differences from net investments in a foreign operation		124	-511
Deferred tax		0	-8
Change in the amount recognised within equity (net investments in a foreign operation)		124	-519
Change in the market values of cash flow hedges		-76	87
Amount transferred to the Income Statement		0	-9
Deferred tax		23	-23
Change in the amount recognised within equity (cash flow hedges)		-53	55
Other profit after tax		**400**	**-579**
Overall result for the financial year		**4,813**	**2,373**
of which			
Profit attributable to technotrans AG shareholders		4,781	2,437
Profit/loss attributable to non-controlling interests		32	-64

// Consolidated Cash Flow Statement

	Note	2014	2013
		€ '000	€ '000
Cash flow from operating activities	(28)		
Net profit for the period		**4,413**	**2,952**
Adjustments for:			
Depreciation and amortisation		3,043	3,189
Share-based payment transactions		213	274
Income tax expense		1,850	786
Gain (-)/loss (+) on the disposal of property, plant and equipment		1	8
Foreign exchange losses (+)/ gains(-)		110	-457
Net finance costs		567	888
Cash flow from operating activities before working capital changes		**10,197**	**7,640**
Change in:			
Receivables and other current assets		-2,753	-446
Inventories		-1,070	1,226
Other non-current assets		1	70
Liabilities and prepayments		319	-3,527
Provisions		1,046	-713
Cash from operating activities		**7,740**	**4,250**
Interest income		95	20
Interest expense		-654	-1,054
Income taxes paid/income tax rebates		-57	-523
Net cash from operating activities		**7,124**	**2,693**
Cash flow from investing activities	(29)		
Cash payments for investments in property, plant and equipment and in intangible assets		-1,436	-2,342
Cash payments for the acquisition of consolidated companies		-931	-4,158
Proceeds from the sale of property, plant and equipment		64	374
Net cash used for investing activities		**-2,303**	**-6,126**

	Note	2014	2013
Cash flow from financing activities	(30)		
Cash receipts from the raising of short-term and long-term loans		500	6,600
Cash payments from the repayment of loans		-3,797	-4,234
Distributions to investors		-1,299	-776
Net cash used in financing activities		**-4,596**	**1,590**
Net increase/decrease in cash and cash equivalents		225	-1,843
Cash and cash equivalents at start of period		16,723	18,715
Net effect of currency translation in cash and cash equivalents		290	-149
Cash and cash equivalents at end of period	(9, 31)	**17,238**	**16,723**

// Statement of Movements in Equity

	Issued capital	Capital reserve	Retained Earnings
	€ '000	€ '000	€ '000
01/01/2013	**6,908**	**12,928**	**33,325**
Net profit for the period	0	0	3,016
Other result	0	0	0
Overall result for the financial year	**0**	**0**	**3,016**
Acquisition of subsidiaries with non-controlling interests	0	0	0
Distribution of profit	0	0	-776
Transactions with owners	0	0	-274
Issuance of treasury shares	**0**	**0**	**-1,050**
31/12/2013 / 01/01/2014	**6,908**	**12,928**	**35,291**
Net profit for the period	0	0	4,381
Other result	0	0	0
Overall result for the financial year	**0**	**0**	**4,381**
Distribution of profit	0	0	-1,299
Issuance of treasury shares	0	0	-118
Transactions with owners	**0**	**0**	**-1,417**
31/12/2014	**6,908**	**12,928**	**38,255**

	Other reserves						
	Exchange differences	Reserve for exchange rate differences from the financing of investments	Hedging reserve	Treasury reserve	**Total equity attributable to technotrans AG shareholders**	**Non-controlling interests in equity**	**Group equity**
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
01/01/2013	**-4,270**	**-1,381**	**-136**	**-6,509**	**40,865**	**0**	**40,865**
Net profit for the period	0	0	0	0	3,016	-64	2,952
Other result	-115	-519	55	0	-579	0	-579
Overall result for the financial year	**-115**	**-519**	**55**	**0**	**2,437**	**-64**	**2,373**
Acquisition of subsidiaries with non-controlling interests	0	0	0	0	0	1,007	1,007
Distribution of profit	0	0	0	0	-776	0	-776
Transactions with owners	0	0	0	548	274	0	274
Issuance of treasury shares	**0**	**0**	**0**	**548**	**-502**	**1,007**	**505**
31/12/2013 / 01/01/2014	**-4,385**	**-1,900**	**-81**	**-5,961**	**42,800**	**943**	**43,743**
Net profit for the period	0	0	0	0	4,381	32	4,413
Other result	329	124	-53	0	400	0	400
Overall result for the financial year	**329**	**124**	**-53**	**0**	**4,781**	**32**	**4,813**
Distribution of profit	0	0	0	0	-1,299	0	-1,299
Issuance of treasury shares	0	0	0	331	213	0	213
Transactions with owners	**0**	**0**	**0**	**331**	**-1,086**	**0**	**-1,086**
31/12/2014	**-4,056**	**-1,776**	**-134**	**-5,630**	**46,495**	**975**	**47,470**

// Notes

Segment Report by Division

		Technology	Services	Consolidated not allocated	Group
		€ '000	€ '000	€ '000	€ '000
External revenue	**2014**	**73,758**	**38,613**	**0**	**112,371**
	2013	65,988	39,219	0	105,207
Internal revenue	**2014**	**8,569**	**7,400**	**-15,969**	**0**
	2013	7,156	7,608	-14,764	0
Inter-segment revenue	**2014**	**0**	**1,129**	**-1,129**	**0**
	2013	0	1,216	-1,216	0
Segment result	**2014**	**432**	**6,398**	**0**	**6,830**
	2013	-1,841	6,467	0	4,626
Segment assets	**2014**	**40,457**	**14,778**	**19,299**	**74,534**
	2013	37,056	15,675	20,288	73,019
Investment	**2014**	**800**	**636**	**0**	**1,436**
	2013	1,909	433	0	2,342
Depreciation and amortisation	**2014**	**2,497**	**546**	**0**	**3,043**
	2013	2,599	590	0	3,189

// 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, 2014 were approved for presentation to the Supervisory Board by resolution of the Board of Management of March 2, 2015. 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

The Consolidated Financial Statements include technotrans AG and its 19 subsidiaries, over which it exercises control. Control is routinely deemed to exist where a majority of voting rights is held. technotrans AG directly or indirectly holds a majority of voting rights in 18 subsidiaries. The group does not hold a majority of voting rights in SHT Immobilienbesitz GmbH & Co. Vermietungs KG, which exclusively holds and manages the factory premises in Bad Doberan that are let out to KLH Kältetechnik GmbH. However, based on the terms of the lease agreement the group essentially receives the entire income from this activity. The Board of Management consequently comes to the conclusion that SHT Immobilienbesitz GmbH & Co. Vermietungs KG is a subsidiary and is therefore to be included in consolidation.

For all companies included in the Consolidated Financial Statements, with the exception of technotrans india pvt ltd (March 31), the balance sheet date is December 31.

Company		Domicile	Interest	Equity [1]	Revenue [1]	Profit after tax [1]
			in %	€ '000	€ '000	€ '000
technotrans AG	**D**	**Sassenberg**	**parent company**	**42,268**	**61,197**	**4,237**
Termotek GmbH (formerly: Termotek AG)	D	Baden-Baden	100% [4]	1,486	13,131	0
gds GmbH (formerly: gds AG)	D	Sassenberg	100% [4]	2,476	3,789	5
gds-Sprachenwelt GmbH	D	Hünfeld	51%	293	1,832	133
ISD GmbH	CH	Regensdorf	100% [2]	-49	115	-22
technotrans graphics ltd.	GB	Colchester	100%	840	3,351	162
technotrans france s.a.r.l. (Saint-Maximin and Madrid)	F	Saint-Maximin	100%	1,403	4,289	92
technotrans italia s.r.l.	I	Legnano	100%	646	2,461	82
technotrans scandinavia AB	S	Åkersberga	100%	3	0	-2
technotrans america inc.	USA	Mt. Prospect	100%	5,073	8,381	507
technotrans américa latina ltda.	BR	São Paulo	100%	-1,885	1,224	-52
technotrans Asia Pacific limited, (Hong Kong and Tokyo)	PRC	Hong Kong	100%	-1,698	1,296	0
technotrans printing equipment (Beijing) co. Ltd.	PRC	Beijing	100%	-223	1,404	63
technotrans technologies pte. ltd., (Singapore and Melbourne)	SGP	Singapore	100%	608	2,845	86
technotrans middle east FZ-LLC	VAE	Dubai	100%	417	1,094	58
technotrans india pvt ltd	IN	Chennai	100%	-11	279	8

Company		Domicile	Interest	Equity [1]	Revenue [1]	Profit after tax [1]
KLH Kältetechnik GmbH	D	Bad Doberan	65%	567	14,506	235
KLH Cooling International Pte. Ltd.	SGP	Singapore	65%	598	3,255	271
Taicang KLH Cooling Systems Co. Ltd.	PRC	Taicang	65%	399	3,891	77
SHT Immobilienbesitz GmbH & Co. Vermietungs KG	D	Mainz	94% [3]	-3	0	0

[1] Equity, revenue and profit after tax have been taken from the IFRS packages of each subsidiary (prior to consolidation).
[2] Indirect interest held via gds-Sprachenwelt GmbH.
[3] Limited partnership interest held by KLH Kältetechnik GmbH.
[4] The domestic subsidiary has met the necessary conditions for taking advantage of the exemption provisions pursuant to Section 264 (3) of German Commercial Code
and uses the option not to prepare and disclose the documentation pertaining to its annual financial statements.

b) Consolidation Methods

The Consolidated Financial Statements are based on the group companies' annual financial statements and interim financial statements (Commercial Balance Sheet II based on IFRS) prepared in accordance with standard recognition and measurement principles at December 31, 2014.

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 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. The non-controlling interests were measured at acquisition cost (partial goodwill method). Changes in the group's interest in a subsidiary that do not lead to a loss of control are reported as equity transactions. 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 recognised 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. Key exercises of judgment outside the context of estimates concern the definition of the cash-generating units, the consolidation of companies in which no majority of voting rights is held, and the measurement method for the non-controlling interests.

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. Responsibility for regularly monitoring all key fair value measurements, including the Level 3 fair values, rests with Group Controlling. Changes are reported to the Finance Director. Regular reviews of the key non-observable input factors and of fair value adjustments are carried out.

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.

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 its measurement, applying an appropriate measurement technique. The assumptions made here are regularly subject to forecasting uncertainty. KLH Kältetechnik GmbH, KLH Cooling International Pte. Ltd. and Taicang KLH Cooling Systems Co. Ltd. were acquired in the 2013 financial year. The balance remaining after purchase price allocation was reported as goodwill. There is in addition goodwill as a result of the interest acquired in Termotek GmbH in 2011 and the acquisition of gds-Sprachenwelt GmbH in 2012. Goodwill is tested for impairment once a year or whenever any basis for impairment is identified. With regard to "key exercises of judgment in the context of financial reporting for 2014", see the Notes, Section 2 "Goodwill" and Section 3 "Intangible Assets".

2) Assessment of the Value of Assets

At each balance sheet date the Board of 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 2014", see the Notes, Section 1 "Property, Plant and Equipment".

3) Recognition and Measurement of Provisions

The determination of all provisions, and in particular of provisions for warranties, inherently involves estimates. With regard to "key exercises of judgment in the context of financial reporting for 2014", see the Notes, Section 15 "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, the Board of 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 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

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

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.

The reported **goodwill** constitutes the difference between the purchase price and the fair value of the net assets acquired through business combinations. Pursuant to IAS 36, goodwill is to be tested for impairment once a year or if any basis for a reduction for impairment is established. For the impairment test, from the acquisition date any goodwill acquired through a business combination is allocated to the group's cash-generating units which benefit from the synergy effects from the business combination. 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, industrial and similar values acquired for consideration, and the customer base 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 items relate 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-based 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 or disposal from 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). With the exception of the conditional purchase price payments from corporate transactions, financial liabilities are not measured at fair value through profit and loss. When initially recognised, they are measured at fair value including the transaction costs and subsequently at amortised cost, using the effective interest method. Conditional purchase price payments are measured at fair value. Changes in the fair value are recognised through profit and loss.

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 measured 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 pensions and provisions for similar obligations are measured according to the projected unit credit method.

Derivative financial instruments are recognised at market value. At technotrans, derivative financial instruments were used exclusively for hedging interest rate risks at December 31, 2014. Where they qualify as cash flow hedges, the correspondingly effective adjustments to the market price are recognised within equity, with no effect on income. Financial instruments are reported if technotrans is a party to the contractual provisions of the financial instrument. Financial assets are reported at the settlement date except in the case of derivative financial instruments, which are reported at the trade date.

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 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 2014 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. In a departure from this principle, the euro is considered to be the functional currency of the subsidiary technotrans technologies pte ltd., Singapore, as its primary economic environment (revenues and expenses) is determined predominantly by the euro. The US dollar is moreover considered to be the functional currency of KLH Cooling International Pte. Ltd., Singapore, because its invoices are determined predominantly by the US dollar.

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 current rate, approximating to 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:

	Mean rates for the financial year		Mean rates at balance sheet date	
	2014	2013	31/12/2014	31/12/2013
USD	1.3285	1.3282	1.2141	1.3791
JPY	140.3061	129.6643	145.2300	144.7200
GBP	0.8061	0.8492	0.7789	0.8337
SEK	9.0985	8.6515	9.3930	8.8591
CNY	8.1858	8.1649	7.5358	8.3491
HKD	10.3025	10.3018	9.4170	10.6933
CHF	1.2146	1.2311	1.2024	1.2276
BRL	3.1211	2.8683	3.2207	3.2576
AED	4.8817	4.8766	4.4636	5.0555
INR	81.0406	77.9266	76.7190	85.3660

Changes in Recognition and Measurement Principles

The Consolidated Financial Statements of technotrans AG at December 31, 2014 include all standards and interpretations adopted by the European Union, the application of which is mandatory from January 1, 2014.

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

Standard/Interpretation	Applicable from (financial years starting on or after...)	Content	Effects on Consolidated Finacial Statements
IFRS 10: Consolidated Financial Statements	January 1, 2014	This standard comprehensively redefines the concept of control.	No significant
IFRS 11: Joint Arrangements	January 1, 2014	IFRS 11 redefines the accounting of joint arrangements.	None
IFRS 12: Disclosure of Interests in Other Entities	January 1, 2014	This standard regulates the disclosure of requirements for interests in other entities.	No significant
Amendment to **IFRS 10, IFRS 11, IFRS 12:** Transition Guidance	January 1, 2014	The amendments contain a clarification and additional simplification rule for the transition to IFRS 10, IFRS 11 and IFRS 12.	No significant
Amendment to **IFRS 10, IFRS 12, IAS 27:** Investment Entities	January 1, 2014	The amendments contain a definition of terms for investment entities and remove such entities from the scope of IFRS 10.	None
Amendment to **IAS 27:** Separate Financial Statements	January 1, 2014	The amendment to IAS 27 transfers the rules on the principle of control and the requirements for the preparation of consolidated financial statements to IFRS 10. In future, IAS 27 will therefore contain only the rules on accounting for subsidiaries, joint ventures and associates in IFRS separate financial statements.	No significant
Amendment to **IAS 28:** Investments in Associates and Joint Ventures	January 1, 2014	The amendments contain disclosures on the application of the equity method.	None
Amendment to **IAS 32:** Offsetting Financial Assets and Financial Liabilities	January 1, 2014	The addition to IAS 32 clarifies the conditions for offsetting financial instruments.	No significant
Amendment to **IAS 36:** Recoverable Amount Disclosure for Non-Financial Assets	January 1, 2014	The amendment clarifies that disclosures of information on the recoverable amount, where that amount is based on the fair value less costs of disposal, are only required for impaired assets or cash-generating units.	No significant
Amendment to **IAS 39:** Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014	As a result of these amendments, derivates continue to be designated as a hedge in continuing hedging relationships despite novation of a hedge.	No significant

The amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets, were adopted voluntarily in the previous year ahead of their introduction.

During the 2014 financial year the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) published further standards and interpretations as well as amendments to existing standards, the application of which was not yet mandatory in the 2014 financial year.

The following standards as adopted by the European Union by December 31, 2014 have not yet been observed in these accounts:

Standard/ Interpretation	Applicable from (financial years starting on or after...)	Content	Anticipated effects on Consolidated Financial Statements
IFRIC 21: Levies	June 17, 2014	The interpretation covers accounting for obligations to pay a levy that come under the scope of IAS 37. It also concerns accounting for obligations to pay a levy at a fixed time and of a fixed amount.	None
Improvements to IFRS (2011 to 2013)	January 1, 2015	January 1, 2015 In the context of the annual improvement project, amendments were made to four standards (IAS 40, IFRS 1, IFRS 3, IFRS 13).	No significant
Amendment to **IAS 19:** Defined Benefit Plans:Employee Contributions	February 1, 2015	The amendments clarify accounting for the contributions of employees or third parties under defined benefit plans by the reporting enterprise.	No significant
Improvements to IFRS (2010 to 2012)	February 1, 2015	In the context of the annual improvement project, amendments were made to seven standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38).	No significant

// III. Notes to the Consolidated Balance Sheet

Consolidated Statement of Changes in Fixed Assets

2013	Cost						
	at January 1, 2013	Foreign currency translation differences	Additions from corporate acquisition	Additions	Disposals	Transfers	at December 31, 2013
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	**€ '000**
Property, plant and equipment							
Property*	18,915	-40	2,108	9	0	0	**20,992**
Other assets, plant and other equipment	15,786	-104	815	888	-1,304	0	**16,081**
Construction in progress	0	0	0	9	0	0	**9**
	34,701	**-144**	**2,923**	**906**	**-1,304**	**0**	**37,082**
Intangible Assets							
Goodwill	3,134	0	2,694	0	0	0	**5,828**
Concessions, industrial and similar rights	13,669	-22	3,613	563	-6,096	0	**11,727**
Development expenditure recognised as an intangible asset	7,328	-9	0	873	0	0	**8,192**
	24,131	**-31**	**6,307**	**1,436**	**-6,096**	**0**	**25,747**

* Land, land rights and buildings, including buildings on land owned by others.

2013	Accumulated depreciation					Residual carrying amounts
	at January 1, 2013	Foreign currency translation differences	Depreciation for the year	Disposals	at December 31, 2013	**at December 31, 2013**
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Property, plant and equipment						
Property*	7,996	-35	747	0	**8,708**	**12,284**
Other assets, plant and other equipment	12,497	-89	1,174	-1,198	**12,384**	**3,697**
Construction in progress	0	0	0	0	**0**	**9**
	20,493	**-124**	**1,921**	**-1,198**	**21,092**	**15,990**
Intangible Assets						
Goodwill	0	0	0	0	**0**	**5,828**
Concessions, industrial and similar rights	12,839	-16	1,126	-5,689	**8,260**	**3,467**
Development expenditure recognised as an intangible asset	6,477	-9	141	0	**6,609**	**1,583**
	19,316	**-25**	**1,267**	**-5,689**	**14,869**	**10,878**

* Land, land rights and buildings, including buildings on land owned by others.

2014		at January 1, 2014	Foreign currency translation differences	Additions from corporate acquisition	Additions	Disposals	Transfers	at December 31, 2014
		€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Property, plant and equipment	(1)							
Property*		20,992	68	0	77	-560	0	**20,577**
Other assets, plant an other equipment		16,081	236	0	797	-1,717	8	**15,405**
Construction in progress		9	0	0	46	0	-8	**47**
		37,082	**304**	**0**	**920**	**-2,277**	**0**	**36,029**

Intangible Assets	(3)							
Goodwill	(2)	5,828	0	0	0	0	0	**5,828**
Concessions, industrial and similar rights		11,727	45	0	324	-170	31	**11,957**
Development expenditure recognised as an intangible asset		8,192	26	0	173	0	-31	**8,360**
Prepayments		0	0	0	19	0	0	**19**
		25,747	**71**	**0**	**516**	**-170**	**0**	**26,164**

* Land, land rights and buildings, including buildings on land owned by others.

2014	at January 1, 2014	Foreign currency translation differences	Depreciation for the year	Disposals	at December 31, 2014	**at December 31, 2014**
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Property, plant and equipment						
Property*	8,708	68	694	-560	**8,910**	**11,667**
Other assets, plant an other equipment	12,384	185	1,045	-1,653	**11,961**	**3,444**
Construction in progress	0	0	0	0	**0**	**47**
	21,092	253	1,739	-2,213	20,871	15,158
Intangible Assets						
Goodwill	0	0	0	0	**0**	**5,828**
Concessions, industrial and similar rights	8,260	41	1,018	-168	**9,151**	**2,806**
Development expenditure recognised as an intangible asset	6,609	26	286	0	**6,921**	**1,439**
Prepayments	0	0	0	0	**0**	**19**
	14,869	67	1,304	-168	16,072	10,092

* Land, land rights and buildings, including buildings on land owned by others.

1) Property, Plant and Equipment

The disposals within other assets, plant and other equipment mainly comprise replacement purchases.

As in previous years, no self-constructed assets were capitalised in the 2014 financial year. No write-downs or reversals were performed in the year under review. Property amounting to € 12,284 thousand belonging to the group is used as collateral for long-term loans (cf. Section 11 “Financial liabilities”).

2) Goodwill

The following table shows the residual carrying values of technotrans goodwill broken down by segment:

	2014	2013
	€ '000	€ '000
Technology segment: **Laser Cooling**	5,243	5.243
Services segment: **Translation Services**	585	585
	5,828	**5.828**

The goodwill resulting from the acquisition of the shares of KLH Kältetechnik GmbH, the shares of the sister companies KLH Cooling International Pte. Ltd and Taicang KLH Cooling Systems Co. Ltd. with effect from January 1, 2013 and the acquisition of the shares of Termotek GmbH with effect from January 7, 2011 was tested for impairment at the level of the Laser Cooling group cash-generating units within the Technology segment, because synergies and advantages from the business combinations can only be determined at that level. Equally, the goodwill is monitored exclusively on the basis of this cash-generating unit.

Goodwill of € 585 thousand was recognised as an asset in connection with the acquisition of gds-Sprachenwelt GmbH on September 1, 2012. This goodwill is allocated to the Translation Services cash-generating unit in the Services segment.

The cash-generating units were tested for impairment according to IAS 36.10 in the 2014 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. The fair value measurement was classified as a Level 3 fair value based on the input factors of the measurement technique used.

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 for goodwill was the budget for 2015 and revenue trends for the 2016 to 2019 financial years of the respective cash-generating units. Average revenue growth of 6.5 percent and an average EBIT margin of 8.0 percent were assumed for the Laser Cooling cash-generating unit for the years 2016 to 2019, and a trend averaging 5.1 percent (revenue) and 14.1 percent (EBIT margin) for the Translation Services cash-generating unit. No separate revenue plans for the cash-generating units in question were drawn up for subsequent financial years; instead, further average revenue growth rates of a constant 1.5 percent (long-term market trend for the laser industry and for translation services) were assumed for both cash-generating units. Furthermore, the costs (materials, personnel and other costs) for each cash-generating unit were estimated on the basis of assumptions for the forecasting period; cost increases were suitably taken into account. All assumptions by the Board of Management are based on experience and reflect expectations concerning the relevant customers and industry.

Discounting of the anticipated cash flows is based on weighted after-tax cost-of-capital rates of 12.38 percent for the Laser Cooling cash generating unit and 11.42 percent for the Translation Services cash generating unit.

The values in use determined on the basis of these assumptions each exceed the carrying amounts of the cash-generating units.

A 2 percentage point increase in the weighted pre-tax cost-of-capital rate and a simultaneous halving of the growth rates mean there is no need for amortisation. Nor is there any need for amortisation for both cash-generating units in a scenario where both revenue and EBIT do not exhibit any growth.

3) Intangible Assets

The carrying amounts of intangible assets fell by € 786 thousand compared with the previous year. The decrease is mainly attributable to depreciation and amortisation of € 720 thousand on the customer base identified within the context of purchase price allocation in the 2013 financial year, and with a value of € 3,600 thousand.

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 GmbH capitalised intangible assets which are the result of development activities amounting to € 173 thousand in the financial year (2013: € 873 thousand).

As in previous years, the items capitalised were predominantly development projects for products outside the printing industry. The development projects conducted in the 2012 to 2014 financial years, such as the developments in the field of cooling systems for energy storage technology and the developments for spray lubrication applications, were successfully completed in the financial year and will now be depreciated over their useful lives.

Due to nonfulfilment of the requirements for recognition as stated in IAS 38.57, development costs amounting to € 3,382 thousand (2013: € 2,985 thousand) were recognised as an expense.

The group continues to pursue a large number of projects aimed on the one hand at optimising existing products from a technical and costs perspective. On the other hand it is pursuing projects for the new markets that involve transferring its expertise as well as the technologies that it has previously been using in the printing industry to applications in other industry segments.

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, administrative expenses and development costs by means of cost centre accounting.

4) Other Financial Assets

	31/12/2014	31/12/2013
	€ '000	€ '000
Rent deposits	38	38
Partial retirement bankruptcy cover	0	11
Other	10	0
	48	**49**

The credit balance of € 11 thousand to provide cover in the event of bankruptcy pursuant to Section 8a of German Partial Retirement Act was paid out in the financial year upon the expiry of the partial retirement employment contract.

5) Inventories

	31/12/2014	31/12/2013
	€ '000	€ '000
Raw materials and supplies	7,762	7,478
Work in progress	3,179	2,609
Finished goods and merchandise	4,459	4,243
	15,400	**14,330**

Of total inventories, the amount of € 3,175 thousand (2013: € 2,539 thousand) is reported at the fair value less production costs still to be incurred and distribution costs. Impairment of inventories totalling € 951 thousand (2013: € 1,029 thousand) was recognised as an expense in the 2014 financial year. Reversals of € 604 thousand (2013: € 1,066 thousand) in the same period led to an income, as higher net realisable values could be assumed than in the previous year.

6) Trade Receivables

In the Technology segment, receivables outstanding are owed mainly by major printing press and laser manufacturers, as well as by end customers.

In the year under review, additions to the impairment of receivables totalling € 187 thousand (2013: € 200 thousand) were booked to distribution costs in the Income Statement. Impairment was applied in order to measure the receivables at fair value. This impairment reflects the actual credit risk. Impairment is applied in particular if the debtor is experiencing considerable financial difficulties. The amounts stated for trade receivables are fundamentally adjusted via a value adjustment account. Receivables are only derecognised once the debtor has opened insolvency proceedings or the receivable has become uncollectable.

The following table provides an overview of impairment of receivables:

	31/12/2014	31/12/2013
	€ '000	€ '000
Opening level	1,256	2,321
Allocated	187	210
Derecognition of receivables	-273	-1,406
Cash receipts for receivables written off	-42	-16
Exchange differences	27	147
Closing level	**1,155**	**1,256**

7) Income Tax Receivable

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

At December 31, 2014 technotrans AG had a remaining corporation tax credit balance of € 191 thousand from previous years. This rebate (Section 37 (5) of German Corporation Tax Act) has been capitalised at the present value of € 179 thousand (2013: € 234 thousand). The rebate will be paid in ten equal annual instalments between 2008 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.

8) Other Assets

	31/12/2014	31/12/2013
	€ '000	€ '000
Financial assets		
Deposits	151	139
Receivables from suppliers	58	66
Reinsurance for pensions	0	22
Other	444	457
	653	**684**
Other assets		
Prepaid expenses	423	417
Creditable input tax	234	118
Other	320	112
	977	**647**
	1,630	**1,331**

9) Cash and Cash Equivalents

Cash and cash equivalents comprise balances with banks and cash on hand. The fair value of cash and cash equivalents corresponds to the carrying amount. There were no marketable securities at the balance sheet date.

10) Equity

The development in equity is shown in the Statement of Movements in Equity. The equity of the group totalled € 47,470 thousand at December 31, 2014 (2013: € 43,743 thousand). Of this, € 975 thousand (2013: € 943 thousand) is attributable to non-controlling interests.

Issued Capital

At December 31, 2014 the issued capital (share capital) of technotrans AG comprised 6,907,665 issued no par value registered shares, of which 6,516,434 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	
	2014	2013	2014	2013
Position at January 1	6,907,665	6,907,665	6,493,474	6,455,404
Issued to employees (als Christmas bonus)	0	0	22,960	33,918
Issued to employees (as remuneration component)	0	0	0	4,152
Position at December 31	6,907,665	6,907,665	6,516,434	6,493,474

Authorised Capital

The Shareholders' Meeting on May 15, 2014 authorised the Board of Management to raise the share capital, with the consent of the Supervisory Board, by the issuance of new shares on one or more occasions by May 14, 2019, against contributions, by up to a total of € 3,450,000. No use was made of this authorisation in 2014.

Conditional Capital

At the Shareholders' Meeting on May 15, 2014 the Board of Management was, with the consent of the Supervisory Board, authorised to issue bearer and/or registered bonds with a term of a maximum of five years on one or more occasions up until May 14, 2019 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 consent 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 consent of the Supervisory Board, to specify the further details of the issuance and features of the convertible bonds and their terms itself, meaning in particular the currency, interest rate, issuing amount, term and denomination of the convertible bonds, the conversion price and period, the exchange ratio and payment of the countervalue in money instead of exchange for treasury shares. This authorisation was not used in the 2014 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 authorised capital (capital increase for contribution in kind) was paid into the capital reserve. The costs of the share issues were deducted.

Retained Earnings

The retained earnings also include profit carried forward and additional other reserves. Of these, an amount of € 691 thousand relates to the legal reserve of technotrans AG pursuant to Section 150 (2) of German Stock Corporation Act and € 391 thousand to the reserve for treasury shares of technotrans AG.

The difference of € 118 thousand between the cost of the shares and their fair value at the time of issuance (€ 213 thousand), resulting from the issuance of treasury shares, was reported in the retained earnings.

Pursuant to Section 268 (8) of German Commercial Code, an amount totalling € 530 thousand of the other retained earnings of the parent company may not be distributed due to the capitalisation of deferred taxes.

Other Reserves

	31/12/2014	31/12/2013
	€ '000	€ '000
Hedging reserve	-134	-81
Reserve for net investments in a foreign operation	-1,776	-1,900
Exchange differences	-4,056	-4,385
Treasury shares	-5,63	-5,961
	-11,596	**-12,327**

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 32 “Financial instruments”). In the 2014 financial year, a gain of € 76 thousand (2013: gain of € 87 thousand) was reported within equity with no effect on income. No gains were realised (2013: € 9 thousand). In return, deferred tax of € 23 thousand (2013: € 23 thousand) was booked with no effect on income.

technotrans AG has extended loans to its subsidiaries that are to be regarded as net investments in foreign businesses. 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. Exchange rate differences are only recognised through profit and loss upon liquidation or partial liquidation of the company.

In the 2014 financial year, currency translation gains from the above loans in the amount of € 124 thousand (2013: € 510 thousand loss) were netted directly within equity; because their liquidation or partial liquidation are not planned for the foreseeable future, no deferred taxes on these exchange rate gains were netted income-neutrally within equity in the financial year (2013: € 9 thousand tax income).

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.

Treasury Shares

At the Shareholders' Meeting on May 15, 2014 the shareholders authorised the Board of Management to buy back treasury shares in accordance with Section 71 (1) No. 8 of German Stock Corporation Act. The scope of this authorisation is for the buying back of a portion 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 May 14, 2019. No shares were bought back during the period January to December 2014. 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 2014 financial year, 22,960 no par value shares with a fair value of € 213 thousand were issued to employees by way of a Christmas bonus. At the reporting date of December 31, 2014 the total treasury shares amounted to 391,231 ordinary shares. They represent 5.7 percent of the share capital.

Capital Management

At December 31, 2014 the equity ratio was 63.7 percent (2013: 59.9 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: > 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.

The unsecured loan carries the obligation to adhere to certain financial indicators (financial covenants). The financial ratios, equity ratio, gearing and EBITDA margin are determined for the Consolidated Financial Statements and were complied with in the 2014 financial year.

11) Financial Liabilities

	31/12/2014	31/12/2013
	€ '000	€ '000
Short-term borrowings	3,293	3,293
Long-term borrowings	8,346	11,620
	11,639	**14,913**

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

Terms to Maturity of Financial Liabilities

	up to 1 year	1 to 5 years	over 5 years	Total	Interest p.a.	Collateral
	€ '000	€ '000	€ '000	€ '000		
Variable € credit	571	2,286	143	3,000	3-month EURIBOR cover via interest rate swap (fixed rate: 2.63%)	None
Variable € credit	0	1,500	0	1,500	3-month EURIBOR cover via interest rate swap (fixed rate: 2.70%)	Land charge
€ fixed rate credit	245	981	183	1,409	3.31%	Land charge
€ fixed rate credit	667	333	0	1,000	4.92%	Land charge
Variable € credit	157	628	118	903	3-month EURIBOR cover via interest rate swap (fixed rate: 1.30%)	Land charge (subord.) Guarantee
€ fixed rate credit	36	143	710	889	4.50%	Land charge
Variable € credit	188	516	0	704	3-month EURIBOR cover via interest rate swap (fixed rate: 2.81%)	Land charge
€ fixed rate credit	400	200	0	600	2.82%	Land charge
€ fixed rate credit	333	167	0	500	4.98%	Land charge
€ fixed rate credit	500	0	0	500	5.18%	None
€ fixed rate credit	96	288	0	384	4.64%	Land charge, guarantee
€ fixed rate credit	100	150	0	250	3.50%	None
	3,293	**7,192**	**1,154**	**11,639**		

Amounts owed to banks with a carrying amount of € 5,713 thousand are collateralised by land charges on the company premises in Sassenberg.

Financial liabilities of € 250 thousand (2013: € 850 thousand) relate to Termotek GmbH. No collateral was furnished for these loans.

At the reporting date KLH Kältetechnik GmbH had financial liabilities of € 1,288 thousand (2013: € 2,021 thousand) secured in full by land charges on the factory site Am Waldrand 10 in Bad Doberan and by guarantees.

SHT Immobilienbesitz GmbH & Co. Vermietungs KG had financial liabilities of € 889 thousand (2013: € 925 thousand). The real estate Am Waldrand 10a in Bad Doberan serves as security.

Taicang KLH Cooling Systems Co. Ltd. (PR China) raised a short-term loan of € 500 thousand in the 2014 financial year. No collateral was furnished for this loan.

12) Other Financial Liabilities

	31/12/2014	31/12/2013
	€ '000	€ '000
Conditional purchase price of KLH	534	571
Conditional purchase price of gds-Sprachenwelt GmbH	302	298
Long-term Liabilities from finance lease	14	19
	850	**888**

Based on the current planning horizon, no significant changes in the conditional purchase prices are expected.

13) Trade Payables

All trade payables have a term of up to one year. They relate predominantly to the production locations technotrans AG, KLH Kältetechnik GmbH, Taicang KLH Cooling Systems Co. Ltd. and Termotek GmbH.

	31/12/2014	31/12/2013
	€ '000	€ '000
Trade payables	2,094	2,090
Outstanding purchase invoices	543	554
	2,637	**2,644**

14) Prepayments Received

The prepayments received originate in the main from project business for technotrans AG, technotrans technologies pte ltd., technotrans printing equipment (Beijing) co. Ltd., technotrans america inc. and technotrans middle east FZ-LLC. They are used for financing the finished goods included in the inventories but from which no revenue has yet been realised.

15) Provisions

	Obligations to personnel	Payments to be made under warranty	Other provisions	Provisions for pensions	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
Opening level at January 1, 2014	**3,070**	**859**	**1,255**	**222**	**5,406**
Exchange rate movements	54	15	27	0	**96**
Used	1,930	522	1,021	9	**3,482**
Reversed	91	0	63	0	**154**
Compounding	0	0	0	7	**7**
Allocated	3,062	750	731	37	**4,580**
Closing level at December 31, 2014	**4,165**	**1,102**	**929**	**257**	**6,453**
Long-term provisions	747	0	75	257	1,079
Short-term provisions	3,418	1,102	854	0	5,374

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. The partial retirement employment contract still in existence at December 31, 2013 expired in the financial year. Under the current remuneration system of technotrans AG, employees who have passed their 57th birthday now no longer have an enforceable right to a partial retirement employment contract.

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

The other provisions comprise costs for the preparation of the annual accounts, commission payments and other costs. The factor of uncertainty both in this case and for payments to be made under warranty is principally the amount in question.

A direct pension pledge has been made to employees of the former BVS Beratung Verkauf Service Grafische Technik GmbH. Pensions are already paid for all employees. 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 is based on an interest rate of 2.1 percent (2013: 3.3 percent) and a pension trend of 2.0 percent (2013: 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 2014 amount to € 7 thousand (2013: € 8 thousand). The actuarial loss amounts to € 37 thousand (2013: € 9 thousand loss). Pension payments amounting to € 9 thousand (2013: € 6 thousand) were made in 2014.

Two of the pension obligations were backed by capital-forming life assurance policies, which constituted non-qualifying insurance policies pursuant to IAS 19.7. The fair value of the policies amounting to € 24 thousand was paid out in full in the 2014 financial year. The income in the 2014 financial year was € 1 thousand (2013: € 6 thousand).

16) Income Tax Payable

In the year under review, income tax payable relates substantially to technotrans AG and its controlled companies as well as KLH Kältetechnik GmbH.

17) Other Liabilities

	31/12/2014	31/12/2013
	€ '000	€ '000
Financial liabilities		
Debtors with credit balances	376	92
Current liabilities from derivative financial instruments	193	117
Consitional purchase price of KLH	49	0
Consitional purchase price of Termotek GmbH	0	931
Other Finacial Liabilities	38	72
	656	**1,212**
Other liabilities		
Sales tax	535	387
Operating taxes	402	377
Liabilities in respect of social insurance	133	165
Other	627	541
	1,697	**1,470**
	2,353	**2,682**

// IV. Notes to the Consolidated Income Statement

18) 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 therefore realised in accordance with the agreed terms of delivery; for services, it is realised when the service has been performed.

Revenue is shown broken down by division in the segment report. € 95.6 million is the result of the sale of goods including sales of parts, and € 16.8 million from the provision of services. The geographical composition of revenue in 2014 was Germany € 61.9 million, rest of Europe € 24.2 million, America € 15.4 million and Asia € 10.9 million.

19) 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 amount for inventories recognised as an expense in the period under review broadly corresponds to the cost of materials. 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 and maintenance expense.

	2014	2013
	€ '000	€ '000
Cost of materials	43,838	41,341
Cost of labour	20,619	19,697
Subcontractors, personnel leasing	5,074	5,165
Travel expenses	1,388	1,404
Warranty	765	712
Tenancy and leasing costs	655	748
Depreciation and amortisation	601	747
Operating requirements	546	551
Other	1,464	1,718
	74,950	**72,083**

20) 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.

	2014	2013
	€ '000	€ '000
Cost of labour	9,848	8,866
Logistics costs	2,035	1,856
Depreciation and amortisation	826	849
Travel expenses	813	782
Tenancy and leasing costs	458	455
Promotional and exhibition costs	396	566
Sales commissions	366	327
Impairment of receivables	187	210
Other	1,271	1,114
	16,200	**15,025**

The other distribution costs for the financial year consist primarily of entertainment expenses as well as repair and maintenance costs related to distribution activities.

21) 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.

	2014	2013
	€ '000	€ '000
Cost of labour	6,925	6,303
Depreciation and amortisation	1,343	1,457
IT costs	1,269	1,237
Consultancy, audits	949	946
Tenancy and leasing costs	617	582
Insurances	525	560
Other	922	1,136
	12,550	**12,221**

In the 2014 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 € 245 thousand (2013: € 257 thousand).

	2014	2013
	€ '000	€ '000
fees for		
Auditing of the financial statements	210	236
Tax consultancy services	35	21
	245	**257**

The figures for the 2014 financial year include 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 and KLH Kältetechnik GmbH.

22) 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 (see Section 3 "Intangible Assets").

23) Other Operating Income

	2014	2013
	€ '000	€ '000
Income unrelated to the account period		
Book profits on the disposal of assets	61	47
Reversal of provisions	54	112
Other income unrelated to the accounting period	145	75
	260	**234**
Other operating income		
Foreign currency gains	1,316	488
Income from tenancy agreements	195	292
Personnel-related revenue	139	144
Insurance payments	26	273
Other	856	1,429
	2,532	**2,626**
	2,792	**2,860**

The income unrelated to the accounting period comprises mainly cash receipts from previously impaired receivables, and the other operating income includes development cost contributions from customers. Exchange rate gains mainly constitute unrealised changes in the measurement of intragroup assets and liabilities.

24) Other Operating Expenses

	2014	2013
	€ '000	€ '000
Expenses unrelated to the accounting period		
Book losses on the disposal of assets	62	55
Other expenses unrelated to the accounting period	17	35
	79	90
Other operating expenses		
Foreign currency losses	738	779
Other operating taxes	168	151
Other	266	107
	1,172	1,037
	1,251	**1,127**

25) Net finance costs

	2014	2013
	€ '000	€ '000
Financial income	103	30
Financial charges	-670	-918
Net finance costs	**-567**	**-888**

The interest income relates predominantly to bank credit balances. Interest income of € 8 thousand (2013: € 10 thousand) from the compounding of the corporation tax credit balance has in addition been recognised. The interest expenses comprise mainly interest charged on the group's financial liabilities. The interest expenses moreover include the gains attributable to the non-controlling interests in gds-Sprachenwelt GmbH (€ 66 thousand). Furthermore, interest expenses from the compounding of the conditional purchase price payments amounting to € 11 thousand (2013: € 6 thousand) are recognised within this item. In the previous year this item also included the compounding of the partial retirement obligations amounting to € 1 thousand. No borrowing costs were capitalised in the reporting period.

26) Income Tax Expense

	2014	2013
	€ '000	€ '000
Actual income tax expense		
Tax expense for the period	-793	-562
Tax refund unrelating to the accounting period	-46	14
	-839	**-548**
Actual income tax expense		
Tax expense for the period	-1,447	-497
Tax refund unrelating to the accounting period	436	259
	-1,011	**-238**
	-1,850	**-786**

Income tax expense includes corporation income tax and trade earnings tax for the domestic companies, and also comparable taxes on income for the foreign businesses. 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 tax rate in Germany of 30.08 percent (2013: 30.17 percent) calculated for the year under review is based on a corporation tax rate of 15.0 percent, a solidarity surcharge of 5.5 percent and an effective trade earnings tax rate of 14.3 percent (2013: 14.3 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.

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
	€ '000	€ '000	€ '000	€ '000
Non-current assets	605	1,121	831	1,253
Inventories	304	30	292	38
Receivables	123	0	113	4
Provisions	171	105	160	105
Liabilities	78	2	40	14
Loss carryforwards	820	0	1,810	0
	2,101	**1,258**	**3,246**	**1,414**
Offsetting	608	608	525	525
	1,493	**650**	**2,721**	**889**

The deferred tax liabilities from non-current assets include € 650 thousand (2013: € 864 thousand) in deferred tax liabilities for the customer base capitalised in the 2013 financial year in the context of the business combination. The remaining deferred tax assets and deferred tax liabilities from non-current assets result largely from temporary differences in intangible assets acquired.

The deferred tax assets from inventories in essence stem from the elimination of intercompany profits. The deferred tax assets from liabilities include deferred tax assets from cash flow hedges.

There are tax loss carryforwards amounting to € 17,871 thousand for 2014. Deferred taxes amounting to € 820 thousand were recognised as an asset on an amount of € 2,557 thousand in agreement with IAS 12.34. No deferred tax assets were recognised on the remaining loss carryforwards of € 15,313 thousand and on deductible temporary differences of € 2,048 thousand. The loss carryforwards may be carried forward for 20 years in the USA (€ 9,316 thousand), for nine years in Japan (€ 173 thousand), for five years in China (€ 117 thousand) and for an unlimited period in other cases. In view of the uncertain earnings expectations of the companies in Asia, of 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.

	2014	2013
	T€	T€
Applicable tax rate	**30.08%**	**30.17%**
Consolidated earnings before taxes on income	**6,263**	**3,738**
Theoretical tax expense/income	-1,884	-1,128
Impairment (-) or reversal of impairment (+) on deferred tax assets on tax loss carryforwards and temporary differences	-55	-95
Expense from the non-recognition of deferred tax assets on tax losses occurring in the financial year and temporary differences	-229	-33
Tax effect		
from the use of deferred taxeson temporary differences and from tax loss carryforwards following impairment	294	536
of non-deductibility of business expenses and tax-exempt income	30	-93
Differences compared with local tax rates	40	32
Changes to deferred tax resulting from tax rate changes	0	-19
Other taxes not relating to the period	-46	14
Actual and deferred income tax expense	**-1,850**	**-786**

Deferred tax amounting to € 23 thousand (2013: € -23 thousand) that was directly allocable to equity arose in the year under review only from the change in cash flow hedges. Exchange rate differences from net investments in a foreign business did not lead to any deferred tax in the 2014 financial year (2013: € 9 thousand).

27) Earnings Per Share

The figure for basic earnings per share is obtained by dividing the share of earnings attributable to the shareholders of technotrans AG by the weighted average number of ordinary shares outstanding in the financial year:

		2014	2013
Net profit for the period	in € thousand	**4,413**	**2,952**
of which:			
Profit attributable to technotrans AG shareholders		4,381	3,016
Profit/loss attributable to non-controlling interests		32	-64
Average number of ordinary shares outstanding in the year		6,494,943	6,465,803
Basic diluted earnings per share	**in €**	**0.67**	**0.47**

In the 2014 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 areas of liquid technology and laser 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 generated by gds-Sprachenwelt GmbH from translation services is equally allocated to the Services segment.

The revenue amounting to € 112,371 thousand (2013: € 105,207 thousand) comprises € 61,910 thousand (2013: € 57,225 thousand) generated in Germany and € 50,461 thousand (2013: € 47,982 thousand) generated internationally. Revenue is classified on the basis of the domicile of the customer with which the revenue is realised.

The non-current assets allocable to the segments amounting to € 25,265 thousand (2013: € 26,889 thousand) can be broken down by region as follows: Germany € 24,245 thousand (2013: € 25,894 thousand) and international € 1,020 thousand (2013: € 995 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 € 19,299 thousand not allocated to the individual areas therefore refer to cash and cash equivalents (€ 17,238 thousand), deferred tax assets (€ 1,493 thousand), current and non-current income tax receivable (€ 535 thousand), and other assets (€ 33 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 € 6,830 thousand, reduced by the net finance costs reported in the Income Statement of € -567 thousand, produces the accounting profit (€ 6,263 thousand).

Within the group's total revenues, one customer of the Technology and Services group segments brings in revenue of over € 22 million.

// 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.

28) Cash Flow from Operating Activities

The cash flows from operating activities (net cash) amounted to € 7,124 thousand (2013: € 2,693 thousand) in the past financial year. This includes cash from operating activities amounting to € 7,740 thousand (2013: € 4,250 thousand) as well as interest and income tax received and paid amounting to € -616 thousand (2013: € -1,557 thousand). The change in working capital in 2014 resulted in a negative cash flow contribution overall.

29) 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 € 920 thousand and intangible assets € 516 thousand) as well as € 931 thousand for the final conditional purchase price payment in connection with the acquisition of Termotek GmbH in 2011. The investment volume for the year under review tallied with the target level for 2014.

30) Cash Flow from Financing Activities

Repayments amounting to € 3,797 thousand on short-term and long-term loans were made during the year under review. At the same time a short-term loan of € 500 thousand was raised by Taicang KLH Cooling Systems Co. Ltd. In addition the amount of € 1,299 thousand was distributed to shareholders.

31) Cash and Cash Equivalents at End of Period

Cash comprises cash on hand and demand deposits. It corresponds to the cash and cash equivalents shown on the Balance Sheet.

// VII. Other Particulars

32) Financial Instruments

The financial instruments (financial assets and liabilities) are allocated to the following categories. No offsetting of financial assets and liabilities was performed.

	Section	31/12/2014	31/12/2013
		€ '000	€ '000
Hedging instruments and liabilities reported at fair value			
Market value of interest rate swaps	17	193	117
Non-current conditional purchase price	12	836	870
Current conditional purchase price	17	49	931
		1,078	**1,918**
Held-to-maturity investments			
Reinsurance for pensions	8	0	22
Loans and receivables			
Rent deposits	4/8	189	177
Partial retirement bankruptcy cover	4	0	11
Trade receivables	6	12,940	10,178
Receivables from suppliers	8	58	66
Other current assets	8	444	457
Cash and cash equivalents	9	17,238	16,723
		30,869	**27,612**
Financial liabilities measured at amortised cost			
Borrowings	11	11,639	14,913
Other financial liabilities	12	14	18
Trade payables	13	2,637	2,644
Debtors with credit balances	17	376	92
Other current liabilities	17	38	72
		14,704	**17,739**

Net Gains or Losses on Financial Instruments by Measurement Category

	From interest	From subsequent measurement			From disposal	2014	2013
		At fair value	Currency translation	Impairment			
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Hedging instruments and liabilities reported at fair value	-82	0	0	0	0	-82	-216
Held-to-maturity investments	0	1	0	0	0	1	-6
Loans and receivables	95	0	162	-187	0	70	-196
Fincial liabilities measured at amortised cost	-581	0	0	0	0	-581	-714
	-568	1	162	-187	0	-592	-1,132

Classifications and Fair Values

The following table shows the carrying amounts of financial assets and liabilities, including their levels in the fair value hierarchy. It does not contain any information on the fair value for financial assets and financial liabilities that were not measured at fair value if the carrying amount represents a suitable approximation of the fair value. The various levels are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities

Level 2: Valuation factors other than quoted market prices that are directly (i.e. as prices) or indirectly (i.e. derived from prices) observable for assets or liabilities

Level 3: Valuation factors for assets and liabilities that are not based on observable market data

	31/12/2014		31/12/2013		
	Carrying amount	Fair Value	Carrying amoun	Fair Value	Fair value hierarchy
	€ '000	€ '000	€ '000	€ '000	
Financial liabilities measured at fair value					
Market value of interest rate swaps	-193	-193	-117	-117	Level 2
Consitional long-term purchase price	-836	-836	-869	-869	Level 3
Consitional short-term purchase price	-49	-49	-931	-931	Level 3
	-1,078	**-1,078**	**-1,917**	**-1,917**	
Financial assets and liabilities not measured at fair value					
Reinsurance for pensions	0	0	22	22	
Rent deposits	189	189	177	177	
Partial retirement bankruptcy cover	0	0	11	11	
Trade receivables	12,940	12,940	10,178	10,178	
Receivables from suppliers	58	58	66	66	
Other assets	444	444	457	457	
Cash and cash equivalents	17,238	17,238	16,723	16,723	
Borrowings	-11,639	-11,928	-14,913	-15,170	Level 2
Other non-current liabilities	-14	-14	-19	-19	
Trade payables	-2,637	-2,637	-2,644	-2,644	
Debtors with credit balances	-376	-376	-92	-92	
Other current liabilities	-38	-38	-72	-72	
	16,165	**15,876**	**9,894**	**9,637**	
	15,087	**14,798**	**7,977**	**7,720**	
Gains (+) or losses (-) not entered		-289		-257	

There were no transfers between the fair value hierarchy levels in the financial year.

The carrying amounts for the financial instruments (for example, cash and cash equivalents, trade receivables and payable as well as 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 applied provide the most reliable estimate of the fair value. The fair value of receivables with a maturity of over one year is indicated by their discounted cash flows.

The financial liabilities are an exception, because differences exist between the carrying amounts and fair values. The fair value of interest-bearing liabilities is indicated by the discounted cash flows from repayments and interest payments. The current reference interest rates of banks at the balance sheet date were requested and used in determining fair values. In accordance with the term, the reference interest rates were between 1.50 percent and 5.11 percent. An appropriate risk premium was added.

The market values of the interest rate swaps are calculated on the basis of observable expected returns of major German banks on the basis of the expected present value of the future cash flows.

The fair value of the conditional purchase price obligations for the KLH companies amounting to € 583 thousand is determined on the basis of the discounted cash flow method. The valuation model takes account of the present value of the expected payment based on the forecast revenue growth (average 8.4 percent) and the forecast EBIT margins (average 7.2 percent), discounted with a risk-adjusted interest rate of 2 percent. Material non-observable factors are the forecast growth rates for revenue, the EBIT margins and the discount rate. Due to changes in the factors over time, the fair values may turn out to be higher or lower. A reduction in the EBIT margin of 1 percentage point would lead to a reduction of € 99 thousand in the fair value of the conditional purchase price payment. An average 10 percent reduction in revenue would lead to a reduction of € 177 thousand. On the other hand, the consequences of a rise in the input factors would be limited to € 17 thousand because the conditional purchase price remaining is a maximum of € 551 thousand. Changes in the discount rate by 1 percentage point would lead to an increase or decrease of € 8 thousand in the fair value. Based on the 2014 annual financial statements of the KLH companies, the conditional short-term purchase price payment was calculated as € 49 thousand. This portion has already been paid in 2015 at the amount recognised as a liability.

The call/put option with an expiry date of December 31, 2017 for the remaining 49 percent of the shares in gds-Sprachenwelt GmbH amounting to € 302 thousand was discounted at a risk-adjusted interest rate at the balance sheet date and recognised as a liability. Changes in the discount rate may lead to changes in the fair value. A reduction in the discount rate by 1 percentage point would lead to an increase in the call/put option of € 10 thousand.

Reconciliation of Level 3 Fair Values

The following table shows the reconciliation between the opening and closing amounts for Level 3 fair values.

	Conditional purchase prices
	€ '000
Position at January 1, 2013	**2,026**
Purchases	565
Sales	-120
Payments	-809
Loss recognised as financial charges	
Change in fair value	130
Interest cost	8
Position at December 31, 2013 / January 1, 2014	**1,800**
Payments	-931
Loss recognised as financial charges	
Interest cost	16
Position at December 31, 2014	**885**

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

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. Banks are chosen on the basis of long-standing positive experiences and the banks' ratings. There are credit risks equivalent to the reported carrying amounts of € 30,869 thousand. The trade receivables are to some extent covered by credit insurance; the insured volume at the reporting date was € 4,152 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 had been incurred from two printing press manufacturers in the previous years. Corresponding impairment was applied. No significant bad debt losses were incurred in the financial year.

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:

	31/12/2014	31/12/2013
	€ '000	€ '000
By region		
Germany	5,596	3,771
Other eurozone countries	2,965	2,528
Rest of Europe	300	854
North America	1,860	1,246
South America	113	194
Asia and Middle East	2,106	1,585
	12,940	**10,178**
By customer group		
OEM	6,988	4,542
End customers	5,952	5,636
	12,940	**10,178**
By age structure of receivables (without impairment)		
Carrying amount	**12,940**	**10,178**
of which: neither impaired nor overdue	10,179	7,081
of which: not impaired and		
overdue by up to 30 days	1,961	2,071
overdue by between 31 and 60 days	581	425
overdue by between 61 and 90 days	84	208
overdue by more than 90 days	135	393

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. It ensures that sufficient cash and cash equivalents are available at all times to settle liabilities. The group has an unsecured bank loan which is subject to an obligation to adhere to certain financial indicators (financial covenants). A future breach of those indicators could lead to the loan becoming repayable at an earlier date than indicated in the following table.

The cash and cash equivalents available are kept exclusively with banks with a very good credit rating. Continuing credit facilities amounting to up to € 13.5 million (2013: € 13.5 million) were also in place at the balance sheet date.

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

			Due within				
	Carrying amount	**Contractual/ expected payment**	**6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**over 5 years**
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
At December 31, 2014:							
Borrowings	11,639	12,782	1,574	2,044	2,324	5,432	1,408
Other non-current liabilities	850	947	n/a	n/a	357	590	0
Trade payables	2,637	2,637	2,611	26	n/a	n/a	3,018
Other current liabilities	463	463	462	1	n/a	n/a	n/a
Interest rate swaps	193	193	11	12	23	46	101
	15,782	**17,022**	**4,658**	**2,083**	**2,704**	**6,068**	**1,509**
At December 31, 2013:							
Borrowings	14,913	17,021	2,124	1,598	3,122	7,210	2,967
Other non-current liabilities	888	982	n/a	n/a	150	832	n/a
Trade payables	2,644	2,644	2,644	n/a	n/a	n/a	n/a
Other current liabilities	1,095	1,095	1,095	n/a	n/a	n/a	n/a
Interest rate swaps	117	117	14	6	21	25	51
	19,657	**21,859**	**5,877**	**1,604**	**3,293**	**8,067**	**3,018**

Market Risks

technotrans pursues the objective of only being exposed to interest rate risks to a limited degree. Financial liabilities of € 5,532 thousand were therefore raised at a fixed interest rate. Long-term, variable-rate loans are hedged by the use of interest rate swaps, which are not needed in the case of short-term loans. All variable-rate loans (€ 6,107 thousand) are converted into fixed-rate loans by means of interest rate swaps. The group does not report any fixed-rate financial assets and liabilities at fair value through profit and loss, apart from the conditional purchase prices. Derivatives (interest rate swaps) are not intended as hedging instruments for fair values. A change in the interest rate at the reporting date would therefore not influence the gain or loss.

The carrying amounts of the interest rate swaps are equally exposed to an interest rate risk.

The trade receivables as well as cash and cash equivalents are exposed to foreign currency risks. At December 31, 2014 the trade receivables were denominated for the most part in euros; other noteworthy components were denominated in US dollars (USD 1.7 million, equivalent to € 1.4 million), Chinese renminbi (CNY 4.2 million, equivalent to € 0.6 million) and Sterling (GBP 0.3 million, equivalent to € 0.4 million). At December 31, 2013 there had been foreign-currency receivables mainly comprising USD 1.3 million (€ 0.9 million) and GBP 0.3 million (€ 0.4 million).

Bank credit balances are held predominantly in euros. At December 31, 2014 the group held significant foreign-currency accounts in US dollars (USD 2.5 million, equivalent to € 2.1 million) and Sterling (GBP 0.6 million, equivalent to € 0.8 million). The foreign currency amounts quoted are held essentially by technotrans AG and the local national companies within the group. At December 31, 2013 there had been foreign-currency credit balances of USD 4.6 million (€ 3.3 million) and GBP 2.2 million (€ 2.6 million).

Financial liabilities are denominated predominantly in euros.

Net investments in a foreign business are denominated mainly in Hong Kong dollars and Brazilian reals. Changes in exchange rates would have an equity effect.

Other 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, 2014.

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
At December 31, 2014:		
USD	461	46
GBP	76	15
BRL	477	5
At December 31, 2013:		
USD	362	63
GBP	70	12
BRL	433	4

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.

Market risks from interest rate fluctuations exist only for the interest rate swaps. A fall in the interest rate of 1 percentage point would have only a marginally negative impact on the valuation of the interest rate swap and therefore on equity.

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 (see Section 11); 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
Payer-Swap		2,985	703	2.81	3-month EURIBOR	Sep. 2018	-29
Payer-Swap	3,000	0	3,000	1.63	3-month EURIBOR	Jan. 2020	-72
Payer-Swap	1,500	0	1,500	2.70	3-month EURIBOR	Juni 2017	-61
Payer-Swap	1,100	196	904	1.30	3-month EURIBOR	Aug. 2020	-31

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 13.82).

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. In cases where a hedge exists for a future transaction, it was accounted for as a hedging relationship only if it was considered very probable that this transaction would occur. 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 swaps are 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 € 193 thousand under the current "Other liabilities" (Section 17). The underlying loan transactions are measured at amortised cost, using the effective interest method.

The deferred tax on the negative market prices of € 23 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 € 134 thousand.

	€ '000
Opening level at January 1, 2013	**-136**
Additions	
Additions	87
Deferred tax on these not affecting income	-26
Reversals in the Income Statement	
Reversals	-9
Deferred tax on these not affecting income	3
Level at December 31, 2013/January 1, 2014	**-81**
Additions	
Additions	-76
Deferred tax on these not affecting income	23
Closing level at December 31, 2014	**-134**

33) Future Payment Obligations

	31/12/2014				31/12/2013
	up to 1 year	**1 to 5 years**	**over 5 years**	**Total**	**Total**
	€ '000	€ '000	€ '000	€ '000	€ '000
Maintenance agreements	1,106	1,227	723	3,056	3,325
Tenancy and operating lease agreements	1,053	1,740	78	2,871	4,857
Other	100	17	0	117	324
	2,259	**2,984**	**801**	**6,044**	**8,506**

The future payment obligations are measured at their nominal amount; amounts in foreign currency were measured at the closing rate.

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

The future obligations from tenancy and lease agreements relate primarily to tenancy obligations for the business premises of subsidiaries and to the vehicle leasing agreements concluded. The expenditure for tenancy and lease agreements (minimum lease payments) in the year under review amounted to € 1,772 thousand (2013: € 1,827 thousand).

34) Personnel Expenses

	2014	2013
	€ '000	€ '000
Wages and salaries	32,881	30,853
Christmas bonus (Christmas shares)	213	245
Share-based payments	0	29
Social insurance	5,862	5,077
Expenses for retirement benefits and maintenance payments	852	818
	39,808	**37,022**

The item wages and salaries also includes payments made in connection with the termination of employment of € 908 thousand (2013: € 26 thousand).

Social insurance comprises expenditure for defined contribution plans (employer contributions to the compulsory state pension scheme) totalling € 2,034 thousand (2013: € 2,727 thousand).

During the reporting period 22,960 (2013: 33,918) ordinary shares in technotrans AG were distributed to employees by way of a Christmas bonus. No further ordinary shares were distributed in the 2014 financial year in the form of share-based payments (2013: 4,152); all 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 € 213 thousand (2013: € 274 thousand). This represents a market value of € 9.25 per share on the respective issuance dates.

35) Total Employees, Yearly Average

	2014	2013
Average number of employees	**771**	**763**
of which in Germany	609	606
of which abroad	162	157
Technicians/skilled workers	480	470
Academic background	169	171
Trainees	68	66
Other	54	56

36) 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.

Since the 2011 financial year the remuneration system for the Board of Management has met 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

	2014	2013
	€ '000	€ '000
Board of Management		
Regular payments		
of which fixed	660	657
of which variable	456	355
	1,116	**1,012**
Supervisory Board		
Regular payments		
of which fixed	79	79
of which variable	59	40
	138	**119**

In addition to the remuneration paid in the financial year, the members of the Board of Management are entitled to a profit share of € 323 thousand that is conditional on the attainment of future targets focusing on sustainability.

The regular payments to the Board of Management (fixed) include payments by the company for defined contribution plans totalling € 90 thousand (2013: € 90 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".

Directors' Holdings (Board of Management and Supervisory Board Members)

	Shares	
	31/12/2014	31/12/2013
Board of Management		
Henry Brickenkamp	47,037	45,037
Dirk Engel	20,000	10,000
Dr. Christof Soest	18,764	10,764
Supervisory Board		
Reinhard Aufderheide	3,347	3,309
Dr. Norbert Bröcker	250	250
Heinz Harling	64,854	64,854
Thomas Poppenberg	554	506
Helmut Ruwisch	1,500	1,500
Dieter Schäfer	0	0
Family members		
Marian Harling	1,000	1,000

37) Corporate Governance

The Board of Management and Supervisory Board submitted the Declaration of Conformity pursuant to Section 161 of German Stock Corporation Act in September 2014 and provided permanent access to it for shareholders and interested parties on the company's website (www.technotrans.de).

38) 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, 2015. These Consolidated Financial Statements are subject to approval by the Supervisory Board (Section 171 (2) of German Stock Corporation Act).

No further events of particular significance affecting the financial performance, financial position or net worth of the company occurred after the end of the 2014 financial year.

39) Disclosures of Interests Reported Pursuant to Section 21 (1) or (1a) of German Securities Trading Act

	Reported development			
Reporting party	**Threshold value***	**Date on which exceeded or undercut**	**New interest in voting power**	**Disclosures on attribution**
	in %	Date	in %	
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	
Midlin NV, Maarsbergen, the Netherlands	>3%	15/01/2010	3.02	Teslin Capital Management BV, Maarsbergen, the Netherlands

*Moved above (>) or below (<)

// Proposal of the Appropriation of Profit

The Board of Management and Supervisory Board propose to the Shareholders' Meeting that the accumulated profit of technotrans AG be distributed as follows:

	€
Distribution of a dividend of € 0.33 per no par value share on the dividend-bearing share capital	2,150,423.22
Profit carried forward	2,473,892.88
Accumulated profit	4,624,316.10

The shares held by the company do not qualify for dividends pursuant to Section 71b of German Stock Corporation Act. Based on the dividend-bearing share capital of technotrans AG of € 6,516,434 at the balance sheet date, the amount for distribution is € 2,150,423.22. The number of dividend-bearing shares may increase or decrease up to the time of the Shareholders' Meeting as a result of the acquisition or sale of treasury shares. In that instance, a correspondingly modified resolution on the amounts in question in the appropriation of profit shall be put to the Shareholders' Meeting, based on an unchanged dividend of € 0.33 per dividend-bearing share.

Sassenberg, March 2, 2015

technotrans AG
The Board of Management

Henry Brickenkamp   Dirk Engel   Dr. Christof Soest

// 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 2, 2015

technotrans AG
The Board of Management

Henry Brickenkamp	Dirk Engel	Dr. Christof Soest

// Independent Auditor`s Report

We have audited the Consolidated Financial Statements prepared by technotrans AG – comprising the Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Cash Flow Statement, Statement of Movements in Equity and Notes – as well as its report on the situation of the company and the group for the financial year from January 1 to December 31, 2014. The preparation and the content of the Consolidated Financial Statements and Combined 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 Combined 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 Combined Management Report, contains any material misstatements and irregularities. Knowledge of the business activities and the economic and legal environment of the group as well as evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal accounting control system and the evidence supporting the amounts and disclosures in the Consolidated Financial Statements and Combined 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 Combined 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 Combined 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 9, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Andreas Blücher
Independent Auditor

Wolf Schröder
Independent Auditor

// Financial Calendar

Publication	Date
Annual Report 2014	2015-03-10
Interim Report 1-3/2015	2015-05-08
Annual Shareholder Meeting	2015-05-13
Interim Report 1-6/2015	2015-08-07
Interim Report 1-9/2015	2015-11-06

// The Success Story

Milestones in the company history of technotrans

2014	Legal form of Termotek AG, Baden-Baden and gds AG, Sassenberg into a GmbH Debut of mobile cooling systems for batteries and chillers for charging stations and converter at InnoTrans, Berlin - international trade fair for Transport Technology
2013	Acquisition of majority interests in KLH Kältetechnik GmbH and its sister companies in Singapore and PR China
2012	Partnership with KLH Kältetechnik GmbH resulting in increased presence in the market for laser cooling systems Merger of Chinese production operations at the KLH location in Taicang Spray lubrication for forming technology makes debut at the Euroblech show Acquisition of a majority interest in Sprachenwelt GmbH by gds AG
2011	Acquisition of Termotek AG technotrans becomes serial supplier of the toolsmart (for cooling lubricant preparation) to Sauer GmbH
2010	Transfer of technical operations for ink supply systems from Gersthofen to Sassenberg Cooperation with Termotek AG, resulting in entry into the laser market Business units define and evaluate 30 projects outside the printing industry
2009	Production operations are halted at the Mt. Prospect (USA) and Gersthofen (Germany) locations and transferred to Sassenberg, and the structures in Asia are consolidated
2008	Two employees‘ representatives are elected to the Supervisory Board (One-Third Employee Representation Act)
2007	Establishment of the subsidiary in Dubai (UAE) Establishment of the subsidiary in Moscow (Russia) Opening of a further sales and service office in Shanghai, China Opening of a further sales and service office in Melbourne, Australia
2006	Merger of the two American production locations in Chicago Establishment of the subsidiary in Brazil Opening of a further sales and service office in Madrid, Spain
2005	Construction of new production plant at Gersthofen, near Augsburg

2004	Opening a further sales and service office in Yokohama, Japan
2003	Consolidation of international production capacities and relocation of assembly from technotrans graphics ltd., Colchester (Great Britain), to Sassenberg
2002	Transfer of activities from Atlanta to the principal American location in Chicago
2001	Takeover of the American Steve Barberi Company Inc. and its subsidiary, Farwest Graphic Technologies LLC, of Corona, near Los Angeles, California (USA), renamed technotrans america west, inc. Takeover of the Electroforming Division of Toolex International N.V., which now operates as technotrans scandinavia AB, Tåby, Sweden Establishment of technotrans japan k.k. as a sales and service company Establishment of technotrans china ltd., Hong Kong, as a sales and service company
2000	Takeover of the American company Ryco Graphic Manufacturing, Inc. (Chicago) and merger with technotrans america inc.
1999	Founding of technotrans technologies pte. ltd. in Singapore Founding of the subsidiary technotrans italia s.r.l. in Milan The subsidiary technotrans systems GmbH is merged with technotrans AG
1998	Takeover of BVS Grafische Technik GmbH, which is renamed technotrans systems GmbH Initial public offering
1997	Transformation into a stock corporation Founding of technotrans printing equipment (Beijing) Co. Ltd., People’s Republic of China
1995	technotrans america inc. is established in Atlanta, Georgia (USA)
1993	technotrans france s. a. r. l. is founded
1992	technotrans becomes original equipment supplier for the Heidelberg Speedmaster and MAN-Roland 700 presses

1990	Management Buy-out technotrans graphics ltd. is founded in Colchester, Great Britain Launch of the new system component concept for ancillary equipment on printing presses technotrans is one of the world's three largest suppliers of dampening solution preparation systems
1987	Launch of the first ink roller temperature control systems
1981	Development of a seperate product line for dampening solution preparation systems
1977	Production of the first dampening solution equipment
1973	Initial contacts with the audio media and printing industry
1970	Founding of the company

// Concept and Design

EQS Group AG, Munich and technotrans AG, Sassenberg

// Print

Darpe Industriedruck GmbH & Co. KG, Warendorf
printed on Heidelberger Linoprint C751
VCSEL-technology (Vertical CavitySurface-Emitting Laser)
for brilliant picture quality
electrostatic transfer system with four cylinder
and integrated transfer belt
oil-free bad fixation technique
waxed-based PxP toner

technotrans AG

Robert-Linnemann-Straße 17 // 48336 Sassenberg
Telefon +49 (0) 25 83/301-10 00 // Telefax +49 (0) 25 83/301-10 30
info@technotrans.com // www.technotrans.com

technotrans