

GOING STRONG

Annual Report 2017



KEY DATA OF THE TECHNOTRANS GROUP (IFRS)

	Δ previous year	2017	2016	2015	2014	2013
Revenue (€ '000)	35.1%	205,095	151,792	122,838	112,371	105,207
Technology (€ '000)	42.4%	147,570	103,623	81,457	73,758	65,988
Services (€ '000)	19.4%	57,525	48,169	41,381	38,613	39,219
EBITDA (€ '000)	61.3%	22,654	14,045	12,187	9,873	7,815
EBITDA margin (%)		11.0	9.3	9.9	8.8	7.4
EBIT (€ '000)	79.2%	17,438	9,731	8,952	6,830	4,626
EBIT margin (%)		8.5	6.4	7.3	6.1	4.4
Net profit for the period¹ (€ '000)	69.5%	12,191	7,192	6,262	4,381	3,016
as percent of revenue		5.9	4.7	5.1	3.9	2.9
Net profit per share (€)	61.6%	1.76	1.09	0.96	0.67	0.47
Dividend per share (€)	60.0%	0.88*	0.55	0.48	0.33	0.20
Balance sheet (€ '000)	3.2%	125,307	121,445	76,043	74,534	73,019
Equity (€ '000)	12.7%	69,750	61,880	51,725	47,470	43,743
Equity ratio (%)		55.7	51.0	68.0	63.7	59.9
Return on equity (%) ²		17.5	11.6	12.3	9.4	7.0
Net debt³ (€ '000)	76.4%	9,291	5,267	-11,575	-4,763	-941
Free cash flow⁴ (€ '000)	-101.2%	150	-12,649	8,542	4,821	-3,433
Employees (average)	30.6%	1,293	990	810	771	763
Employee (FTE) (average)	32.2%	1,132	856	697	670	658
Personnel expenses (€ '000)	33.3%	70,588	52,941	42,160	39,808	37,022
as percent of revenue		34.4	34.9	34.3	35.4	35.2
Revenue per employee (FTE) (€ '000)	2.2%	181	177	176	168	160
Number of shares at end of period		6,907,665	6,907,665	6,530,588	6,516,434	6,493,474
share price max (€)		50.75	24.77	19.90	9.56	10.35
share price min (€)		22.17	15.75	9.21	7.41	6.90

¹Net profit for the period = profit attributable to technotrans AG shareholders

²Return on equity = Net profit of the period/Equity to technotrans AG shareholders

³Net debt = financial liabilities – cash and cash equivalents

⁴Free cash flow = Net cash from operating activities
+ cash used for investments acc. to cash flow statement

*Proposal to the Shareholder Meeting

GOING STRONG



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Dear Shareholders,

We can look back on the most successful financial year in the history of technotrans. 2017 delivered further emphatic proof that our company's chosen course is the right one. We have demonstrated both renewed and fresh strength over the past few years. We hope you will continue to accompany us throughout this success story – an aspiration that is also clearly voiced in the motto we have chosen for this year's Annual Report: "Going strong."

We can be proud of what we have achieved so far. But that is no reason to rest on our laurels – it is an incentive actively to make further moves. For example, we aim to deepen the synergies with our subsidiaries and make the leap from declarations of intent to meaningful revenues in our new markets. Medium-term, we are targeting annual revenue of EUR 300 million. All accompanied by increased internationalisation that is fittingly expressed in the change in our company's legal form to a *Societas Europaea*.

But allow us first to take a look back: the past financial year saw technotrans profit from its highly successful positioning in the key markets it addresses, but also from the generally very positive development in the global economy. In 2017 the German economy experienced a broad-based upturn that was driven not just by worldwide demand, but also by domestic consumption. Capacities at our customers were well utilised across the board and employment in Germany hit a record level. Meanwhile consumer prices remained broadly stable. All in all, the German economy achieved its strongest growth since 2011: price-adjusted gross domestic product was up 2.5 percent.

The business development of the technotrans Group was no less pleasing. We again accomplished growth in all relevant markets in 2017. This growth was manifested most clearly in revenue, where we achieved a significant rise from EUR 152 million in 2016 to EUR 205 million last year. Around 12 percent of this increase stemmed from organic growth and 20 percent was non-organic in origin.

Business with the manufacturers of offset, digital and flexographic printing presses actually developed slightly better in the 2017 financial year than in the previous year, when there had been the drupa boost from the world's biggest industry exhibition. The printing press market has thus been enjoying mild growth since 2014.

technotrans was again able to edge out the competition in profiling itself as the development partner of choice in virtually every field of business related to the print area, further extending its market position in certain sub-areas.

In addition to classic business with dampening solution circulators and filtration systems, our system solutions in the areas of LED UV cooling, ink and varnish supply and the segment of cooling systems for digital and flexographic printing performed especially well. The result: with revenue growth of more than 2 percent, our performance was again better than that of the printing press market as a whole.

In the area of laser, machine tool and forming technology, we achieved conspicuously strong growth in 2017. Business with laser system manufacturers merits particular note because it exceeded our expectations. Our organic revenue growth in that area came to more than 33 percent, in a turnaround from the 2016 financial year that had failed to reach our benchmark.

As a system partner to the laser industry, our areas of application span classic laser applications in metal working, medical equipment, semiconductor technology and the machining of new materials, such as 3D printing. The German mechanical and plant engineering sector was likewise in rude health in 2017. Demand for both filtration systems and classic machine cooling grew markedly thanks to strong portfolio business and new customers. Our business with the manufacturers of die-cutting and pressing equipment, which we supply mainly with spray lubrication systems and cooling units, likewise continued to develop. Having previously commissioned the first large-scale spray lubrication system in 2016, in 2017 we presented our first five-metre system for the automotive industry to our customers at the Blech Expo.

In the plastics engineering area, we have now completed our first full year of business following the takeover of gwk in Meinerzhagen in 2016. gwk develops and manufactures temperature control and cooling plants specifically for this market. With gwk having had to contend with a challenging environment in recent years, our combined efforts increased its revenue by 12 percent in 2017. The key factors behind this dynamic revenue growth were generally high demand along with business expansion aided by the international technotrans group of companies.

Of our growth markets, the battery cooling sector achieved the most promising progress. Following a deluge of new projects in the storage media cooling area, we positioned ourselves in the past financial year as one of the leading manufacturers of cooling solutions for quick-charging stations. Within a very short period we succeeded in winning over the leading manufacturers of charging stations on the basis of our technology and performance. Against the backdrop of the political debate concerning air pollution, and in response to growing market pressure, the development of the infrastructure is now a defining issue worldwide. The rapid acceleration in orders from our customers in the fourth quarter gives us cause to be hugely optimistic about this area's future development. With revenue growth of around 30 percent, we remain on track for success in this market segment.

As well as out-and-out production, we offer our customers and in turn their customers worldwide precisely the service they need. Compared to our often smaller competitors, we are excellently placed to retain our customers over the long term. That safeguards both our competitive position and our profitability.

The Services area also includes our Technical Documentation activities. Here, we compile user manuals, operating instructions and handbooks on behalf of customers. We also offer our customers translation services and the corresponding software management systems for document administration. With revenue growth in excess of 10 percent, we more than consolidated our dominant position worldwide in the past financial year.

Ladies and Gentlemen, 2017 – as I have already outlined – was the best year in the history of technotrans. And we would like you to participate in this success. You do so on the one hand through the outstanding performance of technotrans shares, which gained 93 percent in the past year alone. On the other hand – almost 20 years to the day after the initial listing on the New Market – we will propose the distribution of a dividend of EUR 0.88.

On behalf of the Board of Management, I would like to take this opportunity to thank you, our shareholders, as well as our employees! We are proud of all that we have achieved, and hungry for more. Today, we have a presence in many promising markets and are well-equipped to extend our position.

We have the team, the expertise and the spirit that we will need to continue growing. We look forward to that venture and hope that you will continue to accompany us along that path.

On that note I and my colleagues on the board wish you an enjoyable read with this Annual Report.

On behalf of the Board of Management



Henry Brickenkamp



› Henry Brickenkamp, Dr. Andreas Joseph Schmid, Hendirk Niestert, Dirk Engel

Henry Brickenkamp

BOARD SPOKESMAN

Joined technotrans in 2005, starting as Director of Sales and since 2006 Member of the Board of technotrans AG.

Henry Brickenkamp is responsible for Products and Markets.

Dirk Engel

MEMBER OF THE BOARD (CFO)

In charge of Finance and Accounts for the technotrans Group since 2004, Member of the Board since 2006.

Dirk Engel ist zuständig für das Ressort Finance and Administration.



› Dr. Andreas Joseph Schmid, Hendirk Niestert, Henry Brickenkamp, Dirk Engel

Hendirk Niestert

MEMBER OF THE BOARD

Joined technotrans in 2007, at last service director worldwide and Member of the Board since February 2018.

Hendirk Niestert is responsible for the Sales, Service and Quality Management areas.

Dr. Andreas Joseph Schmid

MEMBER OF THE BOARD

Member of the Board since February 2018.

Dr. Andreas J. Schmid is responsible for the Development, Controls, Business Units, Production, Purchasing and Logistics areas.

SASSENBERG, GERMANY



Research and Development is where I and my colleagues make both our own ideas and our customers' wishes become a reality. We therefore always try to stay one step ahead of the market.

Dr. Robert Holtwick, Project Manager (Research & Development)

Shaping the future

Working in Research and Development serves up something new to fascinate me every day. This is where we help shape the future with our products. I can also take pride in the knowledge that electric mobility, medical technology or digital printing wouldn't be possible in quite the same way without technotrans products. I relish the dialogue with colleagues at the other locations, we learn from each other and that makes us even more effective.

Meanwhile the developments of recent years in various industries present a challenge. We can't countenance standing still. That motivates me. So it's good to know we have the company's backing and enjoy the freedom to experiment. Ultimately, our developments make an important contribution to the whole group, which preserves the company's viability..

COLCHESTER, GREAT BRITAIN



Every market is different – I notice that every time I talk to colleagues from around the world. But we always apply the same rule: when customers come knocking, we respond swiftly and straightforwardly. The customer is the focus of everything we do.

Scott Smith, Technical Support

Always helpful

Helping the people who bring their requirements to me is my top priority. Being available at any time and finding an optimal solution for all parties is where technotrans does more than merely pay lip service. What actually matters is that the customer's production operations run smoothly and deliver quality. I know that here in Customer Support we decisively influence how our company is seen from the outside.

So ideally I start by trying to solve problems over the phone or by remote maintenance. If that doesn't work, the service personnel will visit to carry out what I have discussed in advance with the customer. Since the subsidiary in England was founded in 1990, we've been a well oiled team and internal communication has always been our watchword.



SAINT MAXIMIN, FRANCE



Germany is not far away, yet France can sometimes seem a world apart. Our French customers mostly turn to us first, and we have quite a free hand in finding solutions to every challenge. That saves time and therefore money.

Sofian Benabedrabou, Development Manager

New products in established markets

The priority for service is to find a quick, simple answer to every customer requirement. Customers always want 100 % availability, without having to negotiate any unnecessary hurdles. technotrans has grasped that, and gives us the freedom to act as we see fit. There are no language barriers, no unnecessary coordination processes and no long distances. Instead, we are present locally and can operate virtually autonomously even for new products.

Along with that trust, we bear plenty of responsibility, which we of course want to justify. I think that's worked very well in recent years, we've been able to handle plenty of new projects and since then have been looking after very satisfied customers. I've also observed how French businesses are investing increasing amounts in their facilities, which still offer plenty of potential for sustainable, more efficient production.



CHICAGO, UNITED STATES OF AMERICA



The name technotrans enjoys a long-established reputation in the USA. After all, we now offer our entire portfolio and have had our own location since 1995. I find the future markets such as e-mobility especially exciting.

Dandy Uy, Refrigeration Engineer

Unlimited opportunities in America

Amid all the heated political debate in the USA, it is often overlooked that industry here is further ahead in many future markets than Europeans sometimes assume. E-mobility is a major area for which I know technotrans supplies great products and has excellent references. It's also a big help that we've already made a name for ourselves in such fields as laser technology or plastics processing.

And having our own location in North America takes the wind right out of the sails of anyone who has reservations about technotrans being from Germany. That also shows me the people in Sassenberg have a deep understanding of the special circumstances on other continents. It makes my work easier and I can say "Made in Germany" with a clear conscience if I am selling reliable, innovative products.

TAICANG, CHINA



I make various products for technotrans in Taicang, mainly for the Chinese market. We bring together the best attributes of German and Chinese corporate culture.

Luca Wen, Warehouse & Logistic Supervisor

Growth and culture united

We see every day just how important China is. For instance, we've packaged sales and service activities so that customers have local contacts for all their products. I know from experience that that's important to the Chinese to see foreign businesses demonstrate a strong commitment to China. It's also important for me to find that in my employer. That's why I like working for technotrans. We're expanding further and even following customers into new markets. We introduced the SAP system in 2017, so we're now connected even better and more efficiently with the parent company for all business processes. Such investments inspire deep trust.

I'm convinced technotrans is very well positioned in China. The government and businesses are promoting a wide range of developments in electric mobility or medical services. We have important products for those areas.

SINGAPORE, SINGAPORE



The biggest challenge in the Asian market is cultural differences. Businesses here rate technotrans products very highly. But they expect us to have a thorough knowledge of the market and provide a top service with a dedicated local branch.

Jenny Chang, Sales & Service Manager

Convincing with quality

Whoever buys a product of a German company in Asia can rightly expect top quality, because the domestic competitors are often cheaper. Our notable success in Singapore is mainly down to the fact that technotrans products satisfy that criterion. We explain to our customers that the total outlay for the investment, when spread over the operating life of a machine, is actually lower in our case. Once we've lived up to that promise, customers remain loyal to us. That's how we are progressively tapping the huge potential for technotrans in Singapore, Chennai and Melbourne.

The decisive thing for me in all this is that technotrans' structure means it can play to its strengths. The customer-specific solutions give us flexibility in sales and the globally reliable service is perfectly adapted to rapidly expanding customers.



LEGNANO, ITALY



My work has changed dramatically in recent years. An important part of it remains having a local presence, because customers value personal contact. But when time is of the essence, we can now often solve problems by remote maintenance.

Riccardo Consonni, Service Engineer

Trust in every location

At a meeting with my colleague from France, we discovered digitalisation has long become a reality for us. We read a lot about it in the media, but our day-to-day work already definitely revolves around concepts such as remote maintenance, and soon predictive maintenance too. The standards expected of service in Europe are generally very high. So it's good that technotrans has such a broad basis in the EU. Whether in France, the UK, Spain or here in Italy, we all have our own service team. I believe that's the only path to success for an international business. Time and time again, I hear the same from my customers.

Because we've been operating successfully here for quite some years, we can now act highly independently and assume local responsibility for the products for the new areas, such as our spray lubrication system.



KOBE, JAPAN



technotrans has long been active in Japan because we partner the big printing press manufacturers with our core skills. The culture here is very important and as a globally active group we naturally adapt to it.

Yoko Okada, Sales & Service Administrator

Accompany customers – everywhere

A Japanese customer was once surprised when I mentioned our German head office towards the end of our very first meeting. He had initially perceived us as a Japanese company, and already knew of the technotrans brand from his competitor's systems. That was the biggest compliment imaginable for me, because we Japanese really do appreciate it when a company truly engages with our culture. technotrans is correspondingly well established above all in the print area. That provides a good position from which we have been very successfully tapping other markets in Japan for the past few years.

Don't forget: many leading mechanical engineering companies are from Japan, and this country has always led the way with new technologies. In fact the economy has recently been growing faster than expected.



INDAIATUBA, BRAZIL



Putting across the advantages of technotrans in South America is quite a challenge. Because the economic situation keeps changing rapidly – and not just in Brazil. That makes it all the more pleasing that we've recently been able to acquire a string of new customers.

Maria Soares, Sales Assistant

Exploiting opportunities worldwide

As a salesperson, obviously I look first at the figures. There is so much potential in South America, but unfortunately the situation in many countries is not straightforward. It's very important for technotrans to be represented in person here. On the one hand most of my customers expect that, and on the other hand it means we can respond quickly to local developments and seize opportunities as soon as they arise. Just being more flexible than a competitor has helped us close many a deal.

And once a customer is convinced about the quality of our products, they keep coming back to me. In the medium to long term, the market in South America will gain even further importance for technotrans because more and more customers are already expanding their production or entering the market.



MADRID, SPAIN



Our entry into new markets means my work is now even more varied. At technotrans, I've been able to steadily broaden my knowledge and now handle a lot of challenging tasks independently.

José Naranjo, Service Engineer

Trust pays off

Because all locations operate highly independently, it's important for us to have sufficient expertise locally in every product area. That means every single employee needs to develop professionally, and I'm glad we have plenty of opportunities to do so. I've learned a great deal in my 6 years at technotrans. I'm now reaping the rewards. Alongside our products, offering a good service in Spain helps us set ourselves apart from the competition. If I present an air of calmness and expertise, the customer will then associate those qualities with technotrans. So I think it's important to adopt a professional manner.

Ultimately it's also a way for me to give something back, because I really appreciate the secure, good job with all its opportunities within the company. We're also noticing Spain's economy gather pace again. That's benefiting our local branch and the whole group..



DUBAI, UNITED ARAB EMIRATES



Things run at a different pace in Dubai compared to Europe. On the one hand we have ultramodern systems and businesses, but we sometimes also lack expertise, for which we then call on the best companies worldwide.

Niels Siegel, Managing Director

The growth of tomorrow

I see the technotrans location as the gateway to the Middle East, and we can also serve a good portion of Africa from here. Those are both incredibly dynamic markets with very distinctive challenges. While global groups realise huge projects in Dubai that the whole world watches, other countries are still far from being considered industrialised. Yet merely the population statistics show technotrans is right to have a presence here. It's still difficult, but my task is to tap the huge potential as soon as fitting opportunities arise.

Reference projects such as the electric tram in Qatar and the installation of scanner technology in Abu Dhabi and Saudi Arabia obviously help. They help us demonstrate how technotrans has innovative products that operate reliably in the region's occasionally difficult climatic conditions.



MELBOURNE, AUSTRALIA



Whenever I tell people I work in Australia, colleagues worldwide ask me first if it really is so nice Down Under, and then if the market is really that relevant. And my answer to both questions is: yes, definitely!!

Paul Duncan, Service Manager

Cooling Down Under

My patch covers an entire continent. I look after technotrans customers in all major Australian cities, of which there are many more than is widely assumed. Melbourne, Sydney, Brisbane, Perth, Adelaide – many people in Europe don't realise each of these cities has over a million inhabitants. Melbourne and Sydney alone have a combined population of more than nine million. That neatly deals with the question of how relevant the Australian market is. Here we have very interesting customers who supply their products all over the world, and our systems are frequently fitted. The number of installations in Australia is continually rising, too.

So having a local presence is indispensable. Without that, we'd be too much out on a limb. Customers and OEM manufacturers alike are accustomed to a high standard of service from technotrans, and we can only deliver that long-term by being here on the ground.



SASSENBERG, GERMANY



My office at gds is right opposite the HQ in Sassenberg. That's where I and my team of experts work on Technical Documentation and CE support for our clients.

Ludger Bruns, Head of Service Consulting

Rendering information useful

Information needs to disseminate knowledge – that is and always will be at the core of our work. As products become ever more complex, the context of use is coming more sharply into focus than before. At gds, we now work with what is known as electronic content delivery to achieve optimised technical documentation that overcomes the limitations of paper. Constantly tuning in to new products, companies and requirements is the exciting part of my work.

Finding ever better ways of supplying every user with up-to-date information accurately and swiftly is a challenge. I help customers to integrate our solutions profitably into their day-to-day work through workshops and training courses. I always find it valuable to have direct contact with the people involved. I am able to be of help, and see the results of our work directly at the coalface.



CHENNAI, INDIA



Always being the first port of call for my customers, developing mutual trust and therefore being able to contribute towards technotrans' success through my work is what has motivated me for 8 years now.

Partha Sarathy, Sales & Service Administrator

Close to the customer together

For me, the quality of the products and service are what critically determine how much I enjoy working in sales. It's so much easier for us if our colleagues in Germany are coming up with brilliant solutions, are able to act on our feedback from customers and the service procedures run smoothly. It makes me realise every day how important it is for us all to move in the same direction. We serve India in very close partnership with our colleagues in Singapore. The fact that I'm working in Chennai allows me to straddle two cultures. Indians and Asians have one thing in common: they appreciate technotrans systems.

In my time here I've experienced a lot, met some great people, seen many interesting places and become acquainted with innovative companies. And I've witnessed technotrans change and gain a foothold in many new industries. Accompanying that process in sales has been and is incredibly exciting.

BADEN-BADEN, GERMANY



termotek has been part of the technotrans group since 2011. The best part of it is our options have increased, but we are still a success with what we do best.

Aurélien Muller, Test Facility/Service Team Leader

Progress in the Black Forest

In Baden-Baden we build chillers mainly for applications in compact laser equipment. They are used in such areas as medical technology, so need to operate very reliably. A quality management system to DIN ISO 9001 is therefore self-evident. Since we became part of the technotrans Group, we have been able to put more resources into our core skills and have acquired plenty of new customers. My task is to make sure we supply consistently high quality and satisfy all the requirements.

It's no longer enough just to talk of good products. Certifications and in-house tests above and beyond what is required by law guarantee that exacting customers will equally want to work with us. So the fact that I'm a perfectionist and want to get comprehensively acquainted with the subject matter certainly isn't a problem, and I feel really at home in the test facility.

HÜNFELD, GERMANY



Sprachenwelt is in some senses a one-of-a-kind entity within the group. We draw on our understanding of technology and language to help provide legally sound, swift translations for technotrans and many other businesses worldwide.

Daniela Trost, Commercial Assistant

Talking about technology

Translating technical documentation or highly specialised texts in general needs abundant expertise. That is what our specialist translators offer. With our linguistic background, we are experts at handling terminology, which is the key to the translation process.

That makes us able not only to supply our clients with consistent, legally sound translations, but also to maximise the time and cost saving. We therefore carry a big responsibility.

By handling a variety of languages and an array of technological products every day, there is never a dull moment in my work.



BAD DOBERAN, GERMANY



We build a wide variety of industrial cooling systems in Bad Doberan. The high-performance systems are used in many different areas, and each one of them presents specific requirements that we seek to meet individually.

Stefan Titze, Head of Production

High performance for industry

These production operations demand plenty of flexibility of me and my team. The biggest challenge is that our systems have to satisfy different conditions at each user. It's about much more than simply the cooling performance. So whether we have to contend with extremely high temperatures, want to cool several systems centrally or are developing a very energy-efficient cooling solution for lasers, many projects are tailored specially to our customers. That way, we cover a large number of application areas and every performance range.

KLH and its companies have only been fully owned by the technotrans Group since 2016, but KLH has fitted in perfectly. First, I was readily able to show my colleagues the benefits of the strong group structure. Second, all locations have come together very well. Along with our sister company termotek, we now cover the entire performance range for refrigeration technology, so we are a genuine full-liner.



BERLIN, GERMANY



Ovidius is a relatively recent addition to the technotrans Group, but we've integrated seamlessly within a short time. And we bring special skills that further enhance the gds portfolio in very specific areas.

Martyna Emilia Pietrzak, Sales Assistant

The end of the paper chase

At Ovidius, we specialise in XML and deal with every area of the entire content life cycle. That includes the XML editorial system XR as well as ARC-Desk, a portal for review and approval processes. That's where I work on making approval and review processes at companies simpler, swifter and more accurate.

My task is to support the users when introducing our systems. It's often a big step for them to switch from having bits of paper everywhere to digital administration of processes. Once customers experience the advantages it brings and how we simplify their day-to-day work, we often see and hear how thrilled they are. Obviously that's an added motivation for me. Since we became part of the technotrans Group, we've enjoyed even more market opportunities thanks to the extra resources available. Including for the benefit of our customers.

MEINERZHAGEN, GERMANY



As the newest member of the technotrans Group, we've learned a lot from each other very quickly. My role at gwK is to develop various versions of our temperature control and cooling systems for high performance ranges.

Klaus Cyriax, Area Sales Manager

There for each other

A temperature control or central cooling system or linked systems may be used in virtually all the industries we supply. Injection moulding, extrusion, plastics, metals, chemicals/pharmaceuticals or food – a single one of our large-scale units for these areas can easily be the size of a container. One big challenge is to keep adapting to specific customer requirements and then developing energy-saving but high-performance cooling systems.

As part of the technotrans Group, we have the backing of a strong organisation that makes it so much easier for us to pursue our growth targets specifically in international markets. That means the customer requirements I encounter in my day-to-day work are constantly changing. But also that our solutions are already proving successful in many markets worldwide.

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

The Supervisory Board of technotrans AG 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 past financial year of 2017. We regularly advised the Board of Management on the running of the company and continuously 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 reported to us regularly, promptly and comprehensively, both in writing and orally, on the current status of transactions, the business performance and the economic position, the prevailing risks, risk management as well as relevant issues concerning compliance, strategy and planning. The business transactions of significance for technotrans were discussed in the committees and the plenary meetings on the basis of the Board of Management's reports. Deviations in the business performance from the prepared plans and targets were explained individually to the Supervisory Board and discussed at length by the Supervisory Board. The Board of Management complied fully with the statutory reporting obligations as well as with the reporting obligations under the German Corporate Governance Code. In my capacity as Supervisory Board Chairman, I was moreover in regular contact with the Board of Management. I was informed in a timely manner by the Board of Management of important occurrences that are of material significance for evaluating the situation, progress and management of the company.

In all, the Supervisory Board met for four regular meetings in the presence of the Board of Management in the 2017 financial year, which took place on March 13, May 11, September 20/21 and December 8, 2017. The recurring subject matters of the ordinary meetings were the written and oral reports of the Board of Management on the business situation of technotrans AG and the group, in particular the current revenue and earnings performance as well as the financial performance and net worth. The Supervisory Board was informed in detail of and discussed signifi-

cant business occurrences within the company, as well as its strategy and the implementation thereof, and also its approach to risk management. All members of the Supervisory Board and Board of Management were present at all meetings, except for the meeting on December 8, 2017, which Dr Soest did not attend.

The Supervisory Board again oversaw the management activities of the Board of Management in the 2017 financial year, regularly advised the Board of Management on the running of the company, and – following thorough examination and consultations – approved the transactions that require its consent in accordance with the law 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.

Key themes of the Supervisory Board meetings in 2017

A hallmark of the past financial year was the methodical development of the business activities of technotrans AG and the operational and strategic development of its participating interests and the divisions, as well as the integration into the technotrans Group of the subsidiaries acquired in the previous year. This was most notably the case for the integration of GWK Gesellschaft Wärme Kältetechnik mbH. Other recurring discussion and agenda items were the planned conversion of technotrans AG into a European Company (Societas Europaea, SE) as well as human resources developments affecting the Board of Management. At its scheduled meetings the Supervisory Board also considered the reports by the Board of Management on the business situation, the general acquisitions strategy, the strategic direction of the company, aspects of risk management, preventive compliance work and corporate governance.

The first meeting on March 13, 2017 focused on the presentation and discussion of the 2016 annual financial statements of technotrans AG, the technotrans 2016 Consolidated Financial Statements and the accompanying resolution, as well as approval of the agenda for the Annual General Meeting on May 12, 2017 together with the resolu-

tion proposals set forth therein. The appointment of KPMG AG Wirtschaftsprüfungsgesellschaft, Bielefeld, as the auditors of the annual financial statements and Consolidated Financial Statements for the 2017 financial year was made on the recommendation of the Audit Committee and pursuant to the resolution of the Annual General Meeting of May 12, 2017. Other agenda items included in particular status reports on the integration of GWK Gesellschaft Wärme Kältetechnik mbH and on current projects. Other business included the consent given by the Supervisory Board for the purchase of land and the construction of a new production and office building in Baden-Baden, for the exercising of a call option in respect of Ovidius GmbH, for a capital increase at technotrans group (Taicang) co. Ltd. and for the establishment of technotrans Grundstücksverwaltungs GmbH.

The Supervisory Board meeting held on May 11, 2017 before the Annual General Meeting addressed such matters as preparations for the Annual General Meeting on the following day and an update on the motions submitted. As there were no counterproposals, the Supervisory Board considered at length the report on the business performance in the first four months of 2017. The Board of Management also gave a status report on the integration and operational development of GWK Gesellschaft Wärme Kältetechnik mbH. The examination of a possible conversion of technotrans AG into an SE was in addition discussed.

As well as the business performance of the group between January 1, 2017 and August 31, 2017, the main areas for discussion at the meeting on September 20 and 21, 2017 were the integration and operational development of GWK Gesellschaft Wärme Kältetechnik mbH, the technical developments in individual product lines of the technotrans Group and the corporate strategy, the development of the Baden-Baden location, corporate governance of the group and future sustainability reporting under the CSR Directive Implementation Act. Business conducted at this meeting included the agreement of new Rules of Procedure for the Supervisory Board, targets for the proportion of women on the Supervisory Board and Board of Management pursuant to Section 111 (5) of the German Stock Corporation Act and for the composition of the Supervisory Board, as well as a current Declaration of Compliance.

The final meeting of the Supervisory Board on December 8, 2017 was devoted to planning the forecast and budgeting for the 2018 financial year including revenue, cost, profit, investment and human resources planning, rough planning for the next few years as well as the concluding of new target agreements for the 2018 financial year. After full discussions and consultations, the Supervisory Board approved the annual plans submitted by the Board of Management for the 2018 financial year. Finally, the current status of the planned conversion of technotrans AG into a European Company was discussed at this meeting, for example in respect of future changes to the Articles of Incorporation and the forthcoming negotiations between the Special Negotiating Committee and the Board of Management.

The members of the Supervisory Board are sufficiently independent and have sufficient time to serve as non-executive directors. They always had ample opportunity to assess the reports and resolution proposals of the Board of Management with a critical eye in plenary meetings, and also to contribute their own suggestions. In accordance with the 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. Dr Norbert Bröcker, the Deputy Chairman of the Supervisory Board, is partner in the law firm Hoffmann Liebs Fritsch & Partner. The firm provided legal advice for technotrans AG on a variety of topics in the past financial year. The Supervisory Board of technotrans AG approved the individual activities of Hoffmann Liebs Fritsch & Partner as well as the consultancy fees arising, in each case in the context of the Supervisory Board meetings stated above. To avoid any conflicts of interest, Dr Bröcker abstained from those votes. No other potential conflicts of interest that are to be disclosed to the Supervisory Board and would need to be reported at the Annual General Meeting arose in the year under review. To enable it to fulfil its duties more efficiently, the Supervisory Board has formed three committees.

The Supervisory Board has an Audit Committee, a Committee for Board of Management Affairs and a Nominating Committee with the task of proposing suitable Supervisory Board candidates to the Supervisory Board for its election proposals to the Annual General Meeting.

The Nominating Committee did not meet in the 2017 calendar year.

The Committee for Board of Management Affairs met on June 8, 2017, November 9, 2017 and December 7, 2017 and addressed in particular general human resources developments concerning the composition of the Board of Management, the new appointment to be made in connection with the exit of Dr Soest and the personnel selection process that this necessitated. Beyond the meetings, this task also included identifying suitable successor candidates, interviewing applicants and preparing the signing of contracts. Other aspects discussed in the Committee for Board of Management Affairs concerned especially the remuneration development of and extending of existing contracts with the Board of Management members Henry Brickenkamp and Dirk Engel.

The Audit Committee met twice in the past financial year, on March 6, 2017 and December 7, 2017, in each case in the presence of representatives of the auditors as well as Board of Management members (except that Dr Soest did not attend the committee meeting on December 7, 2017), and addressed matters concerning the annual financial statements for the 2016 financial year, the presentation of the accounts, controlling and risk management. Other aspects included fiscal matters, compliance audits, assuring the necessary independence of the auditors, the recommendation of the Audit Committee to mandate the auditors with the audit task for 2017 as well as the audit of the 2015 annual financial statements by the Financial Reporting Enforcement Panel (FREP). The Chairman of the Audit Committee also maintained a close, regular exchange of information and views with myself between the committee meetings.

The audit reports and accounting records for the 2017 financial year as well as the Board of Management's proposal on the appropriation of profit for the 2017 financial year were sent to all Supervisory Board members in good time. These were discussed at length and in detail both by the Audit Committee at its meeting on March 5, 2018 and by the Supervisory Board at its meeting on March 12, 2018. At both meetings, the responsible representatives of the auditors of the accounts also reported in person on the key findings of their examinations and were available for additional questions and information. For the first time the

Supervisory Board also examined the new non-financial group declaration, which technotrans AG must now prepare under the CSR Directive Implementation Act. The Supervisory Board had already addressed this new declaration on sustainability and CSR aspects ahead of time at the Supervisory Board meeting on September 20/21, 2017 and the audit obligation in that respect. No material weaknesses in the internal accounting system were reported. The Chairman of the Audit Committee, too, reported at length to the Supervisory Board on the examinations of the Audit Committee. Both the annual financial statements of technotrans AG for the 2017 financial year prepared by the Board of Management in accordance with the German Commercial Code (HGB) and the Consolidated Financial Statements for the 2017 financial year, which were prepared pursuant to Section 315a of HGB on the basis of the International Financial Reporting Standards (IFRS), as well as the Combined Management Report, were examined by the auditors and were in each case granted an unqualified audit certificate.

Following the conclusion of our own examination of the annual financial statements, the Consolidated Financial Statements and the Combined Management Report, we raised no objections to the findings of the audit and at our meeting on March 12, 2018 signed off the annual financial statements and Consolidated Financial Statements prepared by the Board of Management. Nor did the examination of the non-financial declaration give rise to any objections. The annual financial statements for the 2017 financial year are thus established. Following its own examination the Supervisory Board supports the proposal of the Board of Management on the appropriation of profit.

The Supervisory Board takes this opportunity to thank the Board of Management and all employees of the group for their commendable dedication. Together they all showed great dedication in shaping the company's ambitious development in the 2017 financial year. My particular thanks are moreover 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. We would also like to thank Dr Soest, who left the Board of Management at his own request with effect from the end of 2017, for his work, through which he has made a dedicated and effective con-

tribution to the company's successful development in recent years.

We take this opportunity to welcome the new Board of Management members Hendirk Niestert and Dr Andreas J Schmid, and wish them a successful future in the technotrans Group. The appointment of two new Board of Management members comes in anticipation of the fact that Chief Executive Officer Henry Brickenkamp has decided not to renew his contract, which expires mid-way through the year. We the Supervisory Board will lend our constructive support to the newly composed Board of Management for the further development of the

technotrans Group in its future legal form of a European Company.

On behalf of the Supervisory Board



Heinz Harling
Chairman of the Supervisory Board

Corporate Governance Report

The joint report by the Board of Management and Supervisory Board of technotrans AG on corporate governance, including the declaration of compliance with the Code adopted in September 2017, is published at <https://www.technotrans.com/en/investor-relations/corpo->

[rate-governance/corporate-governance-declaration.html](https://www.technotrans.com/en/investor-relations/corporate-governance/corporate-governance-declaration.html) in accordance with section 3.10 of the German Corporate Governance Code in connection with the corporate governance declaration.

CORPORATE BODIES

Board of Management



Dipl.-Wirtsch.-Ing. Henry Brickenkamp
Chief Executive Officer

Since 2005 Sales Director, since 2006 deputy Board member since 2007 full Board member and since May 2008 Chief Executive Officer. 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).



Dipl.-Ing (FH) Hendirk Niestert
Member of the Board of Management

Since 2007 service director, since February 2018 member of the board Responsible for Sales, Service and Quality Management areas.



Dr.-Ing. Dipl.-Phys. Andreas J. Schmid
Member of the Board of Management

since February 2018 member of the board Responsible for the Development, Controls, Business Units, Production, Purchasing and Logistics areas.

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

Until December 2017 member of the Board of Management. 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 of Law Firm Hoffmann Liebs Fritsch & Partner Rechtsanwälte mbB, Düsseldorf
Dipl.-Ing. Heinz Harling	Chairman of the Supervisory Board of technotrans AG Lecturer at Hamm-Lippstadt University of Applied Sciences Member of the supervisory board of elaxis AG
Dr. Wolfgang Höper	Entrepreneur Member of the advisory board of SchäferRolls GmbH & Co. KG Member of the advisory board of Dr. Hahn GmbH & Co. KG
Dipl.-Ing. (FH) Thomas Poppenberg	Employees representative Design manager, at technotrans since 2004
Dipl.-Kfm. Dieter Schäfer	Chairman of the audit committee Industry consultant for machine tool manufacturing companies

Committees

Audit Committee
Messrs Schäfer, Harling, Dr. Höper

Nominating Committee:
Messrs Harling, Dr. Bröcker, Dr. Höper, Schäfer

Personnel Committee:
Messrs Harling, Dr. Bröcker, Dr. Höper

TECHNOTRANS ON THE CAPITAL MARKET - SHARES

The stock market year of 2017 held various surprises in store for all market operators. Not only did stock markets perform far better than many market professionals had believed possible at the start of the year. The performance figures for individual stocks were also astonishing.

To summarise, 2017 was a positive year for investors. On the back of a 6.9 rise in 2016, the DAX climbed by more than 12 percent over 2017. The other indices advanced even more resoundingly; the MDAX, TecDAX and SDAX were up 18 percent, 39 percent and 25 percent respectively on the previous year.

Share Price (January 1, 2017 to December 29, 2017)



technotrans shares again continued their impressive upward trend in the 2017 financial year to close at EUR 44.30 on December 29, 2017, a gain of more than 93 percent on the start of the financial year (EUR 22.90). The price performance of technotrans shares in 2017 consequently again outstripped all relevant benchmark indices (especially the SDAX and TecDAX). Market capitalisation

climbed from EUR 158 million to EUR 306 million in the year under review (reporting date December 29, 2017). 2017 also saw an improvement in the trading volume of technotrans shares and therefore in its position in the TecDAX rankings. The daily trading volume rose to an average of 16,192 shares (previous year 8,993 shares).

Performance of technotrans shares (XETRA) in 2017

in €



In the first half of the year, the shares benefited both from the improving state of the market and from expectations of further economic stimuli from technotrans' growth markets (electric mobility). In the second half of the year, the healthy first-half figures and the upgraded revenue and earnings forecast for 2017 also impacted the trading price

positively. The shares peaked at a year-high of EUR 51.71 on October 4. The trading price fell back slightly at the end of the financial year as a result of profit-taking. As in the previous year, the highest volume of trades was again achieved via XETRA, which accounted for 80 percent on average.

Capital market oriented

		2017	2016	2015	2014	2013
Trading price (Xetra closing price)						
High	in €	50.75	24.77	19.90	9.56	10.35
Low	in €	22.17	15.75	9.21	7.41	6.90
End of financial year	in €	44.30	22.90	19.30	9.28	7.71
Number of shares at the end of the period	Units	6,907,665	6,907,665	6,530,588	6,516,434	6,493,474
Market capitalisation	€ '000	306,010	158,186	126,040	60,473	50,065
Net profit per share (basic, IFRS)	in €	1.76	1.09	0.96	0.67	0.47
Dividend per share	in €	0.88	0.55	0.48	0.33	0.20

Investor Relations Work

Our investor relations work maintains a continuous and open exchange of information with all capital market players. Our goal is to establish transparency and to promote an understanding of our business model and of the value drivers within our strategy. The Board of Management sought a steady dialogue with existing and potential investors in the period under review. Both Chief Executive Officer Henry Brickenkamp and Chief Financial Officer Dirk Engel took part in capital market events, conferences and roadshows in Germany and internationally with that purpose in mind. As well regularly publishing up-to-date information about technotrans, the Board of Management held one-to-one meetings and interviews with analysts and business journalists. technotrans maintains the dialogue

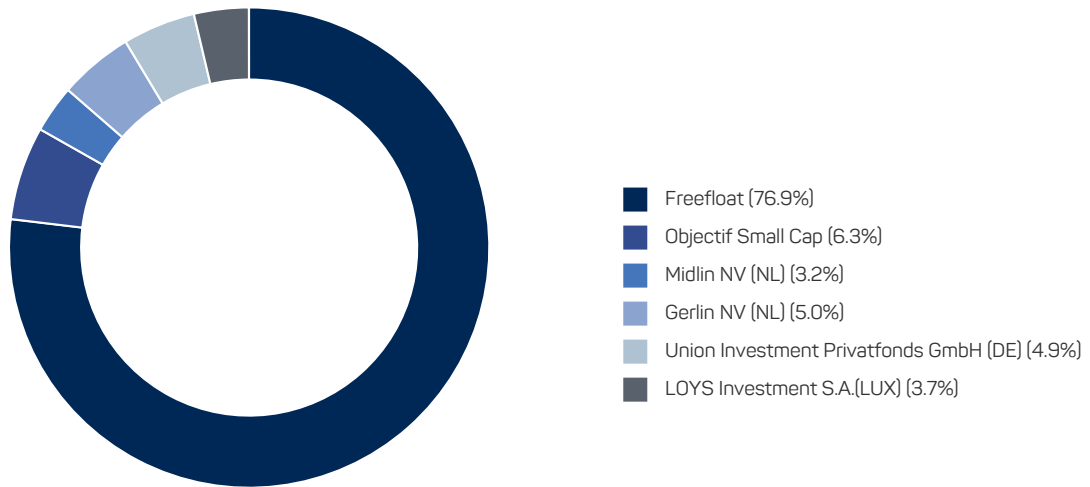
with private shareholders through the Annual General Meeting and personal contacts. The share performance increasingly attracted attention among investors in 2017. The marked progress in strategic further development is rated positively by six analysts (Bankhaus Lampe, M.M. Warburg, equinet, Hauck & Aufhäuser, HSBC Trinkaus und Burkhardt, and ODDO BHF). The analysts' price targets for technotrans shares currently range between EUR 43 and EUR 56, and without exception represent recommendations to buy or hold. We provide a steady flow of information about active capital market work on the company's website and post the regular publications and the financial calendar for the current year there.

Shareholder Structure

The free float of technotrans shares at the reporting date of December 31, 2017 represents around 77 percent of the share capital. The biggest shareholders of technotrans AG

are institutional investors with long-term investment horizons from Germany and other European countries.

Shareholdings at the end of 2017 (in %)



Proposed Dividend

The Board of Management and Supervisory Board will propose to the Annual General Meeting on May 18, 2018 that a dividend of € 0.88 per share be distributed for the past financial year of 2017. This represents a dividend yield of 2.0 percent, compared with 1.5 percent in the previous year. technotrans reached important milestones in its strategic further development in the year under review, as well as achieved pleasing revenue and profit growth. Our

proposal ensures that our shareholders participate appropriately in the company's profit performance, in keeping with our established dividend policy. The profit distribution policy envisages the distribution of up to 50 percent of consolidated net profit. Such a distribution is subject to the annual financial statements of technotrans AG showing an accumulated profit.

Dividend

Financial year		2017	2016	2015	2014	2013
Dividend per share	in €	0.88 ¹	0.55	0.48	0.33	0.20
Payout ratio	in %	50%	50%	50%	49%	43%
Amount distributed	€ '000	6,079 ³	3,799	3,138	2,151	1,299
Dividend yield ²	in %	2.0%	1.5%	2.8%	2.1%	2.3%

¹ Proposal to the Annual Meeting

² Dividend payment / technotrans trading price on day of Annual General Meeting; for FY 2017: 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 Annual General Meeting

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GROUP STRUCTURE

Organisational and Legal Corporate Structure

The technotransGroup is an international technology and service company that concentrates on customer-specific applications in the field of liquid technology. The parent company technotrans AG, with its registered office in Sassenberg (Westphalia), directly or indirectly has a majority interest in 21 subsidiaries.

The group's structure is designed so that all companies can make a contribution towards strengthening the worldwide market position of the group.

With a total of 1,329 employees (December 31, 2017) at 19 locations as well as a large number of partnerships, the technotrans Group has a presence in all important markets worldwide.



The group's activities comprise on the one hand the production plants and on the other hand the sales and service companies. The production plants specialise by business segment and product line.

The technotrans sales and service companies are responsible for direct sales and service of our products. As a supplementary measure our Key Account Management supports major international customers.

The technotrans Group does not have financial holdings. An overview of the ownership structure within the group is presented in the Notes, under "Consolidated Companies".

To boost technotrans group (taicang) co. ltd., Taicang, China, both the business operations of KLH Cooling International Pte. Ltd, Singapore and the business operations of GWK Heating and Cooling Technology (Shanghai) Co. Ltd. were taken over in the 2017 financial year and a capital increase of € 0.8 million was carried out.

In October 2017, EasyBrowse GmbH, Schwerin, was merged with Ovidius GmbH, Berlin. In addition, two new companies were established in the financial year. technotrans Grundstücksverwaltungs GmbH, Sassenberg, will be erecting the new business premises for Termotek

GmbH at its Baden-Baden location in the 2018 financial year. With effect from January 1, 2018 technotrans japan K.K., Kobe, Japan, took over the business operations of the

permanent establishment of technotrans Asia Pacific limited, Hong Kong, which has previously been situated in Japan.

BUSINESS MODEL

Segments

The Group's business is divided into two segments: Technology and Services. The **Technology segment** generates 72 percent of consolidated revenue. In this business area technotrans develops and sells equipment and systems based on its core skills in liquid technology. technotrans pools its specialist knowledge in three technology business units (BU): cooling and temperature control ("temperature control" BU), filtering and separating ("fluid conditioning" BU), and spraying and pumping of liquids ("ink & fluid technology" BU). They are the result of intensive research and 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 and sales markets in order to safeguard its long-term growth.

The Technology segment is complemented by the **Services segment**. A large range of services, for example the worldwide parts supply, as well as repair and installation services, completes the activities of technotrans. These also include providing customer support for the maintenance and operation of systems.

Other services in the Technical Documentation area also come under this segment. The subsidiaries gds GmbH, gds Sprachenwelt GmbH and Ovidius GmbH compile and translate primarily technical documentation and also market their self-developed software solutions that customers can use to create and manage documents.

Markets and Customers

Sales and Service now focus their worldwide activities on four subsidiary markets within the mechanical and plant engineering sector: the printing industry, the plastics pro-

cessing industry, the laser and machine tool industry, and separately identified growth markets. The latter include medical technology and electric mobility.

PRINT INDUSTRY

- › offset print, digital print, flexo print, other printing processing

GROWTH MARKETS

- › medical/scanner technology, electromobility, semiconductors, others



PLASTIC PROCESSING INDUSTRY

- › injection moulding, extrusion, pressing, blow moulding, casting

LASER INDUSTRY, TOOLING INDUSTRY, STAMPING AND FORMING TECHNOLOGY

- › laser, turning/milling/grinding/polishing, cutters/presses, other applications

SERVICES

- › spare parts, installationen, maintenance, technical documentation (gds)

technotrans has been an important supplier and reliable partner to the global **printing industry** for very many years. Since the financial crisis, the market for print products has now stabilised with a worldwide print volume in excess of € 400 billion annually. In terms of the technology involved, sheet-fed offset, flexographic and digital printing methods account for two-thirds of the print volume. technotrans offers customer-specific products and services for these, and supplies virtually all leading printing press manufacturers. Our market share 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. technotrans generates around 42 percent of consolidated revenue in the printing industry.

In the **plastics industry**, the second-largest source of revenue, technotrans has emerged as a high-performance partner for mould temperature control and machine cooling in both injection moulding and plastics extrusion, through GWK Gesellschaft Wärme Kältetechnik mbH (gwk). Temperature control and cooling have a huge influence on the quality of moulded parts and the economic efficiency of the production process.

Robust cooling technology that is ideally matched to the application is a prerequisite for a stable and economical production process in the **laser and machine tool industry**. For a number of years, technotrans has been serving this market with high-quality system solutions in the field of cooling, temperature control and filtering of liquids through its production companies Termotek GmbH and KLH Kältetechnik GmbH.

The significance of electric mobility is growing rapidly worldwide. For this **growing market**, technotrans supplies cooling systems for lithium-ion batteries for both mobile and stationary applications. The use of cooling and temperature control systems extends the operating life of high-performance batteries in electric vehicles and static

energy storage devices. technotrans products are used for example in electric buses, trams and trains, in AGVs (automated guided vehicles) but also in battery charging points and in inverters for energy conversion. In medical and scanner technology, customers also call upon technotrans' tailor-made cooling solutions as integral components or as external, central overall concepts

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. technotrans' chosen level of manufacturing penetration enables it to respond flexibly and cost-effectively to the requirements of customers. The most recent acquisition gwk in addition offers extra scope for value creation within the group.

The investment propensity of the target industries in which the technotrans Group is active regularly has a major impact on the group's business performance. That propensity is in turn influenced 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 plastics industry, the laser industry as well as energy storage or medical technology help to further significantly reduce that correlation in future.

With the exception of the printing industry, the market in the other market segments where technotrans is active is served by a large number of suppliers. In those instances the competitive environment for technotrans is highly fragmented. A major success factor for technotrans therefore stems from its positioning as a systems supplier of complex, customer-specific solutions with its own global service network, unlike out-and-out components suppliers. technotrans is steadily consolidating its target position as market leader in its chosen niche markets. The market entry barriers for potential competitors are therefore for the most part high.

Research and Development

The research and development area is the basis for the group's future success. Spending on such activities rose by 36 percent in the year under review of 2017, to € 7.5 million (previous year: € 5.5 million). gwk was a major factor in this change, because it was consolidated within the technotrans Group for the first time in autumn 2016.

The R&D ratio (development spending in relation to consolidated revenue) of 3.7 percent overall was again at the level of the previous year (3.6 percent). If R&D spending is expressed in the usual way in relation to revenue for the Technology segment, the figures are as shown in the table.

Research & Development		2017	2016	2015	2014	2013
Financial year						
R&D spending ¹	€ '000	7,528	5,534	4,293	3,382	2,985
Innovation ratio ²	%	5.1	5.3	5.3	4.6	4.5
Capitalisation ratio ³	%	4.6	0.0	4.1	4.9	22.6
Capitalised development ⁴	€ '000	836	832	1,195	1,439	1,583

¹ R&D spending pursuant to Consolidated Income Statement, in 2016 thereof € 479 thousand from acquisitions

² R&D spending refers to the revenue for the Technology segment

³ Capitalised development costs refer to R&D spending

⁴ Residual carrying amounts

As in previous years, technotrans fundamentally recognises development spending in the Income Statement. If the appropriate requirements are satisfied, development expenditure is booked as an intangible asset pursuant to IAS 38 and recognised as such on the balance sheet. The development expenditure recognised as an intangible asset of € 0.4 million (previous year: € 0.0 million) contrasted with depreciation and amortisation of € 0.4 million (previous year: € 0.4 million). The capitalisation ratio, in other words the ratio of development expenditure recognised as an intangible asset to R&D spending, is reported as 4.6 percent for 2017. Further explanatory notes are provided in the Notes to the Consolidated Financial State-

ments under the Notes to the Balance Sheet 3) "Intangible Assets".

The Board of Management believes the level of development expenditure reached is necessary to actively provide the technology that substantiates the group's process of transformation. For its research and development activities in the past financial year, technotrans concentrated above all on projects and methods that improve energy efficiency and save resources for customers. Meanwhile technotrans continues to build on its existing skills in the technology-oriented areas in order to permanently bolster its market position.

Purchasing, Production and Quality

Procurement and supply chain management are very important for technotrans. Organic and non-organic growth as well as product diversification entail a raft of new requirements for the entire materials management side. Alongside growth in business operations and the expansion of supplier management, optimisation concepts need to be put into practice in Procurement. Flexibility for the technotrans locations in conjunction with an expansion of the lead buyer principle remain the focus.

technotrans has implemented a continuous improvement process at all production locations. Programmes to boost productivity and efficiency are continuously being implemented, and potential improvements identified and gradually rolled out. Reducing interfaces in production processes, new production concepts, the adoption of shop floor management and optimised internal logistics concepts are some of the priority topics that we are focusing on at the locations. Lean concepts and internal supply chain management reflect the approach and objective. Be-

cause different products and product ranges are made at all locations, the challenge is to adopt appropriate optimisation concepts and generate mutual benefits by systematically sharing findings.

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. technotrans also regards itself as a quality leader within its field of competitors. With that in mind, multi-site management was introduced in 2016 to harmonise the methods and processes of different group locations while also reducing the burden of auditing work. The new quality management certificate to DIN/ISO 9001:2015 was also audited. The group benefits here from a strategic approach that also encompasses the subsidiaries. 2017 saw quality – expressed in terms of the rate of warranty cases – remain stable year on year at a consistently low level.

GOALS AND STRATEGIES

Over recent years we have successfully completed the re-organisation of technotrans into a sustainably profitable business. The key moves were the shift in strategy and structures following the global economic crisis (2008-2009) and the focus on new growth areas.

The overriding goal of the technotrans Group is to increase the value of the company in the long term. The corporate strategy is geared towards steadily expanding the current market position as a specialist for liquid technology (fluid management and thermal management). To achieve that goal, technotrans concentrates on its core skills while focusing investment on measures that enable it to expand its product range further and gain a foothold in new application areas. Organic growth is also generated through partnerships in the areas where its core skills are called for. Targeted acquisitions are another driver of growth.

technotrans focuses to a very large extent on niche markets where it is possible to achieve a market share in the region of 50 percent or more, 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 our customers both technology and prices that are benchmarks. 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.

Our growth potential comes from tapping into new industries and applications, expanding our international customer base and capitalising on cross-selling effects in the various areas of business. Developing new products through technological innovation and providing customer-specific solutions that are based on standard platforms are also part of our strategy.

Increasing customer benefit: Our product portfolio and processes are continually being revised and are evolving in tandem with 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 our close ties with the manufacturers of offset as well as digital and flexographic printing presses, along

with our unique expertise, we intend to consolidate our role as technology partner in this industry and beyond, and – wherever possible – build on it.

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

Given the economy's digital transformation, it is only logical to revisit the business models of the technotrans Group. As specialists in their niches, the group companies face the challenge of seizing their opportunities promptly so that they can retain or extend their market position and access new markets.

Broadening the business base: By addressing a variety of markets, the group is not as heavily dependent on the business cycles of individual industries. This enables it to absorb fluctuations more easily, giving it greater stability. technotrans will also continue to extend its business base in future. 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, it has been successfully developing and expanding new applications outside the printing industry for a number of years.

Promoting internationalisation: Today, markets today are global – including for SMEs. That obliges a number of companies in the technotrans Group to step up the development of their international activities.

As well as organically accessing new markets, technotrans' growth strategy involves the acquisition of companies with core skills that specifically 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, we bind the holders of key expertise to the company in the longer term.

Deepening integration: Across the group, capacities and potential are being integrated to put them to optimum effect. The aim is to create long-term value added in every area of the company. To increase efficiency further, we will advance the projects designed to develop the group and increasingly harmonise processes and structures. technotrans' strategies include the systematic expansion of shared infrastructures and cross-disciplinary functions, for instance in procurement or the international sales and service network.

Profitable growth will remain the focus of technotrans' strategic development. The company has set itself the

goal of growing faster than the market. By 2020 it aims to increase consolidated revenue to around € 300 million. In pursuit of that goal, the new growth markets of the group in particular have been identified as sources of overproportional revenue growth over the coming years. The growth-oriented measures in addition include acquiring complementary business areas, technologies or products. The Board of Management seeks a steady improvement in the return on sales (EBIT margin).

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

Principles and goals of financial and liquidity management

Based on a comfortable liquidity base, in conjunction with financing commitments by the banks, technotrans is able to invest flexibly at any time. The task of financial management within the technotrans Group is handled centrally by the group parent.

Financial and liquidity management primarily involves managing liquidity, securing borrowed capital and managing interest and foreign currency risks. To a large extent the group constitutes a financial entity and is thus able to optimise its capital procurement and investment opportunities. The overriding goal of technotrans' financial policy is to assure a balance between growth, return on equity and financing security.

In its financial management, technotrans continues to strive to generate internally 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 2017 financial year.

The most important source of financing remains the cash inflow from operating activities (operating cash flow). The optimisation of working capital releases liquid funds, keeps debt low and thus improves the indicators relating to balance sheet structure (such as equity ratio) and return on investment.

Limiting risks encompasses all financial risks that could threaten technotrans' continuation 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.

technotrans covers its capital requirements from operating cash flow and by raising medium and long-term financing. If required, the company also manages the group's need for financing via the available short-term credit facilities of technotrans AG, Termotek GmbH, KLH Kältetechnik GmbH and GWK Gesellschaft Wärme Kältetechnik mbH. Bank borrowings amounted to € 23.0 million (previous year: € 28.1 million) at the balance sheet date.

For financing, technotrans uses its long-standing association with several German financial institutions. Stabilising factors in long-term financing include a broadly spread credit volume as well as a balanced repayment structure for alternative financial instruments.

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, GBP and AED at the balance sheet date. No instruments for the hedging of foreign currency positions were used beyond the 2017 reporting date.

Off-balance-sheet forms of financing used by technotrans include above all tenancy and operating leases, above all for IT accessories and company vehicles. Future operating

Capital structure

technotrans' capital structure comprises a sound equity base and a demand-led level of borrowing. With an equity ratio of 55.7 percent at December 31, 2017 (previous year: 51.0 percent) and total borrowing arrangements amounting to € 40.0 million (previous year: € 46.5 million), technotrans has a viable and sustainable financing structure. At the balance sheet date, cash and cash equivalents came to € 14.8 million (previous year: € 23.9 million) and available but unused borrowing facilities amounted to € 17.0 million.

No new financing was raised in the course of 2017. At December 31, 2017 the maturities of the group's existing debt financing averaged four years. Short-term credit lines were used only intermittently in the past financial year. At the end of the financial year the average weighted

lease obligations at December 31, 2017 totalled € 4.6 million (previous year: € 5.6 million).

interest rate for borrowing was approx. 1.7 percent (previous year: 1.8 percent). Wherever economically advisable, technotrans supplements financing by operating lease agreements. Other off-balance-sheet financial instruments are of only minor significance. In 2017 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 business operations in 2018, enabling it to meet its foreseeable payment obligations at all times. 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. As a listed company, technotrans also has access to capital market instruments.

CONTROL SYSTEM

The Board of Management of technotrans AG uses first and foremost financial performance indicators to manage the group. Non-financial performance indicators in addition provide an important decision-making basis for corporate management.

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 their respective 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.

Financial Performance Indicators

technotrans AG and its group companies are managed first and foremost on the basis of revenue and earnings ratios (EBIT margin). These control parameters are in each case determined, planned and continuously monitored for the group, the reportable segments Technology and Services, as well as for the individual group companies including the parent.

For the management of the group, technotrans in addition refers to other financial indicators such as the equity ratio and gearing ratio, as well as the free cash flow (the cash

flow from operating activities less the cash payments from the cash flow for investment activities).

The 2017 financial year was another very successful one for the technotrans Group. Both the targeted growth and the margin targets were achieved, and both operating segments report improved results.

The following table provides an overview of key financial and control indicators for the technotrans Group:

Actual and forecast business development

		2016	Forecast 2016 Management Report	adjusted forecast Quarterly Communication Q2-2017	2017
Revenue	€ million	151.8	185 - 195	203 - 208	205.1
Technology	€ million	103.6	131 - 137	145 - 148	147.6
	in %	68%			72%
Service	€ million	48.2	54 - 58	58 - 60	57.5
	in %	32%			28%
EBIT	€ million	9.7	12 - 14	16 - 17	17.4
	in %	6.4%	6.5% - 7.2%	7.8% - 8.2%	8.5%
Technology	in %	2.8%	> 3.5%	> 4.5%	5.5%
Service	in %	14.2%	> 14%	> 15%	16.3%
Free Cashflow	€ million	-12.6	> 5	positive	0.2

Overall, the Board of Management of technotrans AG is very satisfied with the development of the Group in the year under review. To summarise, technotrans achieved its upgraded targets from summer 2017. The revenue growth of the technotrans Group amounted to € 53.3 million, representing an increase of 35.1 percent on 2016. At € 205.1 million, the consolidated revenue realised was squarely inside the most recent forecast range of € 203 to 208 million. After stripping out the acquisitions, the group achieved organic revenue growth of around

12 percent and thus exceeded the original forecast for the 2017 financial year.

Operating profit (EBIT) grew in absolute terms by € 7.7 million (equivalent to +79.2 percent) to € 17.4 million. The EBIT margin reached 8.5 percent, compared with 6.4 percent in the previous year. The adjusted forecast range for 2017 of € 16 to 17 million was therefore surpassed.

Non-Financial Performance Indicators

Alongside economic goals, all business units of the technotrans Group also pursue non-financial goals. All material aspects for the year under review of 2017 were summarised for the first time in a non-financial group declaration in accordance with the CSR Directive Implementation Act.

The declaration in accordance with Section 315b of the German Commercial Code represents a separate section in this Combined Management Report (see chapter: Non-Financial Group Declaration). It is also posted on the company's website at <https://www.technotrans.com/en/investor-relations/corporate-governance/corporate-governance-declaration.html>.

DEVELOPMENT OF THE ECONOMIC ENVIRONMENT

From an economic viewpoint, 2017 exceeded all expectations. Global trade unexpectedly picked up and global economic growth was likewise surprisingly positive. According to an estimate by the organisation of industrial nations OECD, the global economy grew by 3.7 percent in 2017 – the fastest rate since 2011 and 0.3 percentage points better than was forecast at the start of the year.

For the first time in a long while, last year's upturn in the global economy extended to virtually every region of the world. The emerging economies are gradually shedding

their economic weakness and China, too, continues to achieve comparatively strong growth. However the positive development is above all attributable to industrial nations such as the United States and the eurozone, for which the economic data was better than forecast at the start of the year. The German economy grew by 2.5 percent in 2017, its eight successive year of expansion. The business confidence index for manufacturing industry reached a new record high. Capacity utilisation of 87.9 percent is well above the long-term average of 83.7 percent.

Change of Gross Domestic Product in percent

	2017	2016
World	3.7	3.2
USA	2.3	1.5
Eurozone	2.4	1.8
Germany	2.5	1.9
China	6.8	6.7
Emerging countries	4.7	4.4

Source: International Monetary Fund, World Economic Outlook, January 2018

"German mechanical engineering companies regain their former strength". The VDMA (German Engineering Federation) had to revise its expectations substantially upwards in the past year. The federation had forecast real output growth of one percent for the German mechanical engineering industry for 2017. According to VDMA figures, mechanical engineering companies closed their order books

for 2017 overall up 3.1 percent in real terms compared with 2016. According to VDMA figures, 2017 output growth was achieved emphatically through boosts to export markets. Almost all such markets revealed growth. The major growth contributors were the USA (+12 percent) and China (+24 percent).

BUSINESS PERFORMANCE

The key events for the technotrans Group in the 2017 financial year included:

- › A successful start to the new financial year of 2017 and consistently strong revenue and profit growth in all markets.
- › A successful development in the first year after the acquisition of gwk. The newest group company confirms the successful growth pathway in the plastics processing industry.
- › Highly promising projects in electric mobility: from mobile battery cooling for buses, rail vehicles and automated guided vehicles (AGVs) to the static quick-charging station for cars.
- › The acquisition of a plot of land at the Termotek GmbH location in Baden-Baden in connection with the establishment of technotrans Grundstücksverwaltungs GmbH. technotrans AG holds 100 percent of the shares.
- › The presentation of a large number of new products at numerous technology shows
- › The upgrading of the annual targets for 2017 and the presentation of new medium-term targets (2018-2020) for the technotrans Group.
- › The impressive continuation in the upward trend of the technotrans share price in 2017. On December 29, 2017 it closed at € 44.30, up more than 93 percent on the start of the financial year (€ 22.90). Market capitalisation and the average trading volume of the shares therefore showed a positive upward movement as expected.

The 2017 financial year progressed highly successfully for technotrans. With revenue jumping to € 205.1 million and EBIT climbing to € 17.4 million, the group achieved the best result in the history of the company.

At the time the plans for 2017 were drawn up, the Board of Management expected revenue of between € 185 and 195 million for the technotrans Group based on a stable development in the world economy in conjunction with various new projects involving both existing and new customers. With the publication of the Interim Financial Report, the Board of Management upped the targets for the year to consolidated revenue of € 203 to 208 million and EBIT in the range of € 16.0 to 17.0 million. In realising this revenue and profit performance, technotrans therefore confirms its most recent expectations.

Equity improved in absolute terms by € 7.9 million to € 69.8 million (previous year: € 61.9 million). The equity ratio climbed to 55.7 percent (previous year: 51.0 percent), continuing to represent a high proportion of the balance sheet total, and was therefore above the target level of 50 percent.

In the 2017 financial year, the group achieved its original target of again generating a positive free cash flow.

FINANCIAL PERFORMANCE, FINANCIAL POSITION AND NET WORTH

Revenue and Profitability Performance

The financial performance of the technotrans Group showed a marked improvement at December 31, 2017 compared with the previous year. It was also substantially influenced by the new additions from the previous year and the impact these had on the generally positive development in business over the whole financial year.

In 2017 the consolidated revenue of technotrans rose in absolute terms by € 53.3 million to € 205.1 million. Overall, technotrans therefore reports revenue growth of 35.1 percent at the balance sheet date. Organic growth, i.e. excluding the revenue contribution of the plastics industry, came to 12.4 percent. 58 percent of consolidated revenue now comes from outside the printing industry (previous year: 45 percent).

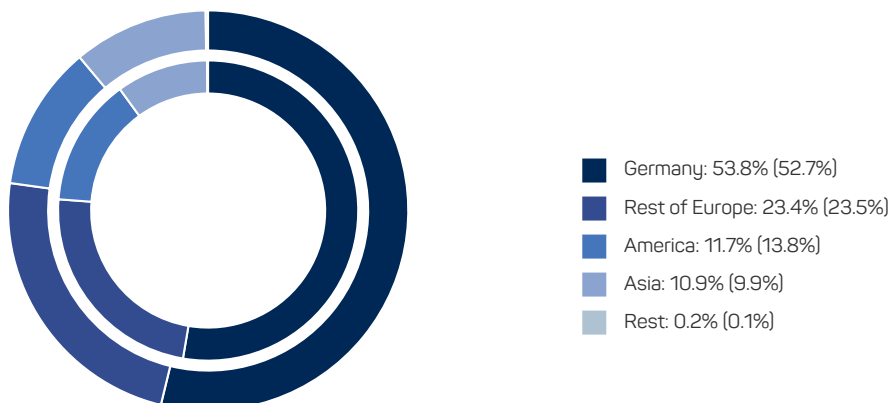
Compared with the previous year, business with customers in offset, digital and flexographic printing again developed positively thanks to technotrans' good market position in the printing industry. As planned, revenue in that area grew by more than 2 percent.

Thanks to the market and revenue shares gained, in all relevant markets technotrans moreover again succeeded in achieving stronger organic growth than those markets themselves in 2017. The biggest gain in revenue in 2017

came from our activities in the laser and machine tool industry, which achieved year-on-year growth of 33 percent, followed by the growth markets with 29 percent growth and plastics industry business, which likewise expanded at a double-digit rate with 11 percent organic revenue growth. Revenue from services in the Technical Documentation area also achieved overall growth of 10 percent.

Because of its customer structure in all submarkets, technotrans traditionally achieves a high proportion of deliveries and revenue in Germany. The 2017 financial year saw the proportion of revenue achieved by the group with German customers climb from 52.7 percent in the previous year to 53.8 percent. The revenue share in the remainder of Europe was unchanged at 23.4 percent (previous year: 23.5 percent). Meanwhile the revenue share in America fell to 11.7 percent in the past financial year, compared with 13.8 percent in 2016. The Asia region brought in 10.9 percent (previous year: 9.9 percent), an increase on 2016. The remaining regions achieved a revenue share of 0.2 percent, representing no change from the previous year's level.

Revenues by Region in percent, comparison 2017 / 2016



technotrans' standard business with industrial customers is predominantly based on release orders. The equipping of certain machine models with technotrans products is usually agreed in advance. Here, the time frame between the release order and delivery is rarely more than four to six weeks. Because of these master agreements, information on incoming orders and order backlogs is not particularly meaningful. Individual group companies (such as gwk) also generate revenue from project business.

Gross profit for the group, in other words revenue less cost of sales, came to € 68.2 million (previous year: € 51.2 million). The improvement in gross profit of 33.2 percent compared with the previous year was based above all on the increased revenue volume and the effects of changes to the product mix. The increased costs in proportion to revenue meant the gross margin at year-end remained unchanged at a high level of 33.3 percent. The cost of materials is fully absorbed within the cost of sales. This item rose by around 35 percent in 2017. The cost of purchased materials ratio (cost of materials as a proportion of

consolidated revenue) was therefore almost unchanged from the previous year at 38.7 percent.

The operating profit (EBIT) reached € 17.4 million, easily exceeding the prior-year level by 79.2 percent. The EBIT margin of 8.5 percent overall (previous year: 6.4 percent) was slightly ahead of the most recent expectations.

The profit performance for the 2017 financial year is essentially based on the increases in profit already realised over the course of the year thanks to higher revenue, and on improved economies of scale. In addition, the releasing of a provision for litigation costs from previous years to profit or loss in the amount of € 1.0 million had a positive impact on EBIT for the 2017 financial year. Taking into account this non-recurring effect, the adjusted EBIT margin came to 8.0 percent. technotrans thus achieved its goal of an EBIT margin of between 7.8 and 8.2 percent (or EBIT of between € 16 and 17 million) for the 2017 financial year on this adjusted basis, too.

Margin development of technotrans group

	2017		2016		Change
	€ million	%	€ million	%	in %
Gross profit	68.2	33.3	51.2	33.7	33.2
EBITDA	22.7	11.0	14.0	9.3	61.3
EBIT	17.4	8.5	9.7	6.4	79.2
EBT	17.0	8.3	9.2	6.0	85.3
Annual net profit	12.3	6.0	7.3	4.8	69.0

The rise in distribution and administrative expenses in the financial year was much lower than revenue growth. Distribution costs climbed 25.2 percent to € 26.5 million (previous year: € 21.1 million) and general administrative expenses went up merely € 2.4 million to € 18.6 million (previous year: € 16.2 million).

Development costs of € 7.5 million for the 2017 financial year were again higher than in the previous year (€ 5.5 million). technotrans is investing in a large number of development projects focusing on the new markets. There are diverse development activities in the new group companies, too.

In the year under review, the positive balance of other operating income and expenses rose by € 0.4 million to € 1.8 million. Year on year, the increase is attributable in particular to a full year of consolidation of gwk. In addition, the other operating income includes the releasing of a provision for litigation costs to profit and loss, as already mentioned. However there was an opposite effect in 2017 from net exchange rate losses amounting to € 1.0 million due to the high exchange rate fluctuations. This contrasted with the previous year, when there had been barely any exchange rate effect to speak of. No hedging instruments were used to reduce the impact of exchange rate fluctuations on the operating result.

As a result of the consolidation-related growth in the core workforce and further capacity-related recruitment, there was a clear rise in the average number of employees compared with the previous year (+30.6 percent).

Taking into account the effect of moderate wage and salary increases (averaging +3 percent), personnel ex-

penses in the year under review went up in absolute terms from € 52.9 million in the previous year to € 70.6 million. By contrast, the personnel expenses ratio (personnel expenses as a proportion of consolidated revenue) for the technotrans Group saw a slight overall reduction to 34.4 percent (previous year: 34.9 percent).

After deduction of the expense items, this leaves an operating result before depreciation and amortisation (EBITDA) of € 22.7 million. EBITDA rose year on year by € 8.6 million (61.3 percent), pushing up the EBITDA margin to 11.0 percent (previous year: 9.3 percent).

Depreciation and amortisation rose by € 0.9 million to a total of € 5.2 million (previous year: € 4.3 million). Of this, € 4.1 million is attributable to the Technology segment (previous year: € 3.7 million) and € 1.1 million to the Services segment (previous year: € 0.6 million). It essentially results from the group's general investment activity, mainly comprising replacement investment. Depreciation of assets in connection with purchase price allocation accounts for € 1.6 million (previous year: € 1.6 million). As in the previous year, no write-downs were performed in the year under review.

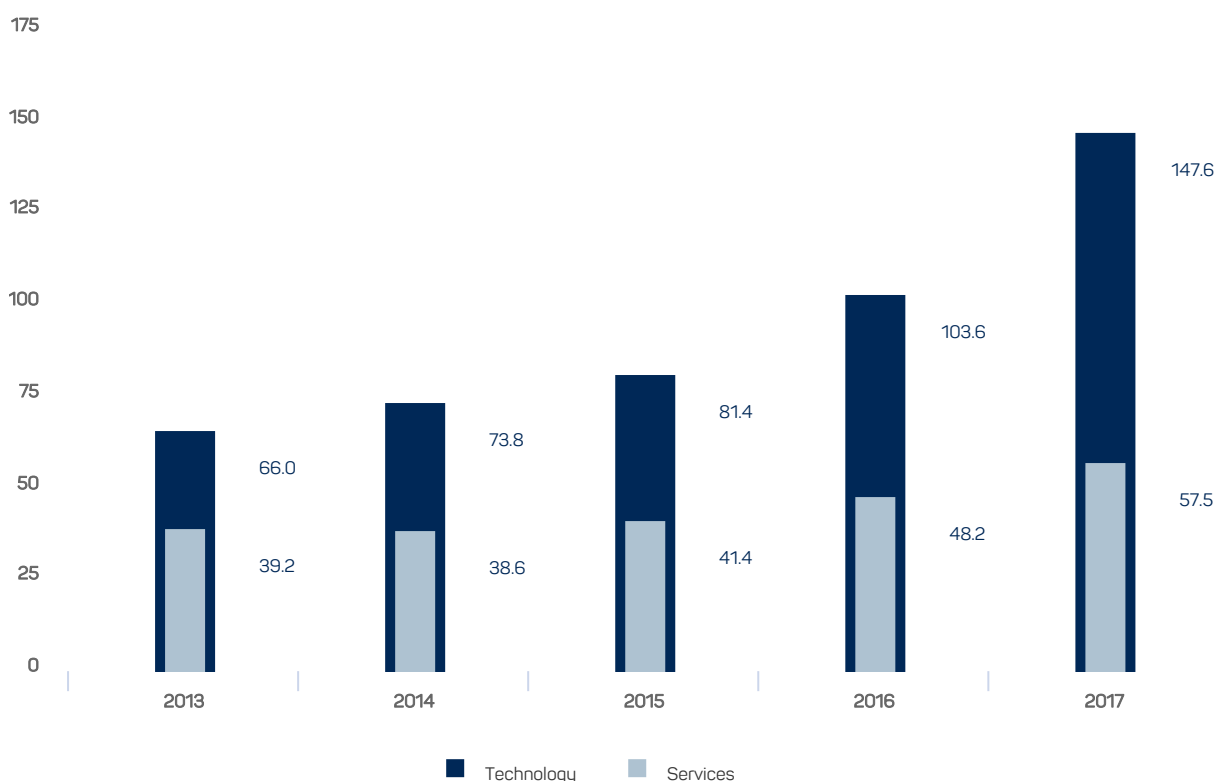
The **financial result** was improved slightly in 2017 compared with the previous year. The balance of income and expenses came to € -0.5 million (previous year: € -0.6 million). The financial result in the year under review is in essence the result of interest expenses for the group's debt financing, which had increased as a result of acquisition-led new borrowing in the previous year.

Because of the substantially improved profit before tax, the **tax expense** for the past financial year rose to € 4.7 million (previous year: € 1.9 million). This represents an effective tax rate of 27.7 percent (previous year: 20.7 percent). Disregarding the non-cash, tax-related non-recurring effects from the US tax reform approved in December 2017, the effective tax rate for the group would have been 24.3 percent. 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 2017 financial year rose by 69.0 percent and reached € 12.3 million (previous year: € 7.3 million), equivalent to a return on sales of 6.0 percent (previous year: 4.8 percent). Earnings per share outstanding therefore likewise improved by around 61 percent from € 1.09 to € 1.76.

Revenue by segments in € million



The **Technology** segment achieved revenue growth of 42.4 percent to € 147.6 million in 2017 (previous year: € 103.6 million). Organically, in other words after elimination of the purchase of gwk, growth in the year under review reached 15.0 percent and therefore again outstripped the growth rates of recent years.

This segment's share of consolidated revenue climbed to 72 percent (previous year: 68 percent), with a continuing upward trend. As in the previous year, the growth of € 44.0 million was realised in all relevant submarkets of the group. The newest group company gwk contributed

€ 30.5 million in total to this rise in revenue. The segment again benefited from the organic growth in business in the non-print area. Especially in the laser and machine tool industry, but also in the so-called growth markets, technotrans generated substantial revenue growth averaging 33 percent.

Because of the customer structure, the revenue of the Technology segment is traditionally very strongly focused on Germany. The proportion of revenue generated with German customers of 56.6 percent was virtually at the previous year's level (previous year: 57.2 percent). Mean-

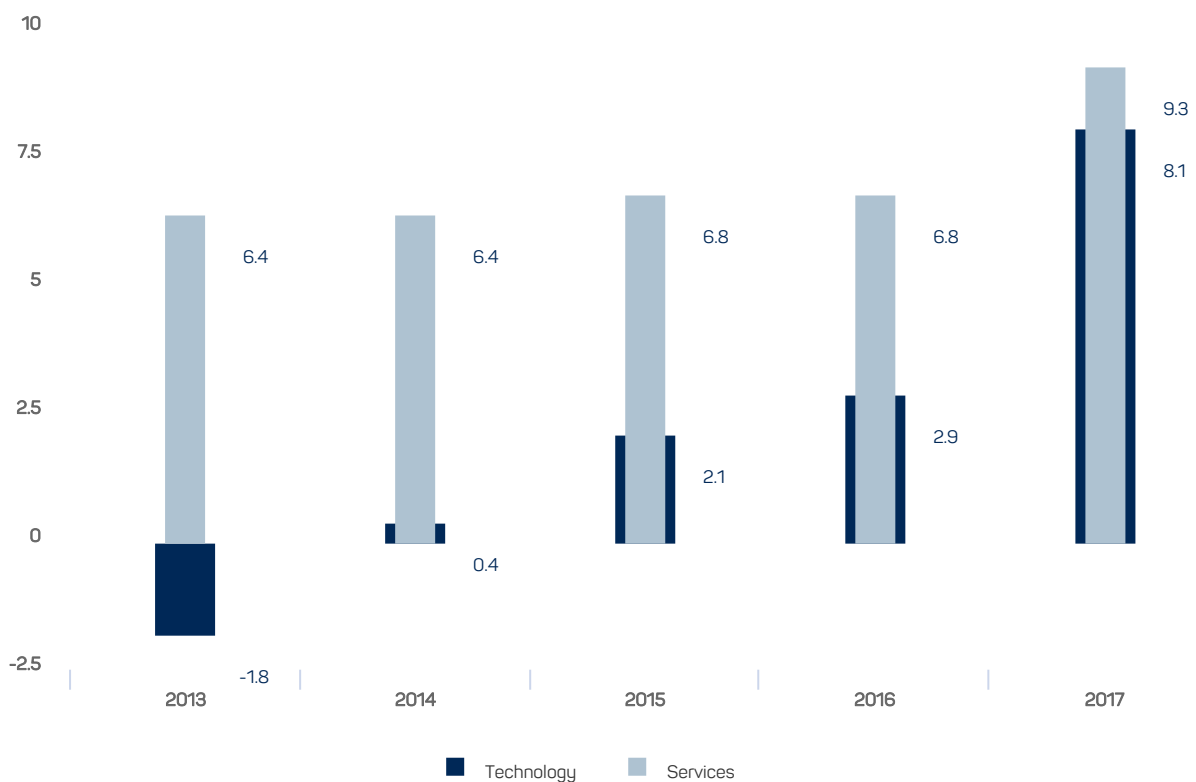
while the revenue share for the rest of Europe showed another year-on-year rise from 20.7 to 22.0 percent. 2017 saw the segment's revenue share in the Asia region rise from 10.4 percent in the previous year to 11.9 percent. At 9.3 percent, America's revenue share in the Technology segment was below the prior-year figure (11.6 percent). Other regions brought in 0.1 percent.

As expected, the Technology segment put in a positive performance over the year and therefore made a big contribution to the earnings performance of the group (EBIT). The result for the segment in 2017 improved out of proportion to revenue growth. As well as a better revenue mix, particularly pro rata cost synergies thanks to the increased volume significantly impacted the segment's

earnings situation in 2017. Overall, earnings before interest and taxes (EBIT) for the Technology segment rose year on year from € 2.9 million to € 8.1 million. The rate of return for the segment at the end of the financial year was 5.5 percent (previous year: 2.8 percent) and therefore easily exceeded the expectations at the start of year.

956 employees belonged to the Technology segment at the end of the year (previous year: 886). As in previous years, the general administrative areas have been spread between the segments pro rata, based on their revenue shares. The increase of 70 employees (+7.9 percent) stems almost exclusively from growth-related capacity expansion at the production locations of the technotrans Group.

EBIT by segment (in € million)



The **Services** segment achieved year-on-year growth of 19.4 percent in the period under review and generated revenue of € 57.5 million (previous year: € 48.2 million). Overall, the Services segment accounted for around 28 percent of consolidated revenue in 2017 (previous year: 32 percent).

Within the segment, the increase was driven both by growing follow-on business in the technology markets and by a year-on-year improvement in the business performance in the Technical Documentation area.

Disregarding the acquisitions, organic revenue growth in the 2017 financial year reached around 7.0 percent, com-

pared with 3.5 percent in the previous year, and was therefore above the rate forecast at the start of the year.

In the Services segment, the regional breakdown in revenue for the 2017 financial year was as follows: Germany 46.6 percent (previous year: 43.0 percent), Rest of Europe 27.1 percent (previous year: 29.4 percent), Asia 8.0 percent (previous year: 8.8 percent) and America 17.8 percent (previous year: 18.4 percent). The other regions brought in 0.5 percent.

Earnings before interest and income taxes for the Services segment rose by 35.5 percent, from € 6.8 million in the

previous year to € 9.3 million. With a rate of return for the segment of 16.2 percent (EBIT margin), the previous year's healthy level (14.2 percent) was therefore bettered. The operating result for the segment is in line with the group management's expectations and underlined once again just how profitable this area is.

373 employees belonged to the Services segment at the end of the year (previous year: 366). As in previous years, the general administrative areas have been spread between the segments pro rata, based on their revenue shares.

Net Worth

The net worth of the technotrans Group at December 31, 2017 remained very sound, with an equity ratio of 55.7 percent. Organic corporate growth necessitated increased investments in property, plant and equipment in the 2017 financial year, driving up non-current assets in particu-

lar. Working capital (inventories and trade receivables) was also up on the previous year.

At December 31, 2017 the balance sheet total showed an increase of 3.2 percent to € 125.3 million (previous year: € 121.5 million).

Net worth and capital structure in € million

Assets	2017	2016
Cash and cash equivalents	14.8	23.9
Receivables	24.2	17.8
Inventories	26.6	25.6
Other short-term assets	1.9	2.1
Long-term assets	57.8	52.1
	125.3	121.5
Equity and liabilities	2017	2016
Short-term debts	32.2	31.8
Long-term debts	23.3	27.8
Equity	69.8	61.9
	125.3	121.5

Assets

The rise in non-current assets from € 52.1 million to € 57.8 million results from increased investments in property, plant and equipment, following the addition of two properties. First, land for the planned new construction of the Termotek GmbH production plant at the Baden-Baden location was acquired in summer 2017. Second, € 7.2 million is for the acquisition of the property at gwk's production location in Meinerzhagen. This capital invest-

ment is directly connected to the interest acquired in the previous year. The carrying amount for intangible assets fell slightly from € 8.6 million to € 6.9 million. The impairment test carried out revealed no need for amortisation to goodwill, which is recognised at an unchanged € 23.1 million. Of the investment spending of € 11.5 million, € 9.7 million is attributable to the Technology segment and € 1.8 million to the Services segment.

Investment and depreciation in € million

	Investment	Depreciation & amortisation
2013*	8.9	3.2
2014	1.4	3.0
2015	1.7	3.2
2016*	12.9	4.3
2017*	11.5	5.2

* of which addition from company acquisition (2013: € 6.5 million, 2016: € 11.3 million, 2017: € 7.2 million)

Working capital (inventories and trade receivables) climbed by 17 percent (€ 7.4 million) over the year to € 50.8 million. Within this, inventories changed only minimally by one million euros. The increased assets in particular reflect the group's expanded business base as well as reporting-date-related effects. Other current assets showed little year-

on-year change at € 1.9 million (previous year: € 2.1 million). As expected, cash and cash equivalents at the 2017 balance sheet date declined to € 14.8 million in particular following the payment for the property purchase in Meinerzhagen (previous year: € 23.9 million).

Equity and liabilities

Within equity and liabilities, there was an absolute increase in equity at December 31, 2017 of 12.7 percent to € 69.8 million (previous year: € 61.9 million). The allocation of € 12.2 million from the net profit for 2017 (previous year: € 7.2 million) substantially increased equity. With an equity ratio of 55.7 percent, group equity continued to make up a high proportion of the balance sheet total, and was therefore also above the target level of 50 percent.

The return on equity, representing net income as a proportion of equity, reached 17.5 percent (previous year: 11.6 percent). Minority interests in equity amounted to € 0.2 million (previous year: € 0.1 million).

At the end of the 2017 financial year, the overall non-current liabilities of € 23.3 million were € 4.5 million down on the previous year (€ 27.8 million). Non-current financial liabilities in particular declined in the year under review, from € 23.0 million to € 19.2 million. At the balance sheet date, technotrans had financial liabilities totalling € 23.0 million (previous year: € 28.1 million). These stem principally from investments in fixed assets, as well as from acquisitions of interests, and are protected in part by land charges. Details of the structure of financial liabilities are provided in the Notes to the Consolidated Financial Statements, under the Notes to the Balance Sheet 11) "Financial Liabilities".

Current liabilities remained virtually unchanged from the previous year (€ 31.8 million) at € 32.2 million.

Within liabilities, **provisions** totalled € 11.0 million at the end of 2017, up € 1.2 million on the previous year. The long-term provisions of around € 1.2 million (previous year: € 1.2 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 € 9.8 million (previous year: € 8.6 million) consist of other obligations towards personnel (€ 6.2 million), payments to be made under warranty (€ 1.9 million) and other provisions (€ 1.7 million). A provision for litigation settlements amounting to € 1.0 million could be reversed in the year under review.

Financial Position

The financial position of the technotrans Group can be considered very solid. The group increased its cash flow from operating activities by a substantial € 8.0 million to € 22.2 million in the 2017 financial year. Free cash flow also improved significantly but was only mildly positive in view of the increased cash outflow for investing activities. Over and above that, the group still enjoyed adequate liquidity reserves from cash and open lines of credit.

Cashflow in € million

	2017	2016
Cash flow from operating activities	22.2	14.2
Net cash flow from operating activities	11.4	9.7
Cash flow from investing activities	-11.2	-22.4
Free cash flow	0.2	-12.6
Cash and cash equivalents at end of period	14.8	23.9

Financial resources tied up or released by changes in working capital are expressed in the Consolidated Cash Flow Statement for the year under review in particular in the items change in trade receivables and change in liabilities. On balance, these produced a cash outflow of € 8.0 million, which was much higher than in the prior-year

technotrans calculates **net working capital** as current assets less current liabilities. At December 31, 2017 net working capital was € 35.3 million, a decrease of 6.2 percent on the previous year (€ 37.6 million).

Corporate growth could be financed entirely from cash flow from operating activities in 2017. The group's net debt, calculated as the difference at the reporting date between non-current plus current interest-bearing borrowings and cash and cash equivalents, amounted to € 9.3 million at the end of the year under review (previous year: € 5.3 million). The ratio of net debt to equity (gearing) is 13.3 percent (previous year: 8.5 percent). The ratio of net debt to EBITDA remains unchanged at 0.4. The gearing ratio is therefore still at a very comfortable rating level.

The 2017 financial year saw the technotrans Group improve the cash flow from operating activities before working capital changes (cash inflow) by a substantial 56.7 percent to € 22.2 million (previous year: € 14.2 million). The cash flow was influenced positively especially by the operating result before income taxes, depreciation and amortisation (EBITDA).

period (€ 2.0 million). The cash outflow for interest and taxes paid was € 2.9 million (previous year: € 2.5 million). The cash flow from operating activities (net cash from operating activities) of € 11.4 million nevertheless remained above the prior-year level (previous year: € 9.7 million) in 2017.

Cash payments for investments in fixed assets amounted to € 11.5 million in the 2017 financial year (previous year: € 22.4 million). Of this amount, spending on the two properties came to around € 8.4 million. The net cash employed for the investments mainly comprised maintenance investments of € 3.1 million (previous year: € 1.5 million). All in all, investment spending by the technotrans Group was above the target of € 10.0 million originally forecast for the 2017 financial year. In the previous year, the cash flow from investing activities also contained the cash outflows for the corporate acquisitions amounting to € 20.9 million.

As a result of the increased investing activity, free cash flow remained just positive at € 0.2 million. However this was well up on the prior-year figure (previous year: € -12.6 million). The group consequently achieved its original target of once again generating a positive free cash flow in the 2017 financial year.

The net cash used for financing activities again showed a cash outflow of € -8.9 million for the 2017 financial year (previous year: € 16.6 million cash inflow). The group had outgoings of € 5.1 million for the scheduled repayment of borrowings (loan redemptions) (previous year: € 6.0 million). € 3.8 million was paid out in the dividend distribution to technotrans shareholders (previous year: € 3.1 million).

Cash and cash equivalents at the end of the year amounted to € 14.8 million (previous year: € 23.9 million). The group in addition had available but unused borrowing facilities amounting to € 17.0 million at December 31, 2017. From a capital management perspective the group's liquidity remains comfortable. technotrans therefore remains in a position to meet its payment obligations from business operations at any time in 2018.

ECONOMIC DEVELOPMENT OF TECHNOTRANS AG (CONDENSED VERSION ACC. 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 Inter-

national Financial Reporting Standards (IFRS as adopted in the EU). The development of technotrans AG as outlined below is based on its annual financial statements.

Business and economic environment

technotrans AG is the parent company of the technotrans Group. It 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 in-

terests. It directly and indirectly holds 19 operating 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

€ '000	2017	2016
Revenue	80,075	71,057
Inventory change	-171	393
Other operating income	878	2,117
Cost of material	36,192	32,686
Personal expenses	27,002	25,054
Depreciation and amortisation	1,337	1,391
Other operating expenses	11,123	10,704
Net finance costs	9,757	4,943
Taxes	2,683	2,089
Annual net profit	12,202	6,586
Profit carried forward	2,491	2,704
Transfer to retained earnings	5,000	3,000
Net profit	9,693	6,290

2017 was another very successful financial year for technotrans AG. The company achieved substantial revenue growth for the fourth time since 2013, coupled with a good profit performance. External revenue with existing and new customers rose more steeply than originally expected by € 6.8 million, equivalent to a gain of 11.2 percent. Successful business expansion with manufacturers from the offset, digital and flexographic printing industry as well as higher revenue in all other markets, in particular the laser and machine tool industry, electric mobility and scanner technology, were pleasing developments. At around 16 percent, the intragroup share of overall revenue was almost at the same level as in 2016.

The revenue share for the Technology segment rose by € 6.3 million to € 54.8 million, up 13.0 percent on the previous year (€ 48.5 million). In the Services segment, revenue came to € 25.3 million compared with € 22.6 million in the previous year (+12.0 percent).

Revenue overall rose by 12.7 percent compared with the previous year, from € 71.1 million to € 80.1 million. Earnings before the financial result and income taxes (EBIT) amounted to € 5.1 million (previous year: € 3.6 million). This represents an EBIT margin of 6.3 percent. For the 2017 financial year, the Board of Management had defined revenue and earnings targets for technotrans AG envisaging slight revenue growth in the order of three to five percent and an EBIT margin of 6.5 percent.

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

€ '000	2017	2016
Net profit for the period (Income Statement)	12,202	6,586
Income from write-ups of financial assets	3,360	637
Income from investments	2,284	1,609
Income from profit transfer agreement	4,350	2,923
Interest and similar income	90	24
Income from loans held as financial assets	123	200
Interest and similar expenses	450	451
Income tax expense	2,615	1,956
Earnings before interest and taxes (EBIT)	5,060	3,600

The cost of **purchased materials** for technotrans AG of € 36.2 million was 10.7 percent up on the prior-year figure (previous year: € 32.7 million). This meant the cost of purchased materials ratio (in relation to aggregate operating performance) fell slightly from 45.7 percent to 45.3 percent.

Personnel expenses for the 2017 financial year rose by € 1.9 million overall to € 27.0 million (previous year: € 25.1 million). The increase of 7.8 percent is attributable on the one hand to the buildup of employees and personnel capacity in the revenue-dependent areas, and on the other hand to implementation of the planned pay increase for 2017 averaging 3.0 percent.

The personnel expenses ratio fell from 35.1 percent to 33.8 percent.

Other operating income declined by € 1.2 million, from € 2.1 million in the previous year to € 0.9 million. Income unrelated to the accounting period accounted for € 0.3 million of this amount (previous year: € 0.9 million). This mainly comprised income from cash received for impaired receivables. Foreign exchange gains came to around € 0.1 million (previous year: € 0.4 million).

Other operating expenses of € 11.1 million were slightly above the level of the previous year (previous year: € 10.7 million). Sales commissions amounted to € 0.9 million (previous year: € 0.9 million). These flowed al-

most in entirety to own subsidiaries. Travel expenses remained broadly unchanged from 2016 at € 0.8 million. A total of € 0.3 million (previous year: € 0.5 million) was spent on the use of temporary personnel in the financial year. Expenditure on warranties (including the allocation to the provision for guarantees) came to € 0.8 million (previous year: € 0.4 million). Other operating expenses include exchange rate losses in the amount of € 0.6 million (previous year: € 0.2 million).

Depreciation and amortisation on property, plant and equipment as well as on intangible assets totalled € 1.3 million for the financial year (previous year: € 1.4 million).

technotrans AG posted an overall **financial result** of € 9.7 million (previous year: € 4.9 million). This includes on the one hand income from investments amounting to € 6.6 million (previous year: € 4.5 million), which comprises € 2.3 million in distributions by subsidiaries as well as € 4.3 million in profit transfers from Termotek GmbH and

gds GmbH on the basis of the existing profit and loss transfer agreements (PLTAs).

On the other hand write-ups within investment assets yielded income of € 3.4 million (previous year: € 0.6 million). Thanks to the continuing positive business performance of technotrans america inc., Mt Prospect, Illinois, USA, a reversal amounting to € 3.0 million was applied. The carrying amount of the participating interest was correspondingly increased. There were no write-downs on financial assets in the year under review, as in the previous year. The interest result of € -0.4 million remained steady compared with the prior-year level (€ -0.4 million).

Current income tax for the 2017 financial year totalled € 2.6 million (previous year: € 2.0 million).

Net income for the year of € 12.2 million is reported for the 2017 financial year (previous year: € 6.6 million).

Net Worth and Financial Position

ASSETS		
€ '000	31/12/2017	31/12/2016
Fixed assets	54,265	51,586
Inventories	10,584	10,470
Receivables and other assets	27,986	17,382
Cash and cash equivalents	5,786	13,302
Current assets	44,356	41,154
Deferred items	451	387
Deferred tax assets	6	9
Total assets	99,078	93,137
EQUITY AND LIABILITIES		
€ '000	31/12/2017	31/12/2016
Issued capital	6,908	6,908
Capital reserve	19,096	19,096
Retained earnings	30,707	25,706
Accumulated profit	9,693	6,290
Equity	66,404	58,000
Provisions	8,316	5,809
Liabilities	24,358	29,327
Deferred items	0	1
Total equity and liabilities	99,078	93,137

The **balance sheet total** of technotrans AG grew by € 6.0 million (+6.4 percent) compared with December 31, 2016, from € 93.1 million to € 99.1 million.

Fixed assets at the balance sheet date rose from € 51.6 million to € 54.3 million. Property, plant and equipment and intangible assets showed a further year-on-year decrease of € 0.6 million to € 9.9 million. Within investment assets, write-ups prompted an overall rise in shares in affiliated companies of € 3.2 million to € 44.3 million (previous year € 41.1 million).

Inventories of € 10.6 million (previous year: € 10.5 million) were unchanged from the previous year's level.

On the other hand **receivables and other assets** rose steeply by € 10.6 million compared with the position at December 31, 2016 to € 28.0 million. Of this amount, receivables from affiliated companies account for € 19.3 million (previous year: € 10.8 million). technotrans AG extended a loan amounting to € 7.7 million to the subsidiary GWK Gesellschaft Wärme Kältetechnik mbH, used in the main for financing the property purchase in Meinerzhagen.

Cash consequently fell from € 13.3 million to € 5.8 million at the balance sheet date.

Equity increased to € 66.4 million, up from € 58.0 million at the end of the previous year. The rise is mainly attributable to the net income for 2017, of which € 5.0 million was allocated to the retained earnings in agreement with Sec-

tion 58 (2) of the German Stock Corporation Act. The equity ratio improved again from 62.3 percent to 67.0 percent.

Liabilities and provisions at the balance sheet date amounted to € 32.7 million (previous year: € 35.1 million). The change results mainly from the € 4.0 million reduction in financial liabilities. Provisions were increased by € 2.5 million compared with the position at December 31, 2016 to € 8.3 million.

The **cash flow from operating activities** (net cash) for the 2017 financial year reached € 3.4 million (previous year: € 0.8 million). The change in working capital resulted in a budgetary commitment totalling € 3.9 million. Around € 4.3 million of this was attributable to a reporting-date-related rise in receivables e.g. from affiliated companies, as well as other assets.

Employees

At December 31, 2017 technotrans AG had a total of 469 employees; this was 20 more than at the end of 2016. For 2017, 371 employees belonged to the Technol-

Opportunities and risks

The business performance of technotrans AG is essentially subject to the same opportunities and risks as that of the technotrans Group. Merely in the two risk categories "General and Industry-Specific Risks" and "Corporate Strategy Risks" does technotrans AG exhibit certain higher risks than for the group in view of its lower target earnings.

Outlook

In view of technotrans AG's ties with the group companies as well as its importance within the group, the Board of Management refers to its comments in the Report on Ex-

As a result of moderate investing activities in fixed assets, there were cash payments in the period under review amounting to € -0.8 million (previous year: € -25.3 million). Cash payments for loans extended to affiliated companies came to € -7.2 million in the financial year (previous year: € -0.2 million). Cash receipts from the scaling-back of loans of subsidiaries and from interest and dividend payments received came to € 5.6 million (previous year: € 3.4 million). Overall, the cash inflows and outflows produced a negative **cash flow from investing activities** of € -2.4 million (previous year: € -21.9 million).

The **cash flow from financing activities** in the period under review reveals a cash outflow of € 8.2 million (previous year: cash inflow of € 23.0 million). This comprises € 4.0 million for the scheduled repayment of loans, € 0.4 million in interest payments and € 3.8 million for the distribution of the dividend to the shareholders of technotrans AG.

ogy segment (previous year: 356). There were 98 employees in the Services segment (previous year: 93).

If the expected economic or industry-specific developments or expectations for newly developed products should prove to be inaccurate, the revenue and therefore also the earnings target could be missed. The Board of Management currently assesses this risk as low.

The opportunities and risks for the group are presented in the Combined Management Report.

pected Developments, which in particular reflect our expectations for the parent company.

OVERALL STATEMENT OF THE BOARD OF MANAGEMENT ON THE NET WORTH, FINANCIAL POSITION AND FINANCIAL PERFORMANCE OF THE GROUP

In summary, the Board of Management assesses the net worth, financial position and financial performance of both technotrans AG and the group for the 2017 financial year as very healthy. Consolidated revenue was taken to a new record level and the EBIT margin of 8.5 percent reached its highest level since the 2007 financial year. The good overall market conditions along with steady improvements in the relevant business units helped the group expand successfully into new growth-oriented markets.

The group management identifies the asset structure and high group equity ratio as providing a sound basis for the financing of further growth. In addition, its operations were profitable and operating cash flow/free cash flow showed an improvement.

The broad customer base, the large number of new product launches in the pipeline and the product portfolio's greater emphasis on new growth markets are a healthy basis for the positive business progress to continue.

All in all, the technotrans Group has the necessary financial foundations for realising further technological development as well as enabling the group to realise the planned growth in revenue and earnings. The Board of Management is therefore determined to pursue the technotrans growth story and the medium and long-term goals.

The Board of Management and Supervisory Board will propose to the Annual General Meeting in May 2018 that a dividend of € 0.88 per no par value share be distributed for the 2017 financial year.

REMUNERATION 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 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 2017 financial year.

The level of target attainment for measurement of the variable remuneration component in the 2017 financial year was 146 percent according to the target agreement (previous year: 115 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	2017	2016	2017	2016	2017	2016
Fixed basic remuneration	220	220	176	176	176	176
Fringe benefits	58	51	49	49	45	45
Management bonus, year under review	259	272	207	227	207	227
Total remuneration	537	543	432	452	428	448
Entitlement dependent on the attainment of future performance targets	192	160	154	128	154	128

Remuneration of the Supervisory Board

In accordance with the Articles of Incorporation approved by the Annual General 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.

In accordance with the Articles of Incorporation the Supervisory Board members received the following remuneration for the year under review of 2017:

€ '000	2017			2016		
	Total remuneration	of which fixed	of which variable	Total remuneration	of which fixed	of which variable
Heinz Harling	67	22	45	50	22	28
Dr. Norbert Bröcker	49	15	34	36	15	21
Dr. Wolfgang Höper**	38	15	23	17	9	8
Helmut Ruwisch*	0	0	0	12	6	6
Dieter Schäfer	34	11	23	25	11	14
Reinhard Aufderheide	31	8	23	22	8	14
Thomas Poppenberg	31	8	23	22	8	14
Total remuneration	250	79	171	184	79	105

* to May 12, 2016 ** from May 12, 2016

TAKEOVER-RELEVANT DISCLOSURES

The following disclosures satisfy the requirements pursuant to Section 289a (1) of the German Commercial Code (HGB) and Section 315a (1) of HGB.

1. The issued capital (share capital) at December 31, 2017 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 the German Stock Corporation Act (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 in conjunction with Section 20 (2) of the Articles of Incorporation, amendments to the Articles of Incorporation normally require a resolution of the Annual General Meeting carried by a simple voting majority; in certain cases, however, a voting majority of 75 percent is required to amend the articles of incorporation
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 2017. 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 resolution of the Annual General Meeting. 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.

Up until June 2008 a total of 690,000 treasury shares were acquired via the stock market on the basis of the authorisation. In subsequent years and most recently in 2016, a total of 257,584 shares from these were distributed to the employees as part of their Christmas bonus, and a total of 8,501 shares by way of a remuneration compo-

nent. Furthermore, 49,000 treasury shares were issued in the 2011 financial year as part of the purchase price of Termotek AG. On November 3, 2016 the remaining 374,915 treasury shares held by the company at that point in time (equivalent to 5.43 percent of the share capital) were sold to institutional investors in Germany and other European countries with the approval of the Supervisory Board, excluding the subscription right of shareholders.

The Board of Management is in addition authorised, in accordance with the resolution of the Annual General Meeting 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.

NON-FINANCIAL GROUP DECLARATION

The strategy of the group focuses on sustained growth led by long-term profit. Ever since the company's founding in 1970, we have combined this long-term corporate success with economic, social and ecological responsibility. Sustainability is an important building block for technotrans, because sustainable business also helps it unlock new markets and position itself as an attractive employer.

In accordance with the latest legislation on CSR reporting, we report in the following on sustainability topics that serve to provide a better understanding of the business performance and future development of our group of companies.

Pursuant to Section 289b (1) of the German Commercial Code, we are not currently obliged to prepare a non-financial declaration in the Management Report of technotrans AG. To

Business Model

The technotrans Group with its head office in Sassenberg achieved revenue of € 205 million in the 2017 financial year. With around 1,330 employees, technotrans is represented at 19 locations worldwide. In the field of its core skill liquid technology, technotrans offers an extensive range of solutions for cooling, temperature control, filtering/separating and spraying/pumping of liquids. The group's products are used in a wide variety of markets. For historical reasons, technotrans enjoys a strong presence in the printing industry, but also provides solutions in industries and markets such as the laser industry and mechanical engineering, the plastics industry, medical technology and energy storage technology. As well as selling equipment, the group offers a wide range of services. These include the parts supply, as well as system repairs and installations.

The technotrans technical is highly dependent on the development of these industries and markets, and on the technical challenges that are brought to it by customers or need to be met for legal reasons. Our products are resold B2B mainly by the group-owned sales and service compa-

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nies. We generate around 60 percent of our revenue through direct OEM business.

that extent, this report in the Combined Management Report is a non-financial group declaration within the meaning of Section 315b of the German Commercial Code.

The legality, correctness and appropriateness of the non-financial group declaration were examined by the Supervisory Board of technotrans AG.

By way of a guide, in preparing the non-financial declaration we made reference to recognised frameworks such as the German Sustainability Code and the guidelines of the UN Global Compact, which we have committed to uphold. However the non-financial declaration for the 2017 financial year has been prepared independently of these, on the basis of the statutory requirements.

As an internationally active group with six production locations each with varying levels of value added and a high, ever-increasing range of products, we are also exposed to a value chain that is becoming more complex. In essence we work with suppliers in 13 different countries. When selecting suppliers, we look at criteria such as quality, price and availability, but also at aspects such as safety, environmental protection and short transport routes. Our suppliers must also confirm to us that their products do not contain any conflict minerals. We source the bulk (over 90 percent) of our purchased materials locally, i.e. the supplier is in each case located in the same country as our production company. This avoids unnecessarily long transport routes. Likewise at the sales end, the greater part (around 60 percent) of revenue is generated locally. Locally means that the country of a product's sale is the one where that product is manufactured, and that services are provided by a service company in the same country.

Sustainability Management

As a group with global operations, we are also constantly exposed to dynamic conditions and therefore perpetually confronted with a wide variety of opportunities and risks. Our priority is to conduct a constructive debate about opportunities and risks and to address them openly, so that we can assure the permanent success of our entrepreneurial activities. An effective risk management system tailored to the group of companies and an internal control system not only comply with the legal requirements, but in particular help secure the entrepreneurial targets as well as long-term viability and competitiveness.

It is important to us that all corporate decisions conform to laws, internal rules and voluntary commitments. technotrans accepts that responsibility worldwide in a variety of ways, for instance through its commitment to the Global Compact initiative of the United Nations (UN), or through the steadily evolving group-wide Code of Conduct 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. We have been a member of this initiative since 2006 and play an active role in furthering its long-term goal – to define 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 operations and business decisions. Since signing up to the Global Compact, we have regularly published a progress report. The most recent one was dated April 12, 2017. The next progress report is scheduled for April 2018.

In 2016 we again revised our main guidelines, which had until then been enshrined in various parallel directives, and brought them together in our technotrans Code of Conduct (Compliance Directive). Our Code of Conduct defines standards on how our employees should deal with each other and on conduct towards stakeholders such as cus-

tomers, suppliers, government agencies and business partners. The Code of Conduct is binding for all technotrans Group employees. Every employee worldwide is handed a copy of our technotrans Code of Conduct when they are taken on. The Compliance Directive can also be accessed over the intranet by any employee, and on the internet by any business partner of technotrans. Based on our concept, we also plan to introduce a group-wide e-learning programme. Its purpose will be to give employees regular computer-based training on topics such as compliance with employment standards, data protection, IT security, anti-corruption and environmental protection. Our aim is to use this channel to provide all employees with training on our Code of Conduct.

To assure compliance with statutory requirements and voluntarily adopted principles, there is a compliance organisation within the technotrans Group. The technotrans Board of Management bears overall responsibility for it and for our sustainability strategy. The officers at the regional and national companies have expressly undertaken to comply with it; at their individual locations they manage and monitor implementation of the group regulations, and compliance with the statutory requirements and voluntary commitments.

A compliance officer at technotrans coordinates, trains and checks worldwide implementation of the compliance regulations as well as any updates to those rules. Three audits were carried out in the 2017 financial year. As part of their respective compliance and supervisory duties, the Board of Management and Supervisory Board are informed regularly and in acute cases of the current status of compliance activities, and also actively obtain such information.

Group-wide risk management also plays an indispensable part in shaping our strategic emphasis on sustainability and helps us to identify potential risks and opportunities promptly. Our subsidiaries report quarterly on the risks to which they are exposed. In acute cases, information is circulated at short notice. For further information on this topic, please refer to the "Risk Management and Internal Control System" section of this Combined Management Report.

In recent years, technotrans has acquired companies of widely varying structures and sizes. Integrating the newly acquired companies into the group strategy and compliance structure swiftly and comprehensively repeatedly presents us with challenges. In the course of integration, all material processes required are gradually analysed and assimilated as necessary, with the goal of also implementing all standards and guidelines of the group at those companies as swiftly as possible. In view of rapid inorganic growth, the full harmonisation of those processes, stan-

dards and guidelines has not yet been completed. We are working continuously towards those goals.

Acting responsibly and lawfully is of key importance for technotrans' success. technotrans has set itself the task of steadily increasing its involvement in and commitment to the area of sustainability. Sustainable action is naturally part of its day-to-day work. The remuneration of our managers also reflects to what extent corporate and individual goals are achieved. Depending on area, sustainability targets may also be relevant.

Materiality

We identify relevant topics in the sphere of sustainability as those which have high significance for our business success and where technotrans can contribute particularly to a sustainable development, as well as areas in which the activities of the technotrans Group have a major impact on sustainability aspects. Particularly in the context of corporate acquisitions, new topics may come into focus that were not previously considered or assessed to be materially significant. The requirements of our stakeholders are another important point of reference here. We therefore maintain a regular dialogue with our main stakeholders, our employees, customers, shareholders, suppliers and other stakeholders. We use a variety of information sources and dialogue formats to that end. We draw a distinction between internal corporate communications that take place within the group and external communications that are aimed at a wider audience, such as customer communications, public relations (PR) work and financial market communications.

Communications with employees within the group are handled mainly by performance reviews, the intranet, emails, works and other meetings. Internal corporate communications may also span multiple locations. Employees are kept up to date about relevant developments and have the opportunity to put forward their own suggestions. technotrans uses customer communications to address existing and potential customers, with the purpose of win-

ning them over to its products and services and building up a long-term relationship. Communication often takes place face-to-face or at trade shows. Communications with investors, analysts and shareholders are covered by the "Investor Relations" area. Regardless of whether someone is a shareholder or merely interested in the company, and whether they hold a large or small number of shares, we provide them with written reports – in keeping with the statutory requirements – as well as explain individual aspects and answer questions in telephone conferences or face-to-face talks. The main component here is communications with the shareholders in connection with the Annual General Meeting. 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 our company values it very highly. Findings from these dialogues also help define our business activities, the development of new products and services, and the priorities for our sustainability management work.

We believe the non-financial aspects presented below currently play a major part in the business performance and success of the group. In addition, the effects of corporate activity on the non-financial aspects are considerable. We have also listed a number of topics that do not fully meet the statutory principle of materiality but are regularly discussed with our stakeholders, and as such are to be considered materially significant.

Non-Financial Aspects

a) Environmental matters

Growth in economic output worldwide will very probably also lead to increasing demand for resources. The overall pressure on the available resources will therefore continue to rise over the next few years. We consequently need innovations and technologies that pave the way for reduced consumption of materials and commodities. With our many years of experience in sustainable business, we are pursuing the concept of developing and realising viable solutions to this problem in partnership with our customers.

Environmental aspects influence the development of our products to a considerable degree. The decisive factors include statutory requirements which we are obliged to meet. They include the implementation of the Ecodesign Directive, for example. Then there are requirements presented to us by our customers, for example increased energy efficiency. Through our solutions, we therefore help our customers to manage energy and resources, and reduce their carbon footprint. We also look at energy and resource management in terms of our own entrepreneurial activity, to identify efficiency improvements.

Product development:

In the main, products are developed at our German production locations. The product development process is governed using internal procedural instructions such as the "Product Engineering/Discontinuation Process" procedural instruction of technotrans AG. New developments are often created in close partnership with our customers to en-

sure the desired results are also achieved at the customer. From the ideas phase to realisation, the innovation process for new products is standardised and passes through "quality gates" (defined stages in our internal due diligence process) to measure progress over time during product development and keep sight of the project's internal cost effectiveness. The project manager's permission is required to pass through a gate, or the permission of the Board of Management for certain key gates. Feasibility studies, internal tests and field tests are used during the development phase to assess regularly whether the defined targets have been achieved, so that prompt corrective action can be taken if required. This approach is designed to avoid wrong developments if at all possible. The development departments of the individual companies share information closely, and similar projects are developed from the outset across the whole group. We also work with universities and research establishments in the field of research, and support students with various projects and bachelor and master theses.

At December 31, 2017 there were around 25 projects in product development within the group, many of them still at an early stage of development, so their completion is still highly uncertain. Other projects were brought to fruition in the financial year and were able to contribute to revenue. Many of our development projects in the year under review also brought benefits by protecting the environment. Overall development spending for the group has developed as follows over the past three years:

	2017	2016	2015
	€ '000	€ '000	€ '000
Development costs	7,528	5,534	4,293
Development costs (%)*	5.1%	5.3%	5.3%

* Development costs in relation to technology revenue

For further particulars of development spending, we refer to the Notes to the Consolidated Financial Statements in the notes to the balance sheet 3) "Intangible Assets" and to the profit and loss account 22) "Development Costs".

Our components and systems are put to use in various industries worldwide. The range in essence comprises technologies and processes through which our customers can make processes more efficient and environmentally friendly, as well as solutions that are more resource-saving

thanks to greater metering precision. The effectiveness of this concept is reflected in the large number of successful projects in the financial year.

Resource-saving products:

The Blechexpo in Stuttgart in November 2017 was the first public showing of our spray.xact 5000, a compressed-air-free lubrication solution for large-scale plant for forming vehicle body outer panels. This product is an evolutionary development of the spray.xact product portfolio and represents another highly flexible solution for contactless, precision application of oils and aqueous solutions to sheet metal blanks or coils. The precision, low-mist spraying technology that renders spray mist extraction unnecessary significantly cuts oil consumption for the customer, while bypassing the need for compressed air altogether. In view of the growing number of installations of these systems internationally, we have also increased the scope for worldwide remote access to the lubrication system's controls. If servicing is required or in the event of operating errors, we have swift online access to the system with the result that downtimes can be significantly cut and costs reduced. The general response of customers who already use products of the spray.xact family is resoundingly positive, especially with regard to the resource-saving use of oil. Many customers have reported a significant oil saving of 40 to 60 percent. In the financial year, around € 275 thousand was invested in the development of the spray.xact 5000 and recognised as an intangible asset pursuant to IAS 38 (cf. Notes to the Consolidated Financial Statements in the notes to the balance sheet 3) "Intangible Assets").

For process cooling applications, we developed our omega.eco series in the financial year. These liquid coolers involve high-efficiency plate heat exchangers. In conjunction with microchannel technology, refrigerant consumption is cut by up to 60 percent compared with conventional solutions. Energy costs can also be reduced markedly with the omega.eco: depending on the ambient temperature, the omega.eco independently establishes the energy-optimal operating point (SERP value) for the entire system.

Our delta.d eco and beta.c eco+ products for offset printing use performance-controlled refrigerant compressors that permit continuous adjustment of the cooling perfor-

mance in line with actual requirements. If no cooling performance is needed, the compressor does not compress any refrigerant, so can "idle" off-load. This allows the power consumption to be reduced in proportion to the cooling performance required. In view of the huge potential saving without performance or operating safety being compromised, this technology is now standard in the largest individual series, the beta.c combined unit. In the beta.c eco+, a patented free cooler function additionally uses low ambient temperatures (<20°C) to cool the temperature control circuit and therefore the ink rollers of the press "directly". This technology as the basis is a very efficient way to save energy because the chiller unit is not required when the free cooler function is active. Particularly pumps and fans that frequently run at partial load are often operated by frequency converter, where halving the operating speed can cut power consumption by over 80 percent.

gwk developed a modular-design multi-circuit temperature control system for mould temperature control by the name of integrat 80 in the financial year. By means of temperature difference control via frequency-controlled pumps, the energy consumption in the classic applications of segmented temperature control for plastic injection moulding can be reduced to about 30 percent. Thanks to the saving in energy costs alone, our customers recoup the outlay for the investment in less than one year.

The refrigerants regulation (F-gases regulation) means refrigerants will ultimately be in short supply. That fact has prompted us to change the refrigerant in all gwk compact chillers very early on. The effects of the refrigerants measured against their CO₂ equivalents are thus more than halved. In parallel, long-term trials involving refrigerants are currently running at the Meinerzhagen location, along with various group-wide projects to reduce the CO₂ equivalent.

At the LASER World of PHOTONICS show in Munich, Termotek GmbH presented several new products in laser cooling for small to medium performance categories. Alongside energy efficiency topics relating to performance-controlled components, it presented liquid cooling systems where the natural refrigerant isobutane (R600a) is used. This is an environmentally friendly alternative to the customary refrigerants containing CFCs.

Our heat recovery concepts bring further potential savings for our customers and take their production operations closer to carbon neutrality. Waste heat that is generated in the printing process, for example, is led off centrally through a water-based recooling system and captured for reuse. technotrans offers direct solutions for utilising such waste heat, as well as solutions for putting waste heat to use in the building services engineering. Heat recovery concepts are tailored to what our customers want, depending on the circumstances and requirements.

e-mobility: the development of alternative drive concepts is coming into focus worldwide. technotrans has identified e-mobility as the future form of transport and offers the battery cooling technology that such systems require. The use of cooling and temperature control systems extends the operating life of high-performance batteries in electric vehicles and static energy storage devices. A constant, smooth temperature profile optimises the battery's functioning. The zeta.line, a cooling and temperature control system for lithium-ion batteries, supercapacitors/ultracapacitors and stationary cooling systems for battery charging points, inverters and battery containers, was specially developed for these applications and assures the ideal operating temperature for each specific battery. Our systems are used for flash charging of electric buses, for example. As part of the German government's strategy to promote alternative fuels, there are plans to push the expansion of a full-coverage charging and refuelling infrastructure for all means of transport with electric, fuel-cell and natural-gas drive by 2020. Together with the major car manufacturers, which aim to install and operate a network of around 400 high-power charging stations along Europe's arterial roads, we are currently drawing up cooling concepts for use in the rapid-charging process for these batteries. The first charging points for electric vehicles have already been successfully equipped with our cooling systems.

In addition to these products we are constantly investigating and developing – including on a group-wide scale – other projects and methods to increase customer-end energy efficiency with the aim of only using energy wherever and whenever it is actually needed.

Own production operations:

We constantly strive to use energy, resources and materials as efficiently as possible in our own production opera-

tions, too. We have equipped our paint shop at the Meinerzhagen location with a rotary heat exchanger that makes it possible to recover around 75 percent of the heat used in the drying process. The hot waste air is used to heat up the fresh air drawn in.

The processing of metals and other resources, especially at the production locations with greater value added, accounts for a sizeable portion of our value chain. We take care not to waste resources unnecessarily in the production process. In our development and design activities, for example, we endeavour to create products with minimal waste cuttings. We also strive to cut back on other waste generated in our working processes in production. Whenever it is unavoidable, it is sorted by type and sent for recycling. We attach considerable importance to information-sharing with our employees, whose ideas based on day-to-day work can make a valuable contribution.

We also regularly check what resources are used in our products and whether any of them pose a threat to the environment. Certain equipment made within the technotrans Group is subject to the RoHS II Directive and therefore also to CE identification requirements. Irrespective of the directive's scope for our products, many customers expect the RoHS II Directive to be complied with and a corresponding CE declaration of conformity to be supplied. As part of its own strategy but also especially in the interest of its customers, technotrans has therefore set itself the goal of making broadly RoHS-compliant equipment, even if products do not fall within the scope of this directive. Internal working processes were optimised and the work instructions updated in the 2017 financial year. We also recognise our responsibility for our supply chains. Because we buy in various components, we oblige our suppliers not to use any environmentally harmful substances and to give us a binding declaration to that effect. For orders of components, we also expect strict compliance with the RoHS II Directive. In addition, all principal suppliers of the German production locations are requested to make a declaration on the RoHS II Directive once a year. The materials that are RoHS-compliant are marked in the material master. It can therefore be traced back from an end product's bill of materials whether a device meets the directive's requirements so that we can declare it CE-conforming to our customers. The internal processes are to be implemented and harmonised at all

production locations. However in view of the large number of suppliers, components and end products, this process has not yet been completed at all locations.

As part of our environmental, energy and quality management, we continuously record and analyse relevant performance indicators such as energy consumption indicators, so that we can identify measures for us to implement internally. Our subsidiary GWK Gesellschaft Wärme Kältetechnik mbH has been accredited to DIN EN ISO 50001:2011 since 2014. Measures and potential improvements identified by the annual monitoring audits are implemented. Positive results such as the marked reduction in power consumption at the Meinerzhagen location thanks to equipping the 11,600 m² production halls with high-performance LED technology have already been confirmed since initial accreditation. All other German production locations have carried out DIN EN 16247-1 energy audits. We have not yet recorded an adequate number of performance indicators across all group locations for us to be able to provide a comprehensive report. The performance indicators refer to the German production locations, which constitute the most significant part of the technotrans Group.

Construction of new business premises of Termotek GmbH at the Baden-Baden location is planned for 2018 to provide extra capacity for the growth that the company is targeting. Sustainable energy and heating concepts have been included in the plans for the building. We currently plan to equip one hall with a highly sustainable heating concept in accordance with the Energy Saving Ordinance. This includes the installation of a water-to-water heat pump and ground collectors. We will then be able to make better use of the natural resources, as well as save and reuse the energy that we need for testing our equipment.

How to make use of the available energy is an important business management factor for industry. Businesses are increasingly focusing on climate-neutral production.

In both ecological and economic terms, optimum energy management is a mainstay of our corporate success. We will continue to treat environmental protection and sustainability in our product development and use of resources as a high priority. We will also ensure that the applicable globally valid standards and guidelines are implemented and observed throughout the group.

b) Employee matters

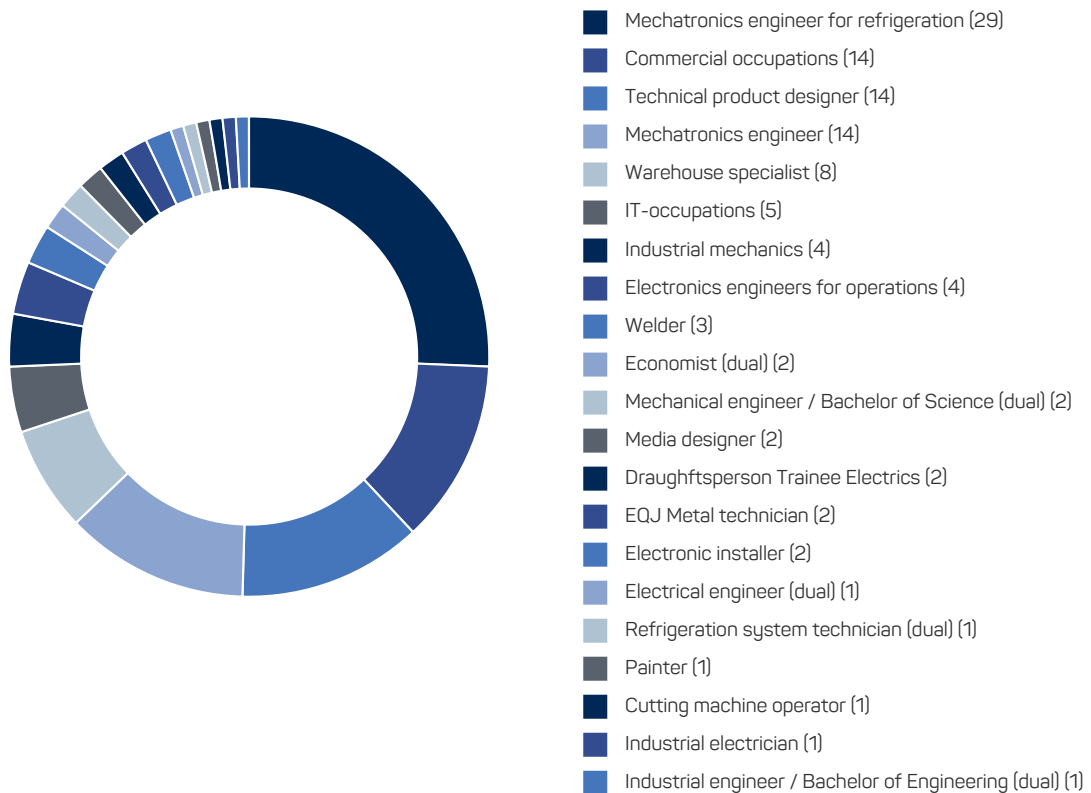
Training and qualification:

Committed employees with outstanding skills and abilities are the bedrock of our success. Our human resources work therefore revolves around careful selection, targeted support and continuing training. We attach high importance especially to developing specialist and interdisciplinary skills, and permanently maintaining the professional capabilities of specialists and managers. Only by offering our employees the right advancement and continuing training options can we be sure we will continue to evolve as an organisation.

For many years we have treated training as a high priority and get involved in providing training for juniors. We see training young people on the one hand as a social responsibility that we are glad to honour, and on the other hand as something we do in our own interests. We identify demographic change in society and the shortage of skilled workers as a major challenge. By providing training, including above and beyond our own requirements, we pre-empt this problem by being able to recruit people primarily from our own ranks.

The number of apprentices in the group came to 112 at December 31, 2017 (previous year: 116). The proportion of apprentices at the German group companies was therefore around 10 percent, above the industry average of 7.3 percent. The spectrum of vocational qualifications in the technotrans Group is broad, and is growing year by year in line with market requirements.

Training in the group by degree



We aim to prepare our apprentices optimally for the future world of work: our production companies have their own training workshops, including for example an electrics training room specially equipped for apprentices, and apprentices attend in-house instruction and training courses in various departments. Our instructors, too, receive regular training. The many awards and distinctions that our apprentices again earned in 2017 reflect how successful training in the technotrans Group is.

To broaden the horizons of our apprentices during their training, we encourage exchanges between apprentices and their counterparts at other group companies. We plan to build on this idea of specialist dialogues within the group.

Training as well as vital advancement measures were again provided for many employees in 2017 to keep them well qualified for the challenges of the future. We call upon both internal experts from the individual departments and external trainers. In the course of inducting new employees in 2017, we provided intensive training for all international

service engineers to conserve group-wide product knowledge, for example. Each employee discusses the envisaged qualification measure with their line manager, and Human Resources is brought in for further-reaching measures. The aim of these meetings is to customise continuing training to the needs of the individual employee. Over the next few years we aim to systematise human resources development activities in the form of training catalogues and provide suitable figures for greater ease of comparison.

Remuneration and employee rights:

Employees are paid for their work in line with the market, and receive variable remuneration according to their position. In recent years a standardised remuneration system has been introduced at the main location in Sassenberg and at a number of other German locations, too. Under this system, employees are assigned to grades in line with their position; each grade in turn corresponds to a specific, market-oriented remuneration band. At the main locations, our remuneration system is also based on an annual performance appraisal. All managers are suitably trained to pro-

mote the fair assessment of our employees. In 2017 this remuneration system was introduced at KLH at its Bad Doberan location, with gwk and gds Sprachenwelt set to follow in 2018. The aim is to roll out the remuneration system across all major locations in the medium term, in order to develop a sustainable human resources policy and extend it uniformly across the entire technotrans 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. Annual decisions on percentage pay increases are negotiated between the Board of Management and the Works Council. Pay increases averaging two percent were agreed for the 2017 financial year. The average pay increase for 2018 will be three percent. We also offer various fringe benefits. These benefits reflect the prevailing local and statutory considerations and scope. The extent of the benefits therefore varies from one location to another. The benefits include retirement benefit contributions, for example, or employer-financed occupational health insurance. We will step up the role we play especially in employer-financed retirement benefits to fill or at least reduce a future gap in our employees' retirement benefits.

Our products are all about high quality and operator safety. We also aim to make the workplace as safe as possible for our employees. Our managers ensure that statutory health and safety regulations are complied with at the locations. At the production locations in particular, there are individual concepts such as techno-safe at Sassenberg. The purpose of these concepts is to ensure the statutory requirements are met, but also that action can be taken at short notice if necessary. They also cover all fire protection, occupational safety and environmental protection measures. Alongside the statutory requirements such as holding regular occupational safety committee meetings, there are for example voluntary site inspections or meetings where first responders can share insights so that potential hazards can be spotted early on and addressed. The gratifyingly low accident rate for the group demonstrates just how effective these concepts are.

The employees of the technotrans Group's German locations formed a Group Works Council in the 2017 financial year. Working professionally with the employee represen-

tatives, which admit neither preferential nor discriminatory treatment, is part of our corporate culture. We work openly and trustfully with the employee representatives, maintain a constructive and cooperative dialogue, and always strive for a fair balance of interests. The same applies in the ongoing negotiations of the special negotiating committee with the company management in connection with the planned modifying conversion of technotrans AG into a European Company (SE).

Equality of opportunity:

The personality and qualifications of our employees matter. In the group companies, we do not tolerate discrimination of any kind against employees in particular on account of age, nationality, skin colour, gender, religion, social background or disability. We adopt a zero tolerance stance towards any such misconduct at the workplace. Human resources decisions such as appointments, promotions, remuneration, dismissals etc. are reached in accordance with these principles. We value the differences and diverse qualities in our employees. We would like to create a corporate culture that is characterised by open, fair and respectful treatment of one another. These principles are enshrined in our worldwide Code of Conduct and are practised in our daily dealings. For example, we give refugees the chance to get to know everyday working life in Germany. We have teamed up with a university on a research project with the aim of identifying how tapping cultural diversity in day-to-day work can bring success for small and medium-sized companies, and what practical courses of action can be recommended as a result.

One important priority for activities that strive to promote diversity is to increase the proportion of female managers. Women as a proportion of the overall workforce remained broadly unchanged from the prior-year level, at 21.1 percent across the group at the reporting date of December 31, 2017.

We give our employees various options for balancing the demands of working and private life. These include flexible working hours models, such as flexitime and a variety of part-time models. We therefore make it easier especially for women to resume their career during and after a period of parental leave. Over 30 percent of all women across the group take up the opportunity to work part-time. In addition, a few years ago technotrans established a partner-

ship with a municipal kindergarten at the Sassenberg location in order to provide flexible child care options for children who have not yet reached school age. These arrangements, too, are aimed especially at women who would like to keep pursuing their career objectives while bringing up a family.

Only with satisfied, motivated employees will we be able to secure the long-term business success of the group.

Open, amicable and fair communication between employ-

ees is firmly embedded in our corporate culture. Our entire human resources work is geared towards promoting that culture and increasing our attractiveness as an employer. We conduct exit interviews with our employees to identify the causes of fluctuations and the weak points in the company. At these interviews between Human Resources and the exiting employee, we ask targeted questions to glean ideally objective information on the reasons why the employee is leaving. The fluctuation rate for the group was again very low in the financial year.

	2017		2016		2015	
	number	in %	number	in %	number	in %
Further employee figures						
Employees at year end	1,329		1,252		828	
Employees by segment						
Technology	956	71.9%	886	70.8%	567	68.5%
Services	373	28.1%	366	29.2%	262	31.6%
Age structure						
Employees up to 20 years	57	4.3%	54	4.3%	35	4.2%
Employees 21 to 30 years	297	22.3%	270	21.6%	179	21.6%
Employees 31 to 40 years	310	23.3%	285	22.8%	179	21.6%
Employees 41 to 50 years	317	23.9%	313	25.0%	220	26.6%
Employees over 50 years	348	26.2%	330	26.4%	215	26.0%
Period of employment						
up to 5 years	579	43.6%	524	41.9%	365	44.1%
6 to 10 years	210	15.8%	211	16.9%	130	15.7%
11 to 20 years	347	26.1%	339	27.1%	255	30.8%
21 to 30 years	150	11.3%	136	10.9%	66	8.0%
over 30 years	43	3.2%	42	3.4%	12	1.4%
Employees by regions*						
Germany	1,168	87.9%	1,099	87.8%	667	80.6%
Other Europe	53	4.0%	53	4.2%	52	6.3%
North and South America	49	3.7%	49	3.9%	47	5.7%
Asia	57	4.3%	49	3.9%	59	7.1%
Australia	2	0.2%	2	0.2%	3	0.4%
Employees by qualifications						
Employees with vocational training	640	48.2%	585	46.7%	328	39.6%
Employees with an academic degree	280	21.1%	256	20.4%	187	22.6%
Employees with an engineering qualification	213	16.0%	216	17.3%	182	22.0%
Employees without qualification	86	6.5%	79	6.3%	51	6.2%
Trainees	110	8.3%	116	9.3%	80	9.7%

* dependent on the location of the company

c) Social matters

Data protection and data security are also matters of importance for technotrans. The spread of digitalisation and connectivity goes hand in hand with tougher statutory requirements. We are prepared to assume responsibility here, because trust-based cooperation with our employees and business partners is a cornerstone of compliance with data protection requirements. Personal data that we record and save is ring-fenced for its intended purpose and processed in keeping with the applicable data protection laws. Our data protection concept is currently being updated to bring it in line with the current General Data Protection Regulation.

Our activities are not limited to our core business. As an internationally active enterprise, we also believe we have a social role to play. We have been an active supporter of Friedensdorf International (Aktion Friedensdorf e.V.) since 2011 because 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.

We also get involved in a great many local projects and initiatives in the home regions of our locations, because we feel particularly strong ties to the regions in which we want to do business in the long term. The framework conditions at every location are different; our social commitment may therefore vary in emphasis from place to place, and comprise both strategic partnerships and individual employee campaigns. Our social commitment activities are handled regionally in consultation with Group HQ.

technotrans upholds the protection of human rights, advocates compliance with labour standards, and rejects child and forced labour. With the commitment to the UN Global Compact initiative and in enshrining these principles in the technotrans Code of Conduct, they take on binding character for our employees. The management of each local entity is responsible for implementing national standards. Compliance with them is discussed with the management and checked in the course of compliance audits. The audit brought to light no departures from the application of the principles in respect of labour standards and human rights in 2017.

d) Respect for human rights

Equal opportunities, equal rights, fairness as well as mutual acceptance and tolerance are the hallmarks of technotrans' corporate culture. We appreciate diversity and differences within our organisation and business partners. technotrans has the goal of seeing all employees operate in conformity with internationally recognised human rights as well as with the principal labour and social standards.

technotrans upholds the protection of human rights, advocates compliance with labour standards, and rejects child and forced labour. With the commitment to the UN Global Compact initiative and in enshrining these principles in the technotrans Code of Conduct, they take on binding character for our employees. The management of each local entity is responsible for implementing national standards. Compliance with them is discussed with the management and checked in the course of compliance audits. The audit brought to light no departures from the application of the principles in respect of labour standards and human rights in 2017.

Nor do we tolerate human rights abuses by our suppliers. New, key suppliers of technotrans AG are put through a standardised process and are only entered in our system and given clearance as a supplier if they achieve a positive rating. The rating incorporates such aspects as compliance with applicable working conditions, compliance with social standards (child and forced labour, discrimination) as well as environmental protection issues. The production locations of our subsidiaries have implemented similar processes, though to some extent they do not yet place the desired level of emphasis on sustainability aspects. Nevertheless, the aim is to standardise these processes, too, along with the continuing streamlining of purchasing processes group-wide.

In view of the high number of suppliers and sub-suppliers, we have only limited scope to supervise and monitor the early section of the supply chain and the associated process steps. Because no contractual relationship exists between technotrans and the sub-suppliers of our suppliers, we do not have any legal basis for intervening. For these indirect relationships, we can merely obtain a commitment from our suppliers to sensitise or obligate their

upstream suppliers. Our goal here is to improve our insight into the entire supply chain.

We address compliance with environmental aspects along with occupational safety through the regular supplier audits and include the findings in the audits. As part of the process of integrating newly acquired companies and rolling out group accreditation, we introduce the currently valid standards at those companies, too. The aim is to extend and standardise the processes further throughout the group.

e) Combating of corruption and bribery

The relationship with all business partners should be based on quality, reliability, competitive prices and observance of ecological and social standards. Complying with these standards has built up technotrans' good reputation in the markets, thus permanently facilitating its access to new customers.

To protect the group against potential losses, we maintain transparency and implement internal control mechanisms. Compliance with our anti-corruption guideline – valid com-

pany-wide and forming part of the technotrans Code of Conduct – plays a special role in this. Every employee is obliged to inform their line manager of any form of attempted bribery. In cases of doubt, Legal Support at technotrans AG or the Board of Management are to be notified. Special contract components and blanket agreements must be agreed with the Legal Support corporate function. Adherence to these compliance rules is examined by means of spot checks, for example. This is our way of taking preventive action on corruption. The Board of Management moreover maintains a regular dialogue with our subsidiaries.

No cases of corruption came to our attention in the 2017 financial year. Moving forward, too, the group will increasingly emphasise compliance with its anti-corruption principles and with the statutory requirements. During the integration of newly acquired companies, the employees of those companies have been and will be sensitised to this issue, in order to uphold and assure integrity and compliance with the law throughout the entire group. The aim is to apply these awareness-raising measures equally in future integration projects.

CORPORATE GOVERNANCE DECLARATION

The Corporate Governance Declaration in accordance with Section 289a and Section 315d of the German Commercial Code (HGB) is posted on the company's website at <http://>

www.technotrans.com/en/investor-relations/corporate-governance/corporate-governance-declaration.html.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (SECTION 289 (4) OF GERMAN COMMERCIAL CODE, SECTION 315 (4) OF GERMAN COMMERCIAL CODE – HGB)

As a company with international activities, technotrans encounters general economic and financial risks as well as industry and company-specific risks and opportunities. 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.

Organisation of the Risk Management System

A responsible approach to business risks and opportunities is part and parcel of sound corporate management. The Board of Management reports to the Audit Committee or directly to the Supervisory Board on existing risks and how they develop. Organisationally, risk management is integrated into the tasks of group controlling and ensures that

- › 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 processes and rules of communication within individual corporate divisions have been defined and established by the Board of Management. Risks are recorded non-centrally and reported in a standardised form to Group Controlling. The superior in charge (risk manager) 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. technotrans does not tolerate any contravention of applicable law and to that end regularly examines the internal set of rules as well as its own compliance organisation, and seeks to improve them.

reports are submitted on a regular basis to the Board of Management. 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 reach and setup of the internal control system (ICS) of technotrans AG for financial reporting lie within the scope of judgement and responsibility of the Board of Management. 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 ICS contains the principles, processes and measures involved in assuring proper accounting, and is continually being developed. The ICS is structured such that the Annual Financial Statements according to the relevant provisions of the HGB and the AktG and Consolidated Financial Statements are prepared according to the International Financial Reporting Standards (IFRS) as adopted by the European Union and the commercial law requirements additionally to be observed in accordance with Section 315e (1) of the German Commercial Code. The group financial reporting processes are managed by the relevant employees in Group Accounting. The 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 regularly examined. At intermittent intervals internal checks on the subsidiaries' financial reporting and compliance audits are carried out 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 internally 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. 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. The risk early-warning system meets the requirements of the German Corporate Control and Transparency Act (KonTraG). 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 (net view). 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. The results of these analyses 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. Individual discussions or meetings are then held, at which the risks are addressed, discussed and then evaluated on the basis of their probability and potential consequences. Those events that cause a percentage deviation in the expected EBIT value in the annual planning for the subsequent year are defined as risks.

The risks are classified qualitatively as "low", "medium" and "high". 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 ("low", "medium" and "high").

technotrans uses this as the basis for classifying its risks for 2018

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

OPPORTUNITIES AND RISKS PROFILE

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. However opportunities are identified not merely by the management or the risk managers, but also by the individual employee.

To establish the overall risk, technotrans bundles individual risks that belong together substantively. Based on the recommendations of DRS 20, technotrans categorises its risks according to five risk groups that could permanently have adverse effects on the net worth, financial position or financial performance of the technotrans Group. It should be noted in this regard that the Board of Management assesses the probability of occurrence of all the risks stated below as low. Unless otherwise indicated, the risks apply to all segments.

General and Industry-Specific Risks

The success of the technotrans Group depends to quite some degree on the macroeconomic developments of its sales markets, specifically the printing industry, the plastics processing industry, the machine tool and laser industry, along with the sales markets of its customers. In assessing macroeconomic development, among other tools technotrans uses forecasts by widely recognised institutions and economic research institutes. The growing diversification of the technotrans Group reduces its dependence on the business cycles of a single industry, while creating the chance to share in the opportunities offered by various growth markets.

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.

Political decisions, international conflicts and exchange rate volatility may erode sales of our products and undermine our forecasts. Thanks to its flexible production struc-

tures, technotrans is able to adjust capacities swiftly and thus respond to changes in demand.

As a systems supplier, technotrans realises a comparatively high proportion of its revenue from the leading printing press manufacturers worldwide. As a result of the industry's process of consolidation in recent years and the generally flat market volume for print products, technotrans is subject to growing interdependence with machinery manufacturers (OEMs). 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, the Board of Management does not expect any lasting effects because consolidation would probably not exercise any influence on overall sales of printing presses. In addition, technotrans is successfully expanding its range of products and services in the niche markets of digital and flexographic printing.

Industry-specific opportunities and risks could also arise for the technotrans Group from technological and competitive changes. technotrans addresses these risks through

ongoing initiatives to safeguard and extend its leading technological and innovative position as well as by focusing on new customers and new markets.

Corporate Strategy Risks

There are a number of risks involved in taking over companies that could impact our financial performance, financial position and net worth. 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 high 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.

The strategic direction of the group in the past few years has centred on investment in growth markets, the expansion of existing markets and the acquisition of further companies. The purpose of this investment is to increase the presence in existing markets and to access new market areas that offer attractive growth potential. In order to gain access to further sales markets, technotrans focuses on its core skills and specifically addresses niche markets where it can succeed as a systems partner to major industrial clients. The relevant markets are moreover continuously monitored and opportunities for strategic acquisitions that complement organic growth are identified. By making targeted acquisitions, technotrans endeavours to strengthen its position as technology leader, unlock market potential, improve the services it provides for customers and expand the product portfolio.

How quickly the acquisitions can be integrated into the group in order to realise the expected group-wide synergies will also be crucially important. Building on experience of the most recent successful acquisitions, the Board of Management addresses this risk by deploying additional personnel and conducting regular checks on the measures implemented. With the acquisition of GWK Gesellschaft Wärme Kältetechnik mbH in 2016, technotrans took an im-

In summary, the Board of Management assesses all net risks and therefore the overall risk in this risk category of general and industry-specific risks as low at the time of compiling this report.

portant strategic step towards further reducing its dependence on the printing industry, as its main market segment to date, and significantly stepping up its activities in the growing market of the plastics processing industry.

As a result of its corporate strategy of driving growth through the gradual expansion of its investment portfolio, the group has accounted for goodwill amounting to € 23.1 million (previous year: € 23.1 million). Pursuant to IAS 36 this must be tested for impairment at least once a year. If impairment is established, the goodwill in question is to be written down. In the year under review, as in the previous year, no write-downs were recognised.

To maintain competitiveness, meet market requirements and attract new customer groups, technotrans is also investing in the development and optimisation of its technologies, products and processes. Its activities focus on all sales markets. New products are created in constant consultation with the customer from the product and applications development stage onward (product/market strategy).

In new markets involving new customers, there is fundamentally always the possibility that efforts to launch new products will not succeed. On the other hand the individual risk is lower because of the growing number of customers. Nevertheless, it is impossible to exclude miscalculations with regard to the strategic direction of the group and its market potential, along with a lack of customer acceptance of newly developed products; these could have negative effects on the competitive position and the sales of the group. 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 rate this risk as low.

In drawing up our plans for the 2018 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 and exchange risk, as well as the credit risk.

The individual subsidiaries fundamentally finance themselves from their operating profit. Depending on the liquidity situation, technotrans AG also helps with the financing and provides funding if required. To remain in a position to act at all times, the group parent maintains adequate liquidity reserves. A diversified financing structure, spread across several principal banks, prevents dependence on individual lenders with the result that as matters stand default risks from banks are limited.

Nor would a change in the interest rate have any major impact on the financial performance, because ongoing financing involves a mix of fixed-rate and variable-rate financing and in selected instances interest rate risks are hedged. At the reporting date of December 31, 2017 the unsecured share of financing within the bank liabilities amounted to € 4.1 million. A significant deterioration in the financial performance, financial position and net worth from the plan figures for the 2018 financial year could render it necessary to draw on the promised but unused credit line. Based on our plans for 2018, the Board of Management rates this risk as low.

In view of the company's structure and the growth in its international activities, exchange rate fluctuations influence

In summary, the Board of Management assesses the overall risk in this risk category of corporate strategy risks as low at the time of compiling this report.

the business activities of the technotrans Group. Because production and sales activities for the overwhelming portion of business operations are billed in euros, the exchange rate risks from transactions are limited. However exchange rate movements may to varying degrees be a help or a hindrance to the competitiveness of our customers. There are also exchange rate risks in financial reporting terms from the translation of revenue, income and expenses as well as intragroup receivables and liabilities for the international subsidiaries into euros as the group currency. Exchange rate movements may therefore correspondingly increase or reduce the consolidated result. In the 2017 financial year, the group reported a negative currency result of € 1.0 million.

In view of the diversified portfolio and our experience of recent years, we rate the overall credit risk on the debtor side, especially of a major debt default, to be low. Effective systems of monitoring creditworthiness and possibly demanding collateral ensure that business with new customers proceeds in an orderly manner. Trade credit insurance cover tailored to technotrans furthermore reduces the credit risk.

The overall analysis of the Board of Management is that it rates the financial risks for the group as low.

Economic Performance Risks

As well as corporate strategy risks, technotrans is exposed to market risks, in particular in the form of procurement risks and production risks.

technotrans is dependent on suppliers and service providers being able to supply goods and services of the required scope and quality at all times. Risk management is therefore a fixed component of supplier management. technotrans cooperates closely with selected system suppliers.

The Purchasing Department addresses risks associated with price and volume fluctuations, interruptions, delayed deliveries or inferior quality by means of group-wide supplier management, with the goal of reducing lop-sided dependencies. Economies of scale in the group's procurement of the principal categories of materials are exploited by creating a group procurement structure. Wherever necessary, commodity hedges limit the price and volume risk. On the materials and procurement side we expect to see a rising trend in raw material prices for some components in 2018. Depending on the prevailing market situation, it is not always possible for group companies to pass on the resulting cost burdens to customers promptly and comprehensively.

Production stoppages as well as disruptions to transport and logistics fundamentally constitute a relevant risk that technotrans addresses by implementing flexible processes and high technical standards. gwk's higher vertical integration furthermore increases flexibility within the group by providing a safeguard against external supply bottlenecks if necessary. In view of growing diversification within the group, the risks from effects on the group are therefore of minor importance.

There is furthermore the risk that customer expectations with regard to punctuality of delivery or quality will not be met (sales risk). A large number of processes and mechanisms, from supplier management and customer project handling to quality management, are intended to anticipate and eliminate such risks.

A secure and effective IT infrastructure is the basis of the modern working environment. The growing integration of a large number of IT systems and the need for permanent availability place high demands on the information technology used. technotrans could suffer losses if the availability of data and systems or the confidentiality of information in need of protection were harmed and/or restricted.

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 in hardware and software. To limit future IT risks, technotrans uses preventive measures for system security (use of virus scanners, firewall systems and access controls) as well as an ongoing SAP ERP implementation strategy within the group. The Board of Management currently estimates the IT risks as low. Measures to prevent, identify and deal with cyber attacks are becoming increasingly relevant.

The group's success is critically influenced by having qualified and motivated employees and managers. technotrans therefore invests both in retaining its employees and in improving job appeal, to rise to the challenge of impending digitalisation and demographic change. 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, the Board of Management rates the economic performance risks as low.

Legal Risks

technotrans AG and its group companies are exposed to a wide range of legal risks.

The business operations of the individual companies harbour risks especially from guarantee and product liability claims from customer complaints. These risks are by and large covered by insurance policies as an element of the risk management system. In addition, provisions amounting to € 1.9 million (previous year: € 1.4 million) were accounted for in 2017 by way of adequate risk provisioning.

In response to significant individual risks of group companies from litigation and therefore associated litigation risks, a provision is formed if the obligation is probable and a reasonable estimate of the amount in question is possible. No further risks arose compared with the previous year. The group is not currently involved in legal proceedings with any substantial influence on its overall economic position. A lawsuit from the previous year was successfully termi-

nated in November 2017 by way of a court settlement. technotrans did not account for any provisions for litigation risks at December 31, 2017 (previous year: € 1.0 million).

There are also risks from changing international regulations and laws, and from the associated changes in standards – for example regarding the use commodities or constituents – especially in Germany and the EU. The erecting of trade barriers and growing competition restrictions can have a negative effect. While effective contract and quality management plus a compliance system can minimise these risks, they cannot exclude it altogether. technotrans has adequate insurance cover in place to guard against the risk, and in individual instances also accounts for provisions.

Overall, the Board of Management rates the legal risks as low.

OVERALL STATEMENT OF THE BOARD OF MANAGEMENT ON THE RISK SITUATION

For sustainable entrepreneurial success, risks to the company as a going concern must be avoided, while risks deliberately taken must be monitored and actively managed, and optimum use must be made of opportunities.

There is currently no evidence of risks that pose an existential threat either by themselves or in combination with other factors. The group is well positioned. With a manageable risk profile, everything is place for technotrans to maintain its long-term corporate strategic focus and continue growing over the next few years.

No risks which could pose an existential threat to the technotrans Group can be identified; that applies both to our previous economic activity and to activities that we are planning or have already kicked off. The overall risk situation of the group results from the aggregation of all categories for all business units and functions. It has not changed significantly compared with the previous year, and remains moderate and manageable. The Board of Management believes that the group is moreover excellently positioned to extend its market position and achieve global growth in the medium term, too.

FUTURE PARAMETERS

Global growth is forecast to reach 3.9 percent in 2018 and 2019. The International Monetary Fund (IMF) voiced these expectations. Against the backdrop of the US tax reform passed in December 2017 and a stronger recovery in Europe and Asia, the IMF again upgraded its forecasts for global economic growth.

The key risks to the expected economic growth include protectionist tendencies and the correction on financial

markets. In addition, the dangers of political uncertainty, cybercrime and terrorism are assessed as similarly high.

For the eurozone, the IMF anticipates economic growth of at least 2.0 percent annually for the next two years. Germany is actually slightly above this figure at 2.3 percent for 2018. For the US economy, the OECD expects a further acceleration in growth to 2.7 percent in 2018. China is even forecast to reach 6.6 percent in the current year and 6.4 percent in 2019.

Growth Forecast of Gross Domestic Product in percent

	2018	2019
World	3.9	3.9
USA	2.7	2.5
Eurozone	2.2	2.0
Germany	2.3	2.0
China	6.6	6.4
Emerging countries	4.9	5.0

Source: International Monetary Fund, World Economic Outlook, January 2018 (forecast)

Gauged by the Ifo business confidence index, the German economy started the new year with verve. Current survey results reveal an optimistic outlook for Germany in 2018. The German economy is again expected to achieve vigorous economic growth.

However the pressure on prices also picked up at the start of 2018. This is attributable in part to the recent appreciation in the euro, which is eroding the price competitiveness of German exporters. In addition, bottlenecks in areas such as human resources, capacity and supplies are increasingly impeding production operations.

The economy in the eurozone enters the new year with a strong tailwind. The mood among businesses improved again at the start of the year and is at its most positive for almost 12 years. Stronger domestic demand and robust export trade cement this growth trend.

The forecasts published are good news for mechanical engineering companies, because the continuing dynamism of industrial output in international markets is bolstering world trade and investment activity. High demand from abroad is providing a business boost for German mechanical engineering companies. The industry is able to look to 2018 with optimism. As the German Engineering Federation (VDMA) established, the mood in the industry that is the German economy's biggest source of employment is better than at the start of the previous year. For the new year, the federation again forecasts real growth in output of 3 percent. The mechanical engineering sector even closed its order books for 2017 as a whole with business up 8 percent. The backlog of demand for technology and the digitalisation of production processes are providing impetus.

EXPECTED DEVELOPMENT OF THE MARKETS OF RELEVANCE FOR TECHNOTRANS

The further business development of the technotrans Group in 2018, too, will to a large degree depend on the world economy and on various project launches involving existing and new customers. At present the expectations of customers with regard to future business development

are predominantly positive. For example, the individual industry federations for the submarkets that are of relevance for the technotrans Group expect a steady to positive overall development in their business areas.

Mechanical and plant engineering

Because of technical or statutory requirements, the individual areas that make up the mechanical and plant engineering sector have their own cycles. Their production patterns therefore differ to some extent from the norm for the mechanical engineering sector. For example, the machine tool engineering sector and the plastics processing industry are highly dependent on the automotive industry,

among other areas, while the printing industry depends on worldwide demand for the offset printing market as well as on digital and packaging printing. Meanwhile the laser industry features in a large number of production technologies (including, for example, medical technology and the semiconductor industry). The outlook for the individual sectors is consistently positive for 2018.

Printing industry

The industry closed 2017 with another rise in incoming orders and revenue. The digital and flexographic printing market segments in particular again offer further growth potential for technotrans in 2018. Due to ongoing consolidation among printing houses in some industrial countries, the market volume for sheet-fed and web offset printing

press business is expected to show only moderate overall expansion in the future. Business sentiment in the printing and media sector was again positive at the start of 2018. This development was shaped both by the positive assessment of the current business situation and by optimistic expectations regarding the future situation.

Plastics processing industry

The plastics industry in Germany continues to be in a healthy economic situation. The industry has been experiencing a sustained upward trend for more than three years. In 2017, the industry exceeded the average growth expectations of 3.0 percent per year. The rise in revenue in

the sector was 5 percent, and orders received were up 17 percent year on year. The drivers were generally high demand for consumer goods and the steady tapping of new areas of activity in the plastics industry. For 2018, the industry expects sustained positive business progress.

Laser industry

After a slightly weaker development in the previous year, the world market for laser systems for materials processing developed much more healthily once more in 2017. Its drivers were the high demand in the mechanical engineering sector and the expanded range of potential applica-

tions for laser technology. We expect business development to remain positive in 2018.

Machine tool industry

In 2017, the machine tool sectors (cutting and forming) enjoyed marked rises in revenue and incoming orders. The full order books of manufacturers of turning, milling, grinding

and other special machinery lead us to expect a further rise in revenue for 2018. Output is expected to climb by a further 3 percent on average.

e-mobility

The market for electrical energy storage solutions has been in a steep formation and growth phase for years. As a result of the ever growing importance of electric mobility

and the ongoing evolution of technological solutions, we anticipate sustained dynamic growth for 2018.

Medical technology

Medical technology likewise enjoys an economically stable starting position. In this case we anticipate moderate growth for 2018.

ANTICIPATED DEVELOPMENT OF THE TECHNOTRANS GROUP

In line with the strategic objectives, technotrans will adhere to the course successfully pursued in recent years. The Board of Management takes the fundamental goals for organic and non-organic growth as its terms of reference here. It hopes to capitalise on fresh openings for new industries and applications, the spread of internationalisation and the appearance of technological innovations.

The Board of Management is generally optimistic in its outlook for the financial year. For 2018, too, technotrans sets itself the goal of growing faster than the market. For Germany, the ifo Institute expects real gross domestic product to grow by 2.6 percent in 2018 (ifo economic forecast and IfW Institute for the World Economy). As before, this growth indicator serves as the benchmark for our activities.

Overall, the Board of Management expects the technotrans Group to grow yet again, assuming steady development in the world economy. The Board of Management is targeting revenue of € 212 to 220 million for the 2018 financial year. The operating result should be within a

range of € 18.0 to 20.0 million. The EBIT margin for 2018 is expected to be in the range of 8.5 to 9.0 percent. The overall solid position of the individual group companies provides a stable basis for achieving this growth target.

The 2018 financial year will see technotrans increasingly focus its attention on maintaining or improving its performance in the individual markets. For the planning year, the group management expects that technotrans will again achieve strong growth in the Technology segment, participating especially in the growing dynamism of the electric mobility area and the semiconductor industry.

As before, the Board of Management views acquisitions as an appropriate means of forcefully bolstering the company's future growth.

The revenue and earnings planning does not reflect new acquisitions for 2018. The basis of the outlook for the group is the plans for the individual companies of the technotrans Group. The level of orders at the end of 2017 and the quotation activities endorses this planning.

Group targets and the segments

		Fiscal year 2017	Forecast 2018
Revenue	€ million	205.1	212 - 220
Technology	€ million	147.6	153 - 159
	%	72%	
Service	€ million	57.5	59 - 61
	%	28%	
EBIT	€ million	17.4	18 - 20
	%	8.5%	8.5% - 9.0%
Technology	%	5.5%	> 5.5%
Service	%	16.3%	> 15.5%
Free cash flow	€ million	0.2	positive

In the procurement area, the Board of Management expects prices on commodity and energy markets to rise moderately, with the result that the gross profit margin may decline in the course of the year. Depending on the prevailing market situation, it is not always possible to pass on the resulting effects to customers promptly and comprehensively.

In view of its recent double-digit revenue growth in virtually all markets, technotrans has conducted demand-based recruitment of extra personnel in the operating units. Further expansion in the workforce is envisaged for 2018. The pay increase averaging 3 percent will equally push up personnel costs over the year.

The Board of Management expects the forthcoming activities required to become a European SE to lead to non-recurring effects impacting earnings in the order of up to € 0.5 million in the 2018 financial year. In addition, the forecast for the year does not incorporate any effects from exchange rate movements.

With regard to the remaining items of the Consolidated Income Statement, the Board of Management believes changes will be merely on the customary scale.

Achieving an overall EBIT margin of 10 percent remains the target benchmark for our medium-term development. If market requirements should necessitate added investment to achieve this, the Board of Management will act accordingly.

For the **Technology segment**, the Board of Management expects that the group will again benefit from a healthy business cycle in the various markets and thus achieve organic growth in the high single-digit percentage range.

For the printing industry, the Board of Management is tending towards a cautious outlook. While demand for digital and flexographic printing presses continues to offer growth potential, overall business in the offset area will at best reach the previous year's healthy level. The group companies again expect to enjoy an improved starting position in the markets of the laser and machine tool industry as well as for stamping and forming technology, yielding higher revenue overall and improved margins for the financial year in progress. For business in the plastics processing industry, too, the outlook for the sector reveals a fun-

damentally upward tendency. technotrans is planning moderate growth here, with the goal of repeating the outstanding margin of the previous year. Compared to standard business, revenue and profits from project business in the plastics industry show more marked fluctuation. The markets for electric mobility, semiconductors as well as medical and scanner technology are where technotrans continues to target the highest growth rates. The industry environment for such a performance remains positive. The commitment to zero-emissions mobility continues to be an important driver of our strategic decisions for the future.

The Board of Management on the whole expects a positive development in the operating result for the segment.

The **Services segment** generates a relatively high proportion of the technotrans Group's overall revenue and therefore plays an important part in its stability. The Board of Management expects revenue in the Services segment to continue rising at a moderate rate thanks to the established installed base and greater use of the worldwide service network. For the Technical Documentation business area, the Board of Management expects revenue growth at least on a par with the 2017 level. This goes hand in hand with the expectation of higher overall earnings for the Services segment, fundamentally enabling the rate of return for the segment to match its 2017 level.

For 2018, the Board of Management expects a healthy operating cash flow thanks to steady income and earnings. Capital spending on property plant and equipment and intangible assets is set to total around € 11.5 million in 2018 (excluding acquisitions). Of this, around € 8.6 million will be spent on the new building for our production location at Termotek GmbH in Baden-Baden. For financing this investment, the Board of Management aims to use the currently positive market window for raising long-term credit in the single-digit millions. technotrans also anticipates further new and replacement investment measures amounting to between € 2.5 and 3.0 million at the German production locations. Our aim is to achieve a positive free cash flow in the 2018 financial year.

The scheduled repayment of the bank liabilities and the dividend payout are to be financed from current cash flow or from available liquidity. technotrans also has unutilised borrowing facilities which, together with the surplus finan-

cial resources, provide adequate flexibility for being able to finance current business. As in recent years, the plan for 2018 is to keep the equity ratio steady at above 50 percent.

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 analysing suitable options.

The prospects for the distribution of a dividend for the 2018 financial year are good: the company has a sound balance sheet structure and the profitability trend is positive. As matters stand the Board of Management would however 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.

For technotrans AG (separate financial statements), the Board of Management expects slight revenue growth in the order of 3 to 5 percent for the 2018 financial year. As matters stand the Board of Management also anticipates an improved financial performance from the higher revenue level. Our goal is to achieve an EBIT margin of 5.5 to 6.0 percent for technotrans AG.

OVERALL STATEMENT OF THE BOARD OF MANAGEMENT ON THE FUTURE BUSINESS PERFORMANCE

The technotrans Group continues to progress steadily along its strategic path. The Board of Management will focus its activities on a combination of organic growth and expansion through potential acquisitions.

In the 2018 and 2019 financial years, technotrans will increasingly concentrate on maintaining or steadily improving the performance of the group companies. The Board of Management believes the biggest challenge for 2018 will be presented by the development in the cost of materials, followed by selling prices, personnel recruitment and the delivery capability of upstream suppliers.


Disclaimer:

The Group Management Report contains future-related statements. Considerable variation between anticipated developments and actual outcomes is possible due to any

Revenue growth and the economies of scale that will result from this, along with a disciplined approach to costs and higher margins from growing technology and service business, should increase the value of the company. In addition, measures to optimise internal processes and group development projects are to continue according to plan or be kicked off.

At the time of preparation of these annual financial statements, the Board of Management expects a positive overall business development for the technotrans Group in the 2018 financial year.

any of the aforementioned or other element of uncertainty, or if the assumptions on the basis of which the forecasts are made prove to be incorrect.

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CONSOLIDATED BALANCE SHEET

ASSETS	Note	31/12/2017	31/12/2016
		€ '000	€ '000
Non-current assets			
Property, plant and equipment	(1)	25,477	17,734
Goodwill	(2)	23,144	23,144
Intangible assets	(3)	6,888	8,639
Other financial assets	(4)	231	92
Deferred tax	(26)	2,034	2,440
		57,774	52,049
Current assets			
Inventories	(5)	26,589	25,609
Trade receivables	(6)	24,182	17,787
Income tax receivable	(7)	83	180
Other financial assets	(8)	596	724
Other assets	(8)	1,285	1,167
Cash and cash equivalents	(9)	14,798	23,929
		67,533	69,396
Total assets		125,307	121,445

EQUITY AND LIABILITIES	Note	31/12/2017	31/12/2016
		€ '000	€ '000
Equity	(10)		
Issued capital		6,908	6,908
Capital reserve		19,097	19,097
Retained earnings		37,797	34,391
Other reserves		-6,440	-5,826
Net profit for the period		12,191	7,192
Total equity attributable to technotrans AG shareholders		69,553	61,762
Non-controlling interests in equity		197	118
		69,750	61,880
Non-current liabilities			
Borrowings	(11)	19,187	23,024
Provisions	(15)	1,206	1,178
Other financial liabilities	(12)	1,073	1,359
Deferred tax	(26)	1,833	2,215
		23,299	27,776
Current liabilities			
Borrowings	(11)	3,837	5,068
Trade payables	(13)	6,062	4,809
Prepayments received	(14)	5,805	6,928
Provisions	(15)	9,769	8,617
Income tax payable	(16)	3,203	1,060
Other financial liabilities	(17)	1,285	2,631
Other liabilities	(17)	2,297	2,676
		32,258	31,789
Total equity and liabilities		125,307	121,445

CONSOLIDATED INCOME STATEMENT

	Note	2017	2016
		€ '000	€ '000
Revenue	(18)	205,095	151,792
of which Technology		147,570	103,623
of which Services		57,525	48,169
Cost of Sales	(19)	-136,849	-100,570
Gross profit		68,246	51,222
Distribution costs	(20)	-26,453	-21,123
Administrative expenses	(21)	-18,596	-16,228
Development costs	(22)	-7,528	-5,534
Other operating income	(23)	3,907	2,849
Other operating expenses	(24)	-2,138	-1,455
Earnings before interest and taxes (EBIT)		17,438	9,731
Financial income		145	210
Financial charges		-620	-785
Net finance costs	(25)	-475	-575
Profit before tax		16,963	9,156
Income tax expense	(26)	-4,693	-1,894
Net profit for the period		12,270	7,262
of which:			
Profit attributable to technotrans AG shareholders		12,191	7,192
Profi/loss attributable to non-controlling interests		79	70
Earnings per share (€)	(27)		
basic / diluted		1.76	1.09

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Note	2017	2016
		€ '000	€ '000
Net profit for the period	(10)	12,270	7,262
Other results			
Items that were not be reclassified to Income Statement			
Revaluation of the net debt from defined benefit obligations	(15)	23	-33
Deferred tax		-10	10
		13	-23
Items that were or must be reclassified to Income Statement			
Exchange differences from the translation of foreign group companies		-292	-383
Change in the amount recognised within equity (net investments in a foreign operation)	(10)	-358	537
Change in the market values of cash flow hedges		-9	-17
Amount transferred to the Income Statement		60	77
Deferred tax		-15	-18
Change in the amount recognised within equity (cash flow hedges)	(32)	36	42
		-614	196
Other profit after tax		-601	173
Overall result for the financial year		11,669	7,435
of which:			
Profit attributable to technotrans AG shareholders		11,805	7,365
Profit/loss attributable to non-controlling interests		79	70

CONSOLIDATED CASH FLOW STATEMENT

	Note	2017	2016
		€ '000	€ '000
Cash flow from operating activities	(28)		
Net profit for the period		12,270	7,262
Adjustments for:			
Depreciation and amortisation		5,217	4,314
Share-based payment transactions	(10)	0	35
Income tax expenses	(26)	4,693	1,894
Gain (-) / loss (+) on the disposal of property, plant and equipment	(23, 24)	-253	-59
Foreign exchange losses (+) / gains (-)		-180	161
Net finance costs	(25)	475	575
Cash flow from operating activities before working capital changes		22,222	14,182
Change in:			
Inventories	(5)	-980	-460
Receivables and other current assets		-6,036	-1,521
Liabilities and prepayments		-2,127	59
Provisions	(15)	1,194	-49
Cash from operating activities		14,273	12,211
Interest received		14	394
Interest paid		-586	-488
Income taxes paid / income tax rebates		-2,292	-2,414
Net cash from operating activities		11,409	9,703
Cash flow from investing activities	(29)		
Cash payments for investments in property, plant and equipment and in intangible assets		-11,471	-1,642
Cash payments for the acquisition of consolidated companies		-248	-20,886
Proceeds from the sale of property, plant and equipment		460	176
Net cash used for investing activities		-11,259	-22,352

	Note	2017	2016
		€ '000	€ '000
Cash flow from financing activities	(30)		
Cash receipts from the sale of treasury shares		0	8,155
Cash receipts from the raising of short-term and long-term loans		0	20,000
Cash payments from the repayment of loans		-5,068	-5,953
Distribution to investors		-3,799	-3,136
Payment for the acquisition of non-controlling interests		0	-2,434
Net cash used in financing activities		-8,867	16,632
Net increase/decrease in cash and cash equivalents		-8,716	3,983
Cash and cash equivalents at start of period		23,929	19,978
Net effect of currency translation in cash and cash equivalents		-415	-32
Cash and cash equivalents at end of period	(9, 31)	14,798	23,929

STATEMENT OF MOVEMENTS IN EQUITY

(NOTES 10)

	Issued capital	Capital reserve	Retained earnings
	€ '000	€ '000	€ '000
01/01/2016	6,908	12,928	42,409
Net profit for the period	0	0	7,192
Other result	0	0	- 23
Overall result for the financial year	0	0	7,169
Distribution of profit	0	0	- 3,136
Acquisition of treasury shares	0	0	0
Issuance of treasury shares	0	6,169	- 3,405
Transactions with owners	0	6,169	- 6,541
Changes in ownership interests			
Acquisition of non-controlling interests without a change in control	0	0	- 1,454
Acquisition of subsidiaries with non-controlling interests	0	0	0
Total changes in ownership interests	0	0	- 1,454
Total transactions with owners of the company	0	6,169	- 7,995
31/12/2016 / 01/01/2017	6,908	19,097	41,583
Net profit for the period	0	0	12,191
Other result	0	0	13
Overall result for the financial year	0	0	12,204
Distribution of profit	0	0	- 3,799
Transactions with owners	0	0	- 3,799
31/12/2017	6,908	19,097	49,988

Exchange differences	Other reserves			Treasury reserve	Total equity attributable to technotrans AG shareholders	Non-controlling interests in equity	Group equity
	Reserve for exchange rate differences from the financing of investments	Hedging reserve					
€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
-3,338	-2,584	-100	-5,426	50,797	928	51,725	
0	0	0	0	7,192	70	7,262	
-383	537	42	0	173	0	173	
-383	537	42	0	7,365	70	7,435	
0	0	0	0	-3,136	0	-3,136	
0	0	0	-227	-227	0	-227	
0	0	0	5,653	8,417	0	8,417	
0	0	0	5,426	5,054	0	5,054	
0	0	0	0	-1,454	-980	-2,434	
0	0	0	0	0	100	100	
0	0	0	0	-1,454	-880	-2,334	
0	0	0	5,426	3,600	-880	2,720	
-3,721	-2,047	-58	0	61,762	118	61,880	
0	0	0	0	12,191	79	12,270	
-292	-358	36	0	-601	0	-601	
-292	-358	36	0	11,590	79	11,669	
0	0	0	0	-3,799	0	-3,799	
0	0	0	0	-3,799	0	-3,799	
-4,013	-2,405	-22	0	69,553	197	69,750	

I. APPLICATION OF IFRS – BASIC NOTES

technotrans AG is a publicly traded corporation domiciled in Sassenberg, Germany. The company is entered on the register of the local Court of Münster under the number HRB 9086. These Consolidated Financial Statements of technotrans AG and its subsidiaries (the "group") at December 31, 2017 were approved for presentation to the Supervisory Board by resolution of the Board of Management of March 5, 2018. 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 315e 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 21 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 20 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. Subsidiaries that are of minor significance for the group and for the presentation of a true and fair view of the net worth, financial position and financial performance in view of their suspended or only minor level of business activity are fundamentally not included in the Consolidated Financial Statements. Three subsidiaries that are already in liquidation were not included in the Consolidated Financial Statements for reasons of minor significance.

At the meeting of shareholders on August 31, 2017 it was resolved to further consolidate Asia business at the Taicang location and therefore to terminate the business of KLH Cooling International Pte. Ltd., Singapore, to distribute the remaining equity to technotrans AG and then to wind up the company. The company still in liquidation was deconsolidated with effect from December 31, 2017. Deconsolidation had no material effect on the consolidated result.

With effect from September 30, 2017 EasyBrowse GmbH, Schwerin, was merged with Ovidius GmbH, Berlin. In addition, two new companies were established in the financial year: technotrans Grundstücksverwaltungs GmbH, Sassenberg, will be erecting the new business premises for Termotek GmbH at its Baden-Baden location in the 2018 financial year. With effect from January 1, 2018 technotrans japan K.K., Kobe, Japan, took over the business operations of the permanent establishment of technotrans Asia Pacific limited, Hong Kong/China, which has previously been situated in Japan.

Companies

		Domicile	Interest
			in %
technotrans AG	DE	Sassenberg	parent company
GWK Gesellschaft Wärme Kältetechnik mbH	DE	Meinerzhagen	98%
Termotek GmbH	DE	Baden-Baden	100% ²⁾
KLH Kältetechnik GmbH	DE	Bad Doberan	100%
SHT Immobilienbesitz GmbH & Co. Vermietungs KG	DE	Mainz	94% ¹⁾
technotrans Grundstücksverwaltungs GmbH	DE	Sassenberg	100%
gds GmbH	DE	Sassenberg	100% ²⁾
gds Sprachenwelt GmbH	DE	Hünfeld	100% ⁴⁾
Ovidius GmbH	DE	Berlin	56% ⁴⁾
technotrans graphics Ltd.	GB	Colchester	100%
technotrans france s.a.r.l. (Saint-Maximin und Madrid)	FR	Saint-Maximin	100%
technotrans italia s.r.l.	IT	Legnano	100%
technotrans scandinavia AB	SE	Åkersberga	100%
technotrans middle east FZ-LLC	UAE	Dubai	100%
technotrans america inc.	USA	Mt. Prospect	100%
technotrans américa latina ltda.	BR	Indaiatuba	100%
technotrans group (taicang) co. ltd.	CN	Taicang	100%
technotrans technologies pte. ltd., (Singapur und Melbourne)	SG	Singapore	100%
technotrans india pvt ltd	IN	Chennai	100% ⁵⁾
technotrans japan K.K.	JP	Kobe	100%
technotrans Asia Pacific limited, (Hongkong und Tokio)	CN	Hong Kong	100%
technotrans printing equipment (Beijing) co. Ltd.	CN	Beijing	100% ³⁾
GWK Heating and Cooling Technology (Shanghai) Co. Ltd.	CN	Shanghai	100% ⁶⁾
gwk Heating & Cooling Technology (Nanchang) Co. Ltd	CN	Nanchang	100% ⁶⁾

1) Limited partnership interest held by KLH Kältetechnik GmbH.

2) 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.

3) Indirect interest held through technotrans Asia Pacific limited

4) Indirect interest held through gds GmbH.

5) Indirect interest held through technotrans technologies pte. Ltd.

6) Indirect interest held through GWK Gesellschaft Wärme Kältetechnik mbH; company is currently in liquidation and was not included in consolidation for reasons of minor significance.

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, 2017.

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 remain-

ing 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 as a result of acquisitions. Upon 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. Goodwill exists from corporate acquisitions in previous years. 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 2017", see Note 2 "Goodwill" and Note 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 2017", see the Notes section, Note 1 "Property, Plant and Equipment", Note 2 "Goodwill" and Note 3 "Intangible Assets".

3) Recognition and Measurement of Provisions

For the recognition and measurement of other provisions, the level and likelihood of the call are estimated. The level of the actual call may differ from the estimates. The assumptions and estimates are in each case based on cur-

rent knowledge and the available data. With regard to "key exercises of judgment in the context of financial reporting for 2017", see Note 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 and equipment

Buildings	20 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 6 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 in profit or loss or in other comprehensive income. In such cases, the corresponding taxes are likewise recognised in profit or loss or in other comprehensive income. 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 using 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 or capital reserves.

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 or 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 or 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 litigation settlements are created in the amount of the expected call, alongside the costs of the proceedings.

Provisions for pensions and provisions for similar obligations are measured according to the projected unit credit method. Gains and losses resulting from changes in expectations regarding life expectancy, pension and pay increases expected in the future and the discount rate compared with the actual development during the period are recognised income-neutrally directly in other comprehensive income on the Statement of Comprehensive Income.

Derivative financial instruments are recognised at market value. At technotrans, derivative financial instruments were used exclusively for hedging interest rate risks at December 31, 2017. 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 2017 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 recognised as the functional currency of the companies included in the Consolidated Financial Statements.

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	
	2017	2016	31/12/2017	31/12/2016
USD	1.1297	1.1069	1.1993	1.0541
JPY	126.7112	120.1967	135.0100	123.4000
GBP	0.8767	0.8195	0.8872	0.8562
SEK	9.6351	9.4689	9.8438	9.5525
CNY	7.6290	7.3522	7.8044	7.3202
HKD	8.8045	8.5922	9.3720	8.1751
CHF	1.1117	1.0902	1.1702	1.0739
BRL	3.6054	3.8561	3.9729	3.4305
AED	4.1494	4.0638	4.3988	3.8612
INR	73.5324	74.3717	76.6055	71.5935

Changes in Recognition and Measurement Principles

The Consolidated Financial Statements of technotrans AG at December 31, 2017 include all standards and interpretations adopted by the European Union, the application of which is mandatory from January 1, 2017.

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

Standard/interpretation	Adoption from (financial years starting on or after ...)	Content	Effects on the Consolidated Financial Statements
Amendment to IAS 7: Disclosure initiative	January 1, 2017	The amendments are intended to improve information about changes in an entity's debt. Following the amendment an entity will need to make disclosures on the changes in liabilities arising from financing activities where cash receipts and payments are shown under cash flow from financing activities in the cash flow statement. Accompanying financial assets are likewise to be included in the disclosures (e.g. assets from hedging transactions).	No significant
Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017	The amendments highlight accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.	No significant
"Improvements to IFRS (2014 to 2016)"	January 1, 2017	Amendments to IFRS 12 were made under the "annual improvement project".	No significant

During the 2017 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 2017 financial year. The technotrans Group does not plan the early adoption of the following new or amended standards and interpretations, the adoption of which is only mandatory in later financial years.

a) EU endorsement has already taken place

Standard/interpretation	Adoption from (financial years starting on or after ...)	Content	Anticipated effects on the Consolidated Financial Statements
IFRS 9: Financial Instruments	January 1, 2018	IFRS 9 replaces the existing guidelines in IAS 39 Financial Instruments: Recognition and Measurement	See the comments below this table.
IFRS 15: Revenue from Contracts with Customers	January 1, 2018	IFRS 15 Revenue from Contracts with Customers specifies a comprehensive framework for determining whether, in what amount and at what time revenue is reported. It replaces existing guidelines on the reporting of revenue, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.	See the comments below this table.
IFRS 16: Leases	January 1, 2019	"IFRS 16 introduces a standard accounting model according to which lessees are required to account for leases. A lessee records a right-of-use asset that presents their right to the use of the underlying asset, as well as a liability from the lease that represents their obligation to make lease payments. There are exceptions for short-term leases and leases for low-value assets. Accounting by the lessor is comparable to the current standard – in other words, lessors continue to classify leases as finance or operating leases. IFRS 16 replaces the existing guidelines on leases, including IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions in the Legal Form of a Lease."	See the comments below this table.
Amendment to IFRS 4: Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	January 1, 2018	The changes concern the first-time adoption of IFRS 9 for insurers. Because of the different effective dates of IFRS and the new standard for insurance contracts, without these changes there would be increased volatility in results and double the conversion work for a transitional period.	None
Amendments to IFRS 15	January 1, 2018	The amendments contain clarifications to various rules of IFRS 15 and also simplifications for the transition to the new standard.	See IFRS 15
Improvements to IFRS (2014 – 2016)	January 1, 2018	In the context of the annual improvement project, amendments were made to two standards (IFRS 1 and IAS 28).	No significant

The expected effects of the changes to IFRS 9 on the Consolidated Financial Statements:

IFRS 9 contains revised guidelines for the classification and measurement of financial instruments, including a new model for expected credit losses for calculating the impairment of financial assets, as well as the new general hedge accounting requirements. It also adopts the guidelines on the recording and derecognition of financial instruments from IAS 39. The requirements on classification and measurement in IFRS 9 are to be applied retrospectively. No adjustment to prior-year periods is necessary. The hedge accounting requirements are to be applied prospectively.

IFRS 9 contains three principal classification categories for financial assets: "measured at amortised cost", "fair value through other comprehensive income" and "fair value through profit or loss". These new classification categories replace the IAS 39 legacy categories: "held to maturity", "loans and receivables" as well as "available for sale". The Board of Management does not expect adoption of the new classification requirements to have any material effects on accounting for financial assets.

IFRS 9 in addition has effects on the accounting and measurement of trade receivables. Unlike IAS 39, where impairment losses are only recognised for impairment already occurred but not yet known ("incurred loss model"), with IFRS 9 the future expected credit losses are decisive for the level of impairment ("expected loss model"). For these, the expected credit losses are determined based on the expected credit losses up to maturity. To determine the expected credit losses, customers are arranged in groups of similar credit risks. As well as a collective assessment, an individual assessment of the credit risks is made if the credit risk has increased significantly at the reporting date. Effects from the new adoption of IFRS 9 with effect from the time of first adoption at January 1, 2018 are to be recorded income-neutrally within equity. The group considers that the impairment for trade receivables within the scope of the impairment model of IFRS 9 has not changed materially.

The determination of the need for impairment losses for cash and cash equivalents is equally dealt with in IFRS 9. These are essentially deposited with banks or financial institutions selected based on long-standing positive experience and on bank ratings. The group assumes that its cash

and cash equivalents exhibit a low credit risk on the basis of the external ratings of the banks and financial institutions.

Under IFRS 9, the group must ensure that hedge accounting is consistent with the goals and strategy of group risk management. The requirements of IFRS 9 are met for all types of hedge accounting that technotrans currently employs.

Currently exclusively interest rate swaps are used in the technotrans Group for hedging future interest payment streams. Under IAS 39, the interest rate swaps were accounted for at market price. Measurement gains and losses from market price changes were recognised income-neutrally within equity, under the hedging reserve. The amounts recognised within equity were recognised through profit or loss in the period in which the completed transaction influences the net income for the period. With IFRS 9, these amounts continue to influence the net income for the period at the time the hedged transaction influences the net income for the period.

Upon first-time adoption of IFRS 9, the group has the option of continuing to apply the accounting rules of IAS 39 for hedges instead of the requirements of IFRS 39. The group has decided to adopt the new requirements of IFRS 9.

IFRS 9 in addition requires extensive new disclosures, in particular on the credit risk and on expected credit losses as well as on hedge accounting.

Adoption of the new standard is mandatory for financial years beginning on or after January 1, 2018. The group intends to adopt the fully retrospective method for the transition.

The expected effects of the changes to IFRS 15 on the Consolidated Financial Statements:

Under IFRS 15, revenue realisation is to be assessed using a five-step model framework. This involves first identifying the customer contract and the separate performance obligations contained in it. Then the transaction price of the customer contract is to be determined and broken down according to the agreed separate performance obligations. Revenue realisation occurs in the amount of the pro

rata transaction price upon fulfilment of the individual performance obligation. The standard is to be adopted for the first time for financial years beginning on or after January 1, 2018. The group does not use the option of early first-time adoption of IFRS 15.

The technotrans group has conducted a detailed assessment of the effects of adopting IFRS 15. The material transactions and the related contracts with customers were investigated. As part of the investigation, the business transactions were appraised using the five-step model framework and the differences in quality from the accounting rules previously applicable and applied were assessed.

When goods are sold, revenue is currently recognised upon delivery and supply of the goods, and therefore at the point at which the customer accepts the goods as well as the accompanying risks and rewards incidental to the passage of ownership. Revenue is recognised at that point, provided the revenue and costs can be reliably measured, receipt of the fee is probable and there is no remaining right of disposal with regard to the goods. Under IFRS 15, revenue is recognised as soon as a customer acquires control over the goods. In the assessment of the group, currently the point of revenue realisation corresponds to the point of realisation under IFRS 15. We therefore expect no material changes compared with the previous practice under IAS 18.

Services are provided e.g. on the basis of a single agreement in various reporting periods. The entire fee for service contracts is broken down for the services based on the relative fair values. According to IFRS 15 the entire fee for the service contracts is spread over all services, based on their standalone selling prices. The standalone selling prices are determined on the basis of the list prices at which the group offers the services in separate transactions. Based on the group's assessment, the fair values and standalone selling prices of the services are broadly comparable. For that reason, we do not expect any material differences with regard to the point at which revenues for these services are recorded.

The group has completed its implementation projects on accounting for revenue from contracts with customers and does not expect any material changes compared with

the previous practice under IAS 18. Additional quantitative and qualitative disclosures will be necessary compared to the current IAS 18 rules.

The group intends to apply the modified retrospective method, with recognition of cumulative adjustment amounts at January 1, 2018, in its Consolidated Financial Statements for the transition to IFRS 15. This means that the group will not apply the requirements of IFRS 15 for every comparative period shown.

The expected effects of the changes to IFRS 16 on the Consolidated Financial Statements: The group has completed an initial assessment of the possible effects on its Consolidated Financial Statements, but a detailed assessment has not yet been completed. The actual effects of the adoption of IFRS 16 on the Consolidated Financial Statements at the time of first adoption will depend on the future economic conditions, such as the interest rate for the group at January 1, 2019, the composition of the leases portfolio at that point, the group's assessment of the exercising of extension options and the extent to which the group uses practical expedients and recognition exemptions.

The standard has material effects on the presentation of the net worth, financial position and financial performance. Whereas payment obligations for operating leases were previously disclosed in the Notes, in future the resulting rights and obligations are to be recognised as right-of-use assets and lease liabilities. technotrans AG expects a significant increase in the balance sheet total at the time of first adoption in view of the rise in lease liabilities, as well as a similarly steep rise in fixed assets from the right-of-use assets to be capitalised. At December 31, 2017 the future minimum lease payments under non-cancellable operating leases for the business premises and for completed motor vehicle lease agreements amount to € 4,429 thousand. The increase in the lease liabilities additionally results in a corresponding rise in net borrowings. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. This will lead to an improvement in EBIT and to a rise in the operating cash flow in the Cash Flow Statement.

No significant impact is expected for the group's finance leases.

The group does not expect the adoption of IFRS 16 to have any material impact on compliance with the group's capital management targets or on the obligation to adhere to financial indicators (financial covenants) (cf. Note 10 "Equity").

The standard is to be adopted for the first time for financial years beginning on or after January 1, 2019. The group does not use the option of early first-time adoption of IFRS 16. The overall effects will be investigated in a group-wide project on the implementation of IFRS 16, but no reliable estimate of the quantitative effects will be possible until that project has been completed. No decision has yet been taken on which transitional method is to be used.

b) EU endorsement pending

In addition, the IASB published standards and interpretations that have not yet been adopted by the European Union. Of these, the following standards are of relevance

for the group. The effects on the Consolidated Financial Statements are currently being examined.

Standard/interpretation	Adoption from (financial years starting on or after ...)	Content	Anticipated effects on the Consolidated Financial Statements
Amendment to IFRS 2 : Classification and Measurement of Share- based Payment Transactions	January 1, 2018	The amendments relate to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features for tax to be withheld, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.	None
Amendment to IFRS 10 and IAS 28 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely	The amendments address a known inconsistency between the rules of IFRS 10 and IAS 28 (2011) in the event of the disposal of assets to an associate or joint venture or the contribution of assets to an associate or joint venture.	None
Amendment to IAS 40 : Transfers of Investment Property	January 1, 2018	The amendment of IAS 40 has the purpose of clarification. In which cases classification of a property as investment property starts or ends if the property is still under construction or development. The non-exhaustive list provided in IAS 40.57 meant the classification of non-completed properties was previously unclear. The list is now treated as explicitly non-exhaustive, so that properties not yet completed may likewise be subsumed under the rule.	None
IFRIC 22 : Foreign Currency Transactions and Advance Consideration	January 1, 2018	IFRIC 22 addresses a question regarding IAS 21 The Effects of Changes in Foreign Exchange Rates. It clarifies at what point the exchange rate is determined for the translation of foreign currency translation which include the payment or receipt of advance consideration. The exchange rate for the underlying asset, income or expense is accordingly the date of recognition of the asset or liability resulting from advance consideration.	No significant
IFRS 14 : Regulatory Deferral Accounts	EU endorsement not envisaged	Due to the extremely limited group of users, the European Commission will not propose IFRS 14 for adoption into EU law. There is consequently no requirement to report on IFRS 14 in the disclosures to IFRS 8.30. The standard is only included in the table for the sake of completeness.	None

IFRS 17: Insurance Contracts	January 1, 2021	IFRS 17 replaces IFRS 4 and therefore for the first time establishes uniform principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts as well as investment contracts with discretionary participation features. Under the IFRS 17 measurement model, groups of insurance contracts are measured, based on the expected value of discounted cash flows with an explicit risk adjustment for non-financial risks as well as a contractual service margin that leads to a recognition of profit according to service performance.	None
Amendments to IFRS 9: Prepayment Features with Negative Compensation	January 1, 2019	The amendments concern a limited adjustment to the relevant assessment criteria for the classification of financial assets. In certain circumstances, prepayment features with negative compensation may be recognised at amortised cost or at fair value with no effect on income instead of at fair value through profit or loss.	No significant
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	January 1, 2019	The amendments contain a clarification that IFRS 9 is to be applied to long-term interests in associates or joint ventures which are not accounted for using the equity method.	None
IFRIC 23: Uncertainty over Income Tax Treatments	January 1, 2019	The tax treatment of certain matters and transactions may depend on future recognition by the taxation authorities or fiscal judicature. IAS 12 Income Taxes lays down how actual and deferred taxes are to be accounted for. IFRIC 23 supplements the rules in IAS 12 with regard to taking account of uncertainty over the income tax treatment of matters and transactions.	No significant
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	January 1, 2019	In future, if a defined benefit plan is amended, curtailed or settled, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.	No significant
Improvements to IFRS (2015 – 2017)	January 1, 2019	In the context of the annual improvement project, amendments were made to four standards (IFRS 3, IFRS 11, IAS 12 and IAS 23).	No significant

III. NOTES TO THE CONSOLIDATED BALANCE SHEET

Consolidated Statement of Changes in Fixed Assets

2016		Cost						at December 31, 2016
		at January 1, 2016	foreign currency translation differences	Additions from corporate acquisition	Additions	Disposals	Transfers	
		€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Property, plant and equipment	(1)							
Property*		20,568	19	1	45	-2	14	20,645
Technical equipment and machinery		5,329	4	1,685	65	-704	0	6,379
Other equipment, operating and office equipment		10,749	-24	1,932	951	-2,068	-14	11,526
Construction in progress		64	0	0	465	0	0	529
		36,710	-1	3,618	1,526	-2,774	0	39,079
Intangible Assets	(3)							
Goodwill	(2)	5,828	0	17,316	0	0	0	23,144
Concessions, industrial and similar rights		12,129	8	7,642	116	-176	0	19,719
Development expenditure recognised as an intangible asset		8,570	8	0	0	0	0	8,578
		26,527	16	24,958	116	-176	0	51,441
2017		Cost						
		at January 1, 2017	foreign currency translation differences	Additions from corporate acquisition	Additions	Disposals	Transfers	at December 31, 2017
		€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Property, plant and equipment	(1)							
Property*		20,645	-29	0	8,046	0	465	29,127
Technical equipment and machinery		6,379	-51	0	802	-41	2	7,091
Other equipment, operating and office equipment		11,526	-175	0	1,552	-875	25	12,053
Construction in progress		529	0	0	504	0	-492	541
		39,079	-255	0	10,904	-916	0	48,812
Intangible Assets	(3)							
Goodwill	(2)	23,144	0	0	0	0	0	23,144
Concessions, industrial and similar rights		19,719	-42	0	200	-18	0	19,859
Development expenditure recognised as an intangible asset		8,578	-30	0	367	0	0	8,915
		51,441	-72	0	567	-18	0	51,918

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

Accumulated depreciatio					Residual carrying amounts
at January 1, 2016	Foreign currency translation differences	Depreciation for the year	Disposals	at December 31, 2016	at December 31, 2016
€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
9,589	16	685	-2	10,288	10,357
4,779	7	218	-699	4,305	2,074
7,642	-24	1,093	-1,959	6,752	4,774
0	0	0	0	0	529
22,010	-1	1,996	-2,660	21,345	17,734
0	0	0	0	0	23,144
10,124	6	1,955	-173	11,912	7,807
7,375	8	363	0	7,746	832
17,499	14	2,318	-173	19,658	31,783

Accumulated depreciatio					Residual carrying amounts
at January 1, 2017	Foreign currency translation differences	Depreciation for the year	Disposals	at December 31, 2017	at December 31, 2017
€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
10,288	-23	756	0	11,021	18,106
4,305	-44	464	-41	4,684	2,407
6,752	-138	1,685	-669	7,630	4,423
0	0	0	0	0	541
21,345	-205	2,905	-710	23,335	25,477
0	0	0	0	0	23,144
11,912	-36	1,949	-18	13,807	6,052
7,746	-30	363	0	8,079	836
19,658	-66	2,312	-18	21,886	30,032

1) Property, Plant and Equipment

By deed of August 16, 2016 GWK Gesellschaft Wärme Kältetechnik mbH acquired the business premises in Meinerzhagen at a purchase price of € 7,150 thousand. The transfer of title and payment of the purchase price were subject to a condition precedent. Upon fulfilment of these conditions in the 2017 financial year, title was transferred to GWK Gesellschaft Wärme Kältetechnik mbH and the purchase price paid. In addition, in the year under review technotrans Grundstücksverwaltungs GmbH acquired a plot of land in Baden-Baden for € 880 thousand, on which the new building for the production plant of Termotek GmbH is to be erected in 2018.

The additions within technical equipment and machinery as well as other assets, plant and other equipment mainly comprise replacement purchases.

As in previous years, no self-constructed assets were capitalised in the 2017 financial year. No write-downs or reversals were performed in the year under review. Property amounting to € 18,106 thousand (2016: € 10,357 thousand) belonging to the group is used as collateral for long-term loans (cf. Note 11 "Financial Liabilities").

2) Goodwill

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

	31/12/2017	31/12/2016
	€ '000	€ '000
segment technology: Laser Cooling	6,858	6,858
segment technology: Plastic processing industry	5,590	5,590
segment technology: Cooling Technology	2,966	2,966
	15,414	15,414
segment services: Services	6,969	6,969
segment services: Translation Services	585	585
segment services: Software solutions for technical documentation	176	176
	7,730	7,730
	23,144	23,144

In the 2017 financial year the goodwill arising from the acquisition of the shares of GWK Gesellschaft Wärme Kältetechnik mbH at September 9, 2016 in the amount of € 17,140 thousand was allocated to the cash-generating units in which the principal synergies from this business combination are expected to arise. The sum of € 1,615 thousand was allocated to the Laser Cooling group of cash-generating units and € 2,966 thousand to the Cooling Technology group of cash-generating units, both within the Technology segment. Based on the synergies, goodwill

in the amount of € 6,969 thousand was allocated to the Services group of cash-generating units in the Services segment. The remaining pro rata goodwill amounting to € 5,590 thousand was allocated to the Plastics Engineering cash-generating unit within the Technology segment.

All six cash-generating units or groups of cash-generating units were tested for impairment according to IAS 36.10 in the 2017 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 2018 and revenue trends for the 2019 to 2022 financial years of the respective cash-generating units. No separate revenue plans for the cash-generating units in question were drawn up for subsequent financial years; instead, further average and constant revenue growth rates for the cash-generat-

ing units (long-term market trend for the respective industry) were assumed. 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.

The following table indicates the growth rates applied for the planning period, the average EBIT margins, the cost-of-capital rates used in discounting the forecast cash flows as well as the estimated constant growth rates after the planning period.

	revenue growth		average EBIT margin		after tax capital cost rate		terminal growth rate	
	2017	2016	2017	2016	2017	2016	2017	2016
Parameters used for the impairment test	%	%	%	%	%	%	%	%
segment technology: Laser Cooling	5.3	6.6	11.4	9.7	11.9	10.7	1.5	1.5
segment technology: Plastic processing industry	5.9		4.9		10.3		1.0	
segment technology: Cooling Technology	7.4		3.7		11.2		1.1	
segment services: Services	3.5		15.2		11.6		0.8	
segment services: Translation Services	4.2	5.0	17.7	15.0	10.9	9.9	1.5	1.5
segment services: Software solutions for technical documentation	14.0	13.7	16.7	6.5	10.9	6.6	1.5	1.5

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

3) Intangible Assets

Depreciation and amortisation of € 1,628 thousand (2016: € 1,508 thousand) concerns the intangible assets recognised in the course of purchase price allocation, all with a finite useful life.

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 recognised intangible assets created through development in the amount of € 367 thousand in

the 2017 financial year. In the previous year, only current development work was conducted and therefore no intangible assets were recognised.

The items capitalised were predominantly development projects for products outside the printing industry. These concern further development work in the spray lubrication application area as well as developments of cooling concepts that are used in the field of rapid charging of batteries in the e-mobility area.

Due to nonfulfilment of the requirements for recognition as stated in IAS 38, development costs amounting to € 7,528 thousand (2016: € 5,534 thousand) were recognised as an expense.

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 is allocated to the cost of sales, distribution costs, administrative expenses and development costs by means of cost centre accounting.

4) Other Financial Assets

	31/12/2017	31/12/2016
	€ '000	€ '000
Rent deposits	200	61
Other	31	31
	231	92

5) Inventories

	31/12/2017	31/12/2016
	€ '000	€ '000
Raw materials and supplies	14,423	13,019
Work in progress	8,408	8,698
Finished goods and merchandise	3,758	3,892
	26,589	25,609

Of total inventories, the amount of € 2,715 thousand (2016: € 5,632 thousand) is reported at the fair value, less production costs still to be incurred and distribution costs. Impairment of inventories totalling € 1,670 thousand (2016: € 1,143 thousand) was recognised as an expense in

the 2017 financial year. Reversals of € 1,040 thousand (2016: € 946 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 OEMs, as well as by end customers.

In the year under review, additions to the impairment of receivables totalling € 312 thousand (2016: € 86 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:

	31/12/2017	31/12/2016
	€ '000	€ '000
Opening level	1,535	1,097
Addition of company acquisition	0	473
Allocated	312	86
Derecognition of receivables	-227	-45
Cash receipts for receivables written off	-62	-73
Exchange differences	-29	-3
Closing level	1,529	1,535

7) Income Tax Receivable

This mainly comprises ongoing income tax receivable.

8) Other Assets

	31/12/2017	31/12/2016
	€ '000	€ '000
Other financial assets		
Receivables from suppliers	265	192
Deposits	43	173
Other	288	359
	596	724
Other assets		
Prepaid expenses	731	669
Creditable input tax	208	194
Other	346	304
	1,285	1,167
	1,881	1,891

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.

The development in cash and cash equivalents is shown in the Cash Flow Statement.

10) Equity

The development in equity is shown in the Statement of Movements in Equity. The equity of the group totalled € 69,750 thousand at December 31, 2017 (2016:

€ 61,880 thousand). Of this, € 197 thousand (2016: € 118 thousand) is attributable to non-controlling interests.

Issued Capital

At December 31, 2017 the issued capital (share capital) of technotrans AG comprised 6,907,665 issued and outstanding no par value registered shares. The shares outstanding are fully paid. Each no par value share represents

a nominal amount of € 1 of the share capital. All shares carry identical rights. No special rights or preferences are granted to individual shareholders. The same applies to dividend entitlements.

	Shared issued		Shares outstanding	
	2017	2016	2017	2016
Position at January 1	6,907,665	6,907,665	6,907,665	6,530,588
Issurance of treasury shares	0	0	0	374,915
Issued to employees (as remuneration component)	0	0	0	2,162
Acquisition of treasury shares	0	0	0	9,254
Issued to employees (as Christmas bonus)	0	0	0	9,254
Position at December 31	6,907,665	6,907,665	6,907,665	6,907,665

Authorised Capital

The Annual General 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 2017.

Conditional Capital

At the Annual General 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 subscrip-

tion 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 2017 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.

The IFRS capital reserve corresponds to the capital reserve of the parent company according to the German Commercial Code. As a result of the change in 2009 to

comply with the German Accounting Law Modernisation Act (BilMoG), in the event of disposal of treasury shares those amounts that would not have been allocated to the capital reserve under a purely IFRS approach must, after the change, likewise be allocated to the German Commercial Code capital reserve (devaluation from the period prior to the change). To maintain the German Commercial Code and IFRS capital reserves at identical levels, appropriate amounts are therefore withdrawn from the retained earnings and allocated to the capital reserve.

Retained Earnings

The retained earnings include profit carried forward and additional other reserves. Of these, an amount of € 691 thousand (2016: € 691 thousand) relates to the legal reserve of technotrans AG pursuant to Section 150 (2) of German Stock Corporation Act.

Pursuant to Section 268 (8) of the German Commercial Code, an amount of € 6 thousand (2016: € 9 thousand) due to the capitalisation of deferred taxes as well as an amount of € 19 thousand (2016: € 16 thousand) attributable to the difference pursuant to Section 253 (6) of the German Commercial Code from the measurement of the provision for pensions may not be distributed from the other retained earnings of the parent company.

Other Reserves

	31/12/2017	31/12/2016
	€ '000	€ '000
Exchange differences	-4,013	-3,721
Reserve for net investments in a foreign operation	-2,405	-2,047
Hedging reserve	-22	-58
	-6,440	-5,826

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. Note 32 "Financial Instruments"). In the 2017 financial year, a gain of € 51 thousand (2016: € 60 thousand) was reported within equity with no effect on income. As in the previous year, no gains were realised. In return, deferred tax of € 15 thousand (2016: € 18 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 or loss upon liquidation or partial liquidation of the company.

Treasury Shares

At the Annual General 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

Capital Management

At December 31, 2017 the equity ratio was 55.7 percent (2016: 51.0 percent). One of the most important financial objectives for technotrans AG is to assure its solvency at all times, and increase the long-term value of the group.

In the 2017 financial year, currency translation losses from the above loans in the amount of € 358 thousand (2016: € 537 thousand gain) were netted directly within equity; because their liquidation or partial liquidation is not planned for the foreseeable future, as in the previous year no deferred taxes on these exchange rate losses were netted income-neutrally within equity in the financial year.

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.

at the time of the resolution) and is valid until May 14, 2019. 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. No transactions with treasury shares were conducted in the 2017 financial year.

The creation of adequate liquidity reserves is very important in this respect. The aim is always to have liquidity reserves amounting to at least 5 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 return on sales (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.

One 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 2017 financial year.

11) Financial Liabilities

	31/12/2017	31/12/2016
	€ '000	€ '000
Short-term borrowings	3,837	5,068
Long-term borrowings	19,187	23,024
	23,024	28,092

Of the decrease in financial liabilities, the amount of € 5,068 thousand is attributable to the scheduled repayment of loans. There were no hedged liabilities at the bal-

ance 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		
€ fixed rate credit	741	2,963	741	4,445	1.00%	None
Variable € credit	429	1,714	429	2,572	3-month EURIBOR + 1.59%	None
€ fixed rate credit	214	1,143	1,143	2,500	1.45%	Land charge
€ fixed rate credit	0	1,250	1,250	2,500	1.45%	Land charge
€ fixed rate credit	0	1,250	1,250	2,500	1.70%	Land charge
Variable € credit	572	714	0	1,286	3-month EURIBOR cover via interest rate swap (fixed rate: 2.63%)	None
€ fixed rate credit	316	947	0	1,263	1.45%	Land charge
Variable € credit	0	1,500	0	1,500	6-month EURIBOR + 1.25%	Land charge
€ fixed rate credit	300	900	0	1,200	1.65%	Land charge
€ fixed rate credit	36	143	603	782	4.50%	Land charge
€ fixed rate credit	245	429	0	674	3.31%	Land charge
€ fixed rate credit	422	105	0	527	2.00%	None
Variable € credit	157	275	0	432	3-month EURIBOR cover via interest rate swap (fixed rate: 3.40%)	Land charge
€ fixed rate credit	87	130	0	217	1.71%	Chattel mortgage
Variable € credit	140	0	0	140	3-month EURIBOR cover via interest rate swap (fixed rate: 2.81%)	Land charge
lease purchase	49	86	0	135	3.05%	Chattel mortgage
€ fixed rate credit	18	70	22	110	2.35%	Chattel mortgage
€ fixed rate credit	13	50	15	78	2.10%	Chattel mortgage
€ fixed rate credit	44	27	0	71	3.10%	Chattel mortgage
lease purchase	32	33	0	65	3.08%	Chattel mortgage
€ fixed rate credit	21	5	0	26	3.10%	Chattel mortgage
€ fixed rate credit	1	0	0	1	3.15%	Chattel mortgage
	3,837	13,734	5,453	23,024		

The secured bank loans are collateralised with land and buildings with a carrying amount of € 9,197 thousand (2016: € 9,775 thousand) and with property, plant and equipment with a carrying amount of € 857 thousand (2016: € 1.101 thousand).

No collateral was furnished for loans amounting to € 527 thousand (2016: € 1,009 thousand).

12) Other Financial Liabilities

	31/12/2017	31/12/2016
	€ '000	€ '000
Contingent purchase price Ovidius GmbH	1,065	1,104
Assumption of debt company acquisition GWK	0	248
Long-term liabilities from finance lease	8	7
	1,073	1,359

With regard to the conditional purchase price for Ovidius GmbH, please refer to Note 32 "Financial Instruments".

With regard to the assumption of liabilities in the context of the corporate acquisition of GWK Gesellschaft Wärme Kältetechnik mbH, please refer to Note 17 "Other Liabilities".

13) Trade Payables

As a result of business expansion, the portfolio of trade payables increased to € 6,602 thousand (2016: € 4,809

thousand) at the reporting date. All trade payables have a term of up to one year.

14) Prepayments Received

The prepayments received originate in the main from project business. They are used for financing the finished goods included in the inventories but from which no revenue has yet been realised. Of the prepayments received,

€ 3,910 thousand relates to project business of GWK Gesellschaft Wärme Kältetechnik mbH and € 625 thousand to technotrans AG.

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, 2017	5,633	1,404	2,482	276	9,795
Exchange rate movements	-80	-12	-16	0	-108
Used	3,113	567	1,048	11	4,739
Reversed	51	202	1,170	23	1,446
Compounding	6	0	0	3	9
Allocated	4,764	1,249	1,451	0	7,464
Closing level at December 31, 2017	7,159	1,872	1,699	245	10,975
Long-term provisions	957	0	15	234	1,206
Short-term provisions	6,202	1,872	1,684	11	9,769

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.

There exists a partial retirement employment contract with one employee. The obligation from this partial retirement employment contract was determined actuarially. The calculation is based on an interest rate of 1.4 percent (2016: 1.8 percent). Partial retirement obligations are covered against possible bankruptcy pursuant to Section 8a of the German Partial Retirement Act. To provide cover, cash was paid into a money market fund (Deka Investments) and pledged in favour of the employee. Under IAS 19.7 the assets constitute "plan assets" and are netted with the corresponding provision. Income from the plan assets is netted with the corresponding expenses. No income was realised in the 2016 and 2017 financial years. Cash of € 24 thousand was invested at December 31, 2017 (2016: € 63 thousand).

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.

In the course of its general business activities technotrans is involved in court and out-of-court litigation, the outcome of which cannot be predicted with certainty. Litigation may for example arise in connection with product liability cases and warranties. Where such risks arising are

not already insured against, provisions are formed if a call is probable and the likely amount of the provision required can be estimated reliably. The provision of € 1,018 thousand reported at the 2016 balance sheet date was released in full to profit or loss as a result of a settlement reached in the 2017 financial year. At the 2017 balance sheet date, no provisions were formed for litigation settlements from product liability and warranties.

The miscellaneous other provisions comprise costs for the preparation of the annual accounts, commission payments and other costs. In this case, too, the factor of uncertainty 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 1.6 percent (2016: 1.0 percent) and a pension trend of 2.0 percent (2016: 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 2017 amount to € 3 thousand (2016: € 5 thousand). The actuarial gain amounts to € 23 thousand (2016: € 33 thousand loss). The actuarial gain was recognised in other comprehensive income. Pension payments amounting to € 11 thousand (2016: € 11 thousand) were made in 2017.

16) Income Tax Payable

In the year under review, income tax payable relates substantially to technotrans AG and its controlled companies as well as to GWK Gesellschaft Wärme Kältetechnik mbH.

17) Other Liabilities

	31/12/2017	31/12/2016
	€ '000	€ '000
Other financial liabilities		
Debtors with credit balances	418	434
Assumption of debt company acquisition GWK	248	248
Current liabilities from derivative financial instruments	33	83
Loans	0	1,102
Other financial liabilities	586	764
	1,285	2,631
Other liabilities		
Sales tax	821	1,073
Operating taxes	758	847
Liabilities in respect of social insurance	111	119
Other	607	637
	2,297	2,676
	3,582	5,307

In the context of the corporate acquisition of GWK Gesellschaft Wärme Kältetechnik mbH in the 2016 financial year, an entitlement of the remaining minority shareholder to distribution of a profit share in the amount of € 497 thousand was assumed. The entitlement was recognised as a liability upon first-time consolidation. The distributions are being made in two equal amounts in the 2017 and 2018 financial years. Payment of the amount of

€ 248 thousand reported in the previous year under other non-current liabilities will be due in April 2018.

The loan of € 1,102 thousand reported in the previous year was in respect of the leasing company of GWK Gesellschaft Wärme Kältetechnik mbH. This loan was repaid in the 2017 financial year with the acquisition of the property.

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. € 176,935 thousand (2016: € 130,408 thousand) is the result of the sale of goods including sales of parts, and

€ 45,956 thousand (2016: € 21,384 thousand) from the provision of services. The geographical composition of revenue in 2017 was Germany € 110,338 thousand (2016: € 80,006 thousand), Rest of Europe € 48,048 thousand (2016: € 35,660 thousand), America € 23,993 thousand (2016: € 20,884 thousand), Asia € 22,242 thousand (2016: € 14,979 thousand) and Africa € 474 thousand (2016: € 262 thousand).

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

reported as an expense in the period under review broadly corresponds to the costs of materials (raw materials, consumables and changes in inventories of finished goods and work in progress). The costs of the field service and the expense arising in connection with warranty obligations are likewise reported under cost of sales. Other cost of sales is mainly comprised of other building costs.

	2017	2016
	€ '000	€ '000
Cost of materials	79,422	58,691
Cost of labour	39,104	28,191
Subcontractors, personnel leasing	8,436	7,077
Travel expenses	1,950	1,517
Warranty	1,947	987
Depreciation and amortisation	1,911	1,187
Tenancy and leasing costs	1,192	1,107
Maintenance	977	542
Operating requirements	889	626
Energy expenses	820	511
Other	201	134
	136,849	100,570

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. In addition, depreciation and amortisation of the intangible assets recognised in the

course of purchase price allocation (customer relationships and brands) is reported under distribution costs. This item also includes sales-related expenditure for commissions and impairment of receivables

	2017	2016
	€ '000	€ '000
Cost of labour	15,267	12,125
Logistics costs	4,240	3,061
Depreciation and amortisation	1,971	1,879
Travel expenses	891	816
Promotional and exhibition costs	863	801
Tenancy and leasing costs	775	670
Sales commissions	663	389
Impairment of receivables	312	86
Other	1,471	1,296
	26,453	21,123

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.

	2017	2016
	€ '000	€ '000
Cost of labour	10,156	8,252
IT costs	1,956	1,557
Consultancy, audits	1,454	1,827
Depreciation and amortisation	920	911
Insurances	867	639
Tenancy and leasing costs	612	654
Travel expenses	395	445
Telephone and postage	331	325
Investor relation	312	274
Contributions	310	161
Other	1,283	1,183
	18,596	16,228

	2017	2016
	€ '000	€ '000
fees for		
Auditing of the financial statements	287	299
Tax consultancy services	4	14
Other services	0	13
	291	326

KPMG AG WPG has audited the annual financial statements and Consolidated Financial Statements of technotrans AG and conducted various annual accounts audits at subsidiaries. We received tax advice from KPMG AG WPG in connection with advice on international matters.

In the 2017 financial year, the fees for the auditors recorded as an expense pursuant to Section 319 (1) first

and second sentences of the German Commercial Code amounted to € 291 thousand (2016: € 326 thousand). The figures for the 2017 financial year include the fees and expenses of the auditors of the Consolidated Financial Statements, KPMG AG WPG, for the auditing of the Consolidated Financial Statements and the auditing of the annual financial statements of technotrans AG, KLH Kältetechnik GmbH and GWK Gesellschaft Wärme Kältetechnik mbH.

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, develop-

ment costs are recognised as an intangible asset (see Note 3 "Intangible Assets").

23) Other Operating Income

	2017	2016
	€ '000	€ '000
Income unrelated to the accounting period		
Reversal of provisions	1,085	86
Book profits on the disposal of assets	294	75
Other income unrelated to the accounting period	122	179
	1,501	340
Other operating income		
Foreign currency gains	283	558
Income from tenancy agreements	204	196
Personnel-related revenue	732	954
Insurance payments	109	117
Other	1,078	684
	2,406	2,509
	3,907	2,849

Reversals of provisions mainly comprise the reversal of the provision for litigation settlements from product liability and warranties in the amount of € 1,018 thousand (cf. Note 15 "Provisions").

The other income unrelated to the accounting period comprises for example cash receipts from previously impaired receivables, and the other operating income includes development cost contributions from customers. Foreign exchange gains predominantly comprise exchange gains realised through operating activities.

24) Other Operating Expenses

	2017	2016
	€ '000	€ '000
Expenses unrelated to the accounting period		
Book losses on the disposal of assets	41	16
Other expenses unrelated to the accounting period	47	63
	88	79
Other operating expenses		
Foreign currency losses	1,296	546
Other operating taxes	217	290
Other	537	540
	2,050	1,376
	2,138	1,455

Foreign exchange losses result mainly from unrealised changes in the measurement of bank credit balances in

foreign currency as well as the measurement of intragroup assets and liabilities.

25) Net finance costs

	2017	2016
	€ '000	€ '000
Financial income	145	210
Financial charges	-620	-785
Net finance costs	-475	-575

The interest income in the amount of € 14 thousand (2016: € 25 thousand) is from interest on bank credit balances. Interest income from the compounding of the corporation tax credit balances for the last time amounted to € 2 thousand in the 2017 financial year (2016: € 5 thousand). In addition, € 65 thousand (2016: € 0 thousand) resulted from the measurement of the long-service obligations existing at the reporting date as well as € 64 thousand from the termination of the conditional purchase price obligation (cf. Note 12 "Other Financial Liabilities"). In the previous year, € 180 thousand was reported for the

termination of the conditional purchase price for the KLH companies.

The interest expenses comprise mainly interest charged on the group's financial liabilities. This item additionally includes interest expenses from compounding as well as from changes to the discount rate in the amount of € 34 thousand.

No borrowing costs were capitalised in the reporting period.

26) Income Tax Expense

	2017	2016
	€ '000	€ '000
Actual income tax expense		
Tax expense for the period	-4,881	-2,507
Tax expense unrelating to the accounting period	188	-21
	-4,693	-2,528
Deferred tax		
Occurrence or reversal of temporary differences	465	79
Reduction of the tax rate	-567	0
Recognition or utilization of deferred tax assets of previously unrecognized tax loss carryforward	-149	555
Recognition of non-recorded or impairment on deferred taxes on temporary differences	251	0
	0	634
	-4,693	-1,894

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 30.25 percent (2016: 30.26 percent) calculated for the year under review is based on a corporation tax rate of 15.00 percent, a solidarity surcharge of 5.50 percent and an effective trade earnings tax rate of 14.43 percent (2016: 14.44 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.

2017	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Acquired in business combinations	Balance at 31 December		
					Net	Deferred tax assets	Deferred tax liabilities
					€ '000	€ '000	€ '000
Non-current assets	-2,218	523	0	0	-1,695	342	2,036
Inventories	249	166	0	0	415	448	33
Receivables	124	170	0	0	294	294	0
Provisions	174	-6	-10	0	158	264	106
Liabilities	51	-17	-15	0	19	19	0
Loss carryforwards	1,845	-836	0	0	1,009	1,009	0
Tax assets (liabilities) before offsetting	225	0	-25	0	200	2,376	2,175
Offsetting						342	342
Net tax assets (liabilities)					200	2,034	1,833

2016	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Acquired in business combinations	Balance at 31 December		
					Net	Deferred tax assets	Deferred tax liabilities
					€ '000	€ '000	€ '000
Non-current assets	-350	470	0	-2,338	-2,218	341	2,559
Inventories	335	-86	0	0	249	277	28
Receivables	118	6	0	0	124	124	0
Provisions	64	69	10	31	174	280	106
Liabilities	62	7	-18	0	51	51	0
Loss carryforwards	715	168	0	962	1,845	1,845	0
Tax assets (liabilities) before offsetting	944	634	-8	-1,345	225	2,918	2,693
Offsetting						478	478
Net tax assets (liabilities)					225	2,440	2,215

The deferred tax liabilities from non-current assets include deferred tax liabilities totalling € 1,725 thousand (2016: € 2,225 thousand) in respect of the intangible assets recognised from the business combinations.

There are tax loss carryforwards amounting to € 12,760 thousand (2016: € 17,394 thousand) for 2017. Deferred taxes amounting to € 1,009 thousand (2016: € 1,845 thousand) were recognised as an asset on an amount of € 4,041 thousand (2016: € 5,466 thousand) in agreement with IAS 12.34. No deferred tax assets were recognised on the remaining loss carryforwards of € 8,719 thousand (2016: € 11,928 thousand) and on deductible temporary

differences of € 983 thousand (2014: € 1,580 thousand).

The loss carryforwards may be carried forward for 20 years in the USA (€ 1,617 thousand; 2016: € 4,942 thousand), for nine years in Japan (€ 86 thousand; 2016: € 109 thousand) and for an unlimited period in other cases. In view of negative earnings expectations of the companies in Asia, technotrans américa latina ltda. and technotrans scandinavia AB, no deferred taxes were created on the loss carryforwards.

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

	2017	2016
	€ '000	€ '000
Applicable tax rate	30.25%	30.26%
Consolidated earnings before taxes on income	16,963	9,156
Theoretical tax expense/income	-5,132	-2,771
Differences compared with local tax rates	72	-115
Impairment (-) or reversal of impairment (+) on deferred tax assets on tax loss carryforwards and temporary differences	251	555
Expense or income from the non-recognition of deferred tax assets on tax losses occurring in the financial year and temporary differences	-22	194
Tax effect from the use of deferred taxes on temporary differences and from tax loss carryforwards following impairment	421	718
Tax effect of non-deductibility of business expenses and tax-exempt income	97	-496
Changes to deferred tax resulting from tax rate changes	-567	0
Other taxes not relating to the period	187	21
Actual and deferred income tax expense	-4,693	-1,894

In the year under review there were only deferred taxes recognised in other comprehensive income from the change in cash flow hedges in the amount of € -15 thousand (2016: € -18 thousand) and from the change in the pension obligation in the amount of € -10 thousand (2016: € 10 thousand). As in the previous year, exchange rate differences from net investments in a foreign business did not lead to any deferred tax in the 2017 financial year. The

total deferred taxes recognised in other comprehensive income (€ 576 thousand; 2016: € 601 thousand) result from net investments in a foreign business in the amount of € 550 thousand (2016: € 550 thousand), from pension obligation in the amount of € 16 thousand (2016: € 26 thousand) and from cash flow hedges in the amount of € 10 thousand (2016: € 25 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:

		2017	2016
Net profit for the period	€ '000	12,270	7,262
of which:			
Profit attributable to technotrans AG shareholders		12,191	7,192
Profit/loss attributable to non-controlling interests		79	70
Average number of ordinary shares outstanding in the year		6,907,665	6,586,905
Basic/diluted earnings per share	in €	1.76	1.09

In the 2017 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

		Technology	Services	Consolidated/ not allocated	Group
		€ '000	€ '000	€ '000	€ '000
External revenue	2017	147,570	57,525	0	205,095
	2016	103,623	48,169	0	151,792
Inter-segment revenue	2017	0	1,583	-1,583	0
	2016	0	1,443	-1,443	0
Segment result	2017	8,142	9,296	0	17,438
	2016	2,873	6,858	0	9,731
Depreciation and amortisation	2017	4,114	1,103	0	5,217
	2016	3,672	642	0	4,314

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 the sale of equipment and systems in the field of liquid technology, in the application areas of cooling and temperature control ("temperature control" Business Unit), filtering separating ("fluid conditioning" Business Unit) as well as spray-

ing and pumping ("ink technology" Business Unit). 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.

Revenue in the 2017 and 2016 financial years was generated in the following areas:

	31/12/2017	31/12/2016
	€ '000	€ '000
Technology		
Business Unit "temperature control"	128,822	85,212
Business Unit "fluid conditioning"	9,757	8,530
Business Unit "ink technology"	8,991	9,881
	147,570	103,623
Service		
Spare parts	29,365	27,627
Product related services	21,440	14,442
Technical documentation (incl. translation services)	6,720	6,100
	57,525	48,169

The revenue amounting to € 205,095 thousand (2016: € 151,792 thousand) comprises € 110,338 thousand (2016: € 80,007 thousand) generated in Germany and € 94,757 thousand (2016: € 71,785 thousand) generated internationally. The latter component included € 18,087 thousand (2016: € 14,502 thousand) from the USA and € 7,699 thousand (2014: € 4,633 thousand) from China. Revenue is classified on the basis of the domicile of the customer with which the revenue is realised.

The non-current assets amounting to € 57,773 thousand (2016: € 52,049 thousand) can be broken down by region as follows: Germany € 55,800 thousand (2016: € 50,100 thousand) and international € 1,973 thousand (2016: € 1,949 thousand).

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

The segment information comprises both directly allocable amounts and amounts that can reasonably be split. 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 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 € 17,438 thousand (2016: € 9,731 thousand), reduced by the net finance costs reported in the Income Statement of € -475 thousand (2016: € -575 thousand), produces the accounting profit of € 16,963 thousand (2016: € 9,156 thousand).

Within the group's total revenues, one customer of the Technology and Services group segments accounts for € 23 million of the group's total revenues.

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 € 11,409 thousand (2016: € 9,703 thousand) in the past financial year. This includes cash from operating activities amounting to € 14,273 thousand (2016:

€ 12,211 thousand) as well as interest and income tax received and paid amounting to € -2,864 thousand (2016: € -2,508 thousand). The change in working capital in 2017 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 amounting to € 10,904 thousand (2016: € 1,526 thousand) and for investments in intangible assets of € 567 thousand (2016: € 116 thousand).

Furthermore, the first profit share amounting to € 248 thousand was distributed to the remaining minority shareholder in the year under review. In the context of the acquisition of GWK Gesellschaft Wärme Kältetechnik mbH, an entitlement of the remaining minority shareholder to distribution of a profit share in the amount of € 497 thousand was assumed.

30) Cash Flow from Financing Activities

Repayments amounting to € 5,068 thousand (2016: € 5,953 thousand) on short-term and long-term loans were made during the year under review. In addition the

amount of € 3,799 thousand (2016: € 3,136 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	31/12/2017	31/12/2016
		€ '000	€ '000
Hedging instruments and liabilities reported at fair value			
Market value of interest rate swaps	17	33	83
Non-current conditional purchase price	12	1,065	1,104
		1,098	1,187
Loans and receivables			
Rent deposits	4/8	243	234
Trade receivables	6	24,182	17,787
Receivables from suppliers	8	265	192
Other financial assets	8	319	390
Cash and cash equivalents	9	14,798	23,929
		39,807	42,532
Financial liabilities measured at amortised cost			
Borrowings	11	23,024	28,092
Other non-current financial liabilities	12	8	7
Assumption of debt company acquisition GWK	12/17	248	496
Trade payables	13	6,062	4,809
Loans	17	0	1,102
Debtors with credit balances	17	418	434
Other current financial liabilities	17	586	764
		30,346	35,704

Net Gains or Losses on Financial Instruments by Measurement Category

	From interest		From subsequent measurement			2017	2016
			At fair value	Currency translation	Impairment		
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	
Hedging instruments and liabilities reported at fair value	-25	64	0	0	39	166	
Loans and receivables	14	0	-584	-312	-882	-280	
Financial liabilities measured at amortised cost	-586	0	0	0	-586	-458	
	-597	64	-584	-312	-1,429	-572	

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 observable directly (i.e. as prices) or indirectly (i.e. derived from prices) for assets or liabilities

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

	31/12/2017		31/12/2016		Fair value hierarchy
	Carrying amount	Fair value	Carrying amount	Fair value	
	€ '000	€ '000	€ '000	€ '000	
Financial liabilities measured at fair value					
Market value of interest rate swaps	-33	-33	-83	-83	Level 2
Conditional long-term purchase price	-1,065	-1,065	-1,104	-1,104	Level 3
	-1,098	-1,098	-1,187	-1,187	
Financial assets and liabilities not measured at fair value					
Rent deposits	243	243	234	234	Level 2
Trade receivables	24,182	24,182	17,787	17,787	
Receivables from suppliers	265	265	192	192	
Other assets	319	319	390	390	
Cash and cash equivalents	14,798	14,798	23,929	23,929	
Borrowings	-23,024	-23,080	-28,092	-28,202	Level 2
Other non-current liabilities	-8	-8	-7	-7	Level 2
Assumption of debt company acquisition GWK	-248	-248	-496	-496	
Trade payables	-6,062	-6,062	-4,809	-4,809	
Loans	0	0	-1,102	-1,102	
Debtors with credit balances	-418	-418	-434	-434	
Other current liabilities	-586	-586	-764	-764	
	9,461	9,405	6,828	6,718	
	8,363	8,307	5,641	5,531	
Gains (+) or losses (-) not entered		-56		-110	

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 1.10 percent and 2.80 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.

In the context of the acquisition of the shares of Ovidius GmbH in the 2016 financial year, put/call options were agreed with the remaining minority shareholders. The calculation of the purchase price is fixed until 2021. The purchase price is dependent on the average revenue and earnings performance (EBIT) of the acquired company in the years 2017 to 2020. The fair value was determined on the basis of the multiples method, taking account of the planned financial indicators of the acquired companies for this period. From 2022, the purchase price is determined on the basis of the company valuation according to DCF methodology. The conditional purchase price was discounted using a risk-free cost-of-capital rate. The participating interest of gds GmbH in Ovidius GmbH may be increased to 100 percent through exercise. technotrans opted for the "anticipated acquisition method" to reflect the acquisition in accounting terms. Accordingly, the acquisition of the outstanding non-controlling interests was recognised upon initial consolidation in the form of a conditional purchase price liability of € 1,090 thousand. The adjustments to the conditional purchase prices are effected through profit or loss.

Reconciliation of Level 3 Fair Values

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

In the 2017 financial year a minority shareholder with an interest of 4.8 percent terminated their employment at EasyBrowse GmbH, which prompted gds GmbH to exercise its call option to acquire those shares. The option conditions produced a purchase price of € 0. Based on the current planning horizon, no significant changes in the conditional purchase price from this corporate acquisition are expected.

The fair value of these put/call options is € 1,065 thousand (2016: € 1,104 thousand). For the valuations (multiplier method) an expected average revenue amounting to € 2,356 thousand for the years 2017 to 2020 and an average EBIT margin of 8.0 percent, discounted with a risk-adjusted interest rate of 2 percent, were assumed. Material non-observable factors are the average revenues, 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 one percentage point would lead to a reduction of € 103 thousand in the fair value of the conditional purchase price payment. An average 10 percent reduction in revenue would lead to a reduction of € 96 thousand. The effects of the increase in the input factors would correspondingly work against the fair value to the same extent. Changes in the discount rate by one percentage point would lead to an increase of € 39 thousand or a decrease of € 37 thousand in the fair value.

	Conditional purchase prices
	€ '000
Position at January 1, 2016	355
Acquisitions	1,090
Payments	-175
Loss or income recognised as financial charges	
Change in fair value	-180
Interest costs	14
Position at December 31, 2016 / January 1, 2017	1,104
Loss or income recognised as financial charges	
Change in fair value	-64
Interest costs	25
Position at December 31, 2017	1,065

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 € 39,807 thousand (2016: € 42,532 thousand). The trade receivables are to some extent covered by credit insurance; the insured volume at the reporting date was € 7,731 thousand.

The bad debt risk includes a degree of risk concentration because OEMs in the various industries account for a substantial portion of receivables. technotrans generates a high revenue share with the world's leading printing press

manufacturers. The printing industry continues to undergo a process of consolidation. 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.

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:

	31/12/2017	31/12/2016
	€ '000	€ '000
By region		
Germany	11,196	8,215
Other eurozone countries	4,148	3,182
Rest of Europe	1,976	1,936
North America	3,557	2,490
South America	165	12
Asia and Middle East	3,140	1,952
	24,182	17,787
By customer group		
OEM Print	7,578	6,268
OEM (other)	6,888	4,033
End customers	9,716	7,486
	24,182	17,787
By age structure of receivables (without impairment)		
Carrying amount	24,182	17,787
of which: neither impaired nor overdue	18,884	14,202
of which: not impaired and		
overdue by up to 30 days	3,422	2,719
overdue by between 31 and 60 days	703	303
overdue by between 61 and 90 days	290	267
overdue by more than 90 days	883	296

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 future payment streams for contingent consideration (cf. Note 12) and from the interest rate swaps may differ from the amounts shown in the following table because interest rates or the relevant conditions are subject to change.

Except in the case of these financial liabilities, it is not expected that a payment stream included in the maturity analysis might arise significantly earlier or in a significantly different amount.

The cash and cash equivalents available are kept exclusively with banks with a very good credit rating. Continuing credit facilities amounting to up to € 17.0 million (2016: € 18.4 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.

	Carrying amount	Contractual/ expected payment	Due within				
			6 months	6-12 months	1-2 years	2-5 years	over 5 years
			€ '000	€ '000	€ '000	€ '000	€ '000
At December 31, 2017							
Borrowings	23,024	24,547	2,095	2,102	4,334	10,549	5,467
Other non-current financial liabilities	1,073	1,144	n/a	n/a	8	991	145
Trade payables	6,062	6,062	6,054	8	n/a	n/a	n/a
Other current financial liabilities	1,252	1,252	1,252	n/a	n/a	n/a	n/a
Interest rate swaps	33	70	30	22	15	3	0
	31,444	33,075	9,431	2,132	4,357	11,543	5,612
At December 31, 2016							
Borrowings	28,092	30,060	3,436	2,081	4,193	12,283	8,067
Other non-current financial liabilities	1,359	1,359	n/a	n/a	255	1,104	0
Trade payables	4,809	4,809	4,800	9	n/a	n/a	n/a
Other current financial liabilities	2,548	2,548	2,548	n/a	n/a	n/a	n/a
Interest rate swaps	83	83	38	24	18	3	0
	36,891	38,859	10,822	2,114	4,466	13,390	8,067

Market Risks

technotrans pursues the objective of only being exposed to interest rate risks to a limited degree. Financial liabilities of € 17,094 thousand (2016: € 19,318 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. Variable-rate loans amounting to € 1,858 thousand (2016: € 4,274 thousand) within this global loan amount (€ 5,930 thousand; 2016: € 8,774 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 or 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 group is exposed to exchange rate risks in the context of its operating activities. At December 31, 2017 the trade receivables as well as the cash and cash equivalents were denominated mainly in euros; other noteworthy components were denominated in US dollars, Chinese renminbi, pounds Sterling and UAE dirhams. The foreign currency holdings quoted are held essentially by technotrans AG and the local national companies within the group.

		31/12/2017				31/12/2016			
		USD	CNY	GBP	AED	USD	CNY	GBP	AED
Trade receivables	in Thousand	3,635	4,252	194	322	2,107	4,034	342	668
	€ '000	3,031	545	219	73	1,999	551	399	173
Cash and cash equivalents	in Thousand	2,343	3,049	649	1,407	3,372	1,539	658	1,232
	€ '000	1,953	391	731	320	3,199	210	769	319

Financial liabilities are denominated predominantly in euros.

Net investments in a foreign business exist exclusively in 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, 2017.

Sensitivity Analysis

A potential 10 percent appreciation or weakening in the principal foreign-exchange closing rates against the euro 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:

€ '000	Effect on equity		Effect on profit after tax	
	Increase	Reduction	Increase	Reduction
	+10 %	-10 %	+10 %	-10 %
At December 31, 2017				
USD	-630	630	-175	175
GBP	-68	68	-14	14
BRL	452	-452	10	-10
At December 31, 2016				
USD	-700	700	-215	215
GBP	-70	70	-15	15
BRL	469	-469	8	-8

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.

Market risks from interest rate fluctuations exist only for the interest rate swaps. A fall in the interest rate of one 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 denomi-

nated in euros (see Note 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	3,688	3,548	140	2.81	3-month EURIBOR	Sep. 2018	-2
Payer-Swap	4,000	2,714	1,286	2.63	3-month EURIBOR	Jan. 2020	-21
Payer-Swap	1,100	668	432	3.40	3-month EURIBOR	Aug. 2020	-10

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 cal-

culated 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 € 33 thousand (2016: € 83 thousand) under the current "Other liabilities" (Note 17). The underlying loan transactions are measured at amortised cost, using the effective interest method.

The deferred tax on the negative market prices of € -15 thousand was netted against the hedging reserve in the financial year with no effect on income, with the result that the negative balance of the hedging reserve amounted to € 22 thousand at the reporting date.

€ '000

Opening level at January 1, 2016	-100
Amount transferred to the Income Statement	77
Change of the market values of cash flow hedges	-17
Deferred tax on these not affecting income	-18
Level at December 31, 2016 / January 1, 2017	-58
Amount transferred to the Income Statement	60
Change of the market values of cash flow hedges	-9
Deferred tax on these not affecting income	-15
Closing level at December 31, 2017	-22

Reconciliation of Movements of Liabilities to Cash Flows from Financing Activities

	Liabilities	Equity	Total
	other financial liabilities	Retained earnings	
	€ '000	€ '000	€ '000
01/01/2017	28,092	41,583	69,675
Cash flow from financing activities			
Cash payments from the repayment of loans	-5,068	0	-5,068
Distribution to investors	0	-3,799	-3,799
Net cash used in financing activities	-5,068	-3,799	-8,867
Other changes			
Interest expences	586	0	586
Interest paid	-586	0	-586
Total other changes related to liabilities	0	0	0
Total other changes related to equity	0	13	13
31/12/2017	23,024	37,797	60,821

33) Future Payment Obligations

	31/12/2017			31/12/2016	
	up to 1 year	1 to 5 years	over 5 years	Total	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
Tenancy and operating lease agreements	1,886	2,592	113	4,591	5,622
Maintenance agreements	782	88	0	870	946
Other	91	8	0	99	7,253
	2,759	2,688	113	5,560	13,821

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 € 2,645 thousand (2016: € 2,484 thousand).

In the previous year the purchase price of € 7,150 thousand subject to a condition precedent agreed for GWK Gesellschaft Wärme Kältetechnik mbH for the business premises in Meinerzhagen was reported under other payment obligations. The purchase price was paid in 2017 with the fulfilment of the conditions.

34) Personnel Expenses

	2017	2016
	€ '000	€ '000
Wages and salaries	59,000	43,830
Christmas bonus (Christmas shares)	0	227
Other compensation components (Shares)	0	35
Social insurance	10,439	7,961
Expenses for retirement benefits and maintenance payments	1,149	887
	70,588	52,940

The wages and salaries item also includes payments made in connection with the termination of employment of € 115 thousand (2016: € 335 thousand).

Social insurance comprises expenditure for defined contribution plans (employer contributions to the compulsory state pension scheme) totalling € 5,131 thousand (2016: € 3,591 thousand).

In the 2016 financial year 2,162 ordinary shares were distributed to employees in the form of remuneration components for the last time; all shares had previously been acquired on the market under the share buy-back arrangements. Furthermore, 9,254 ordinary shares in technotrans AG were distributed to employees in the previous year by way of a Christmas bonus. These ordinary shares were acquired on the market in the 2016 financial year prior to issuance. No shares were issued to employees in the 2017 financial year.

35) Total Employees, Yearly Average

	2017	2016
Average number of employees	1,293	990
of which in Germany	1,132	831
of which abroad	161	159
Technicians/skilled workers	839	621
Academic background	272	225
Trainees	99	82
Other	83	62

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.

In the year under review consultancy services in the amount of € 119 thousand (2016: € 143 thousand) were obtained from the law firm Hoffmann, Liebs, Fritsch & Partner, Düsseldorf, in which Dr Norbert Bröcker is a partner. All services were procured at arm’s length terms.

Payments to Members of the Board of Management and Supervisory Board

	2017	2016
	€ '000	€ '000
Board of Management		
Regular payments		
of which fixed	724	717
of which variable	673	726
	1,397	1,443
Supervisory Board		
Regular payments		
of which fixed	79	79
of which variable	171	105
	250	184

In addition to the remuneration paid in the financial year, the members of the Board of Management are entitled to a profit share of € 500 thousand (2016: € 416 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 (2016: € 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	
	31/12/2017	31/12/2016
Board of Management		
Henry Brickenkamp	47,037	47,037
Dirk Engel	20,000	20,000
Hendirk Niestert*	1,381	1,441
Dr. Andreas J.Schmid*	0	0
Dr. Christof Soest**	10,764	10,764
Supervisory Board		
Reinhard Aufderheide	380	3,380
Dr. Norbert Bröcker	250	250
Heinz Harling	64,854	64,854
Dr. Wolfgang Höper	0	0
Thomas Poppenberg	656	656
Dieter Schäfer	0	0
Family members		
Marian Harling	500	500

* Member of Board of Management since 01/02/2018
** Member of Board of Management until 31/12/2017

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 2017 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 5, 2018. These Consolidated Financial Statements are subject to approval by the Supervisory Board (Section 171 (2) of German Stock Corporation Act).

In January 2018 Henry Brickenkamp, member of the Board of Management of technotrans AG since 2006 and Chief Executive Officer since 2008, notified the Supervisory Board that he does not wish to extend his contract, which expires mid-way through the year, enabling him to follow up a new professional challenge. In light of the exit of Dr Soest (CTO) at the turn of 2017/2018, again in January the Supervisory Board appointed Mr Hendrik Niestert, who has

been with technotrans since 2007 and was latterly in charge of Worldwide Service, as well as Dr Andreas J Schmid, previously a senior management member of the Schaltbau GmbH Group, to the Board of Management. Both took up office on February 1, 2018. Mr Niestert will be responsible primarily for the Sales, Service and Quality Management areas, and Dr Schmid for the Development, Controls, Business Units, Production, Purchasing and Logistics areas.

No further events of particular significance affecting the financial performance, financial position or net worth of the company occurred after the end of the 2017 financial year.

PROPOSAL OF THE APPROPRIATION OF PROFIT

The Board of Management and Supervisory Board will propose to the Annual General Meeting that the accumulated profit of technotrans AG of € 9,693,443.46 as reported in

the individual financial statements be distributed as follows:

	€
Distribution of a dividend of € 0.88 per no par value share on share capital of € 6,907,665.00 bearing dividend entitlements	6,078,745.20
Profit carried forward	3,614,698.26
Accumulated profit	9,693,443.46

The dividend shall be payable on May 24, 2018.

Sassenberg, March 5, 2018

technotrans AG
The Board of Management



Henry Brickenkamp



Dirk Engel



Hendirk Niestert



Dr. Andreas J. Schmid

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 combined 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

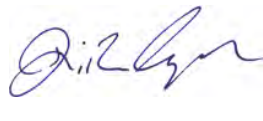
risks associated with the expected development of the group.

Sassenberg, March 5, 2018

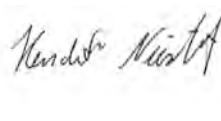
technotrans AG
The Board of Management



Henry Brickenkamp



Dirk Engel



Hendrik Niestert



Dr. Andreas J. Schmid

INDEPENDENT AUDITOR'S REPORT

To technotrans AG, Sassenberg

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of technotrans AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2017, consolidated income statement and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of technotrans AG for the financial year from January 1 to December 31, 2017. In accordance with the German legal requirements we have not audited the content of the non-financial statement which is included in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- › the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report.

- › (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2017 and of its financial performance for the financial year from January 1 to December 31, 2017, and the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of the non-financial statement mentioned above.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recoverability of the carrying amount of goodwill

Disclosure of the amount of goodwill and the parameters applied within the scope of the impairment test is provided in the notes to the consolidated financial statements, more precisely in the explanations on the balance sheet. (Section 2)

THE FINANCIAL STATEMENT RISK

As at December 31, 2017, goodwill totalled EUR 23.1 million thereby comprising 18% of the balance sheet total and a substantial portion of the assets. In the financial year 2016 goodwill increased by EUR 17.1 million as a result of the acquisition of gwk Gesellschaft Wärme Kältetechnik mbH. The allocation of the goodwill was completed in the financial year 2017. The goodwill was allocated to different Cash Generating Units (CGU) or groups of Cash Generating Units in the segments technology and service.

Goodwill is tested for impairment annually at the level of CGUs or groups of CGUs. The carrying amount is thereby primarily compared with the recoverable amount of the CGU or groups of CGUs. If the carrying amount exceeds the recoverable amount, an impairment is recorded.

The goodwill impairment test is complex and is based on a number of judgemental assumptions. These include, among others, the expected business and earnings development of the CGUs or groups of CGUs for the upcoming five years, the assumed long-term growth rates and the discount rate used. Additional judgemental assumptions exist in relation to the allocation of goodwill to CGUs or groups of CGUs.

On the basis of the impairment tests carried out, the Group has not identified the need for the recording of an impairment.

Especially due to the significant increase of goodwill there is the risk for the financial statements that required impairments were not sufficiently recognized. In addition, there is the risk that the disclosures in the notes associated herewith are not appropriate.

OUR AUDIT APPROACH

The Group explained the allocation of the goodwill attributable to the acquisition of gwk Gesellschaft Wärme Kältetechnik mbH to us and we assessed this on the basis of the expected synergies.

With the support of our valuation specialists, we assessed, among other things, the appropriateness of the significant assumptions as well as the Group's valuation model. This included a discussion of the expected development of the business and results as well as of the assumed underlying long-term growth rates with the Group Controlling. In addition, reconciliations were made with the budget prepared by the Executive Board which was approved by the Supervisory Board. Furthermore, we assessed the consistency of the assumptions with external market assessments.

We also assessed the Group's planning accuracy by comparing projections for previous financial years with the actual results realised and analysed deviations. As changes in the capital costs can have a substantial impact on the results of the impairment test, we have compared the assumptions and parameters underlying the capital costs – in particular the risk-free rate, the market risk premium and the beta factor – with own assumptions and publicly available information.

To provide for the mathematical accuracy of the valuation model utilised, we recalculated the Group's calculations on the basis of elements selected in a risk-orientated manner.

Finally, we assessed whether the disclosures in the notes with respect to the recoverability of the carrying amount of the goodwill are appropriate.

OUR OBSERVATIONS

The allocation of the goodwill attributable to the acquisition of gwk Gesellschaft Wärme Kältetechnik mbH is appropriate.

The underlying valuation model used in the impairment test of goodwill is appropriate and consistent with the applicable accounting principles.

Other Information

Management is responsible for the other information. The other information comprises:

- > the non-financial statement and
- > the remaining parts of the annual report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial re-

The Group's assumptions and parameters underlying the valuation are within an acceptable bandwidth and are, on the whole, balanced.

The disclosures in the notes associated herewith are appropriate.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- > is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or
- > otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

porting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of

the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- › Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- › Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- › Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- › Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- › Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements

of German commercial law pursuant to Section 315e (1) HGB.

- › Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- › Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with law, and the view of the Group's position it provides.
- › Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substan-

tial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 12, 2017. We were engaged by the supervisory board on September 21, 2017. We have been the group auditor of technotrans AG without interruption since the Initial Public Offering (IPO) of technotrans AG in the financial year 1998.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Andreas Blücher.

Bielefeld, March 12, 2018

KPMG AG

Wirtschaftsprüfungsgesellschaft

Two handwritten signatures in black ink. The first signature on the left is 'Blücher' and the second signature on the right is 'Schröder'.

Blücher
Wirtschaftsprüfer
[German Public Auditor]

Schröder
Wirtschaftsprüfer
[German Public Auditor]

FINANCIAL CALENDAR

Publication	Date
Annual Report 2017	March 13, 2018
Quarterly Communication 1-3/2018	May 8, 2018
Annual Shareholder Meeting 2018	May 18, 2018
Interim Report 1-6/2018	August 7, 2018
Quarterly Communication 1-9/2018	November 6, 2018

Event	Date
Equity Forum, Frankfurt	November 26-28, 2018

THE SUCCESS STORY

Milestones in the company history of technotrans

2017	Foundation of technotrans Grundstücksverwaltungs GmbH Consolidation and strengthening of competences at technotrans group (taicang) location - takeover of the operative business operations of KLH cooling International Pte. Ltd, Singapore and GWK Heating and Cooling Technology (Shanghai)
2016	Acquisition of gwk Gesellschaft Wärme Kältetechnik mbH technotrans AG acquires remaining shares in all KLH companies (Bad Doberan, Singapore, Taicang)
2015	Growth strategy is 'on track' technotrans group expands its business outside the printing industry up to 35 percent
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 Opening of a further sales and service office in Chennai (India) 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. gds becomes an independent division within the technotrans Group
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 separate product line for dampening solution preparation systemste-laufbereitung
- 1977 Production of the first dampening solution equipment
- 1973 Initial contacts with the audio media and printing industry
- 1970 Founding of the company

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CONCEPT AND DESIGN

EQS Group AG, Munich and technotrans AG, Sassenberg

PRINT

Darpe Industriedruck GmbH & Co. KG, Warendorf

printed on Heidelberg Linoprint C751

VCSEL-technology (Vertical Cavity Surface-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

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