INTERIM REPORT 2008

January 1 – March 31, 2008

ISIN: DE0007449001

technotrans

technotrans is a technology and service company that concentrates successfully on applications derived from its core skill of liquid technology. With 19 locations and some 820 employees, technotrans is active in all major markets worldwide.

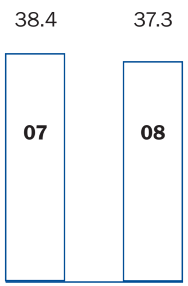
For many years now, technotrans has concertedly been exploring new segments and areas of application that are related to its core skill. In close cooperation with its customers, the company is steadily broadening its range of products and thus tapping new market potential. Its strategy focuses on sustained, earnings-driven development.

technotrans's business activities comprise two segments: in the Technology segment, the company concentrates on applications for offset printing. As a leading systems supplier of equipment to the printing industry, the product range comprises a wide range of systems and equipment for controlling and monitoring liquid technology processes in printing. Major printing press manufacturers worldwide are our key customers. They frequently equip their printing presses ex works with technotrans equipment. Various products aimed directly at end users worldwide have in addition been developed in recent years, because they further automate procedures at printers or help to use resources more efficiently.

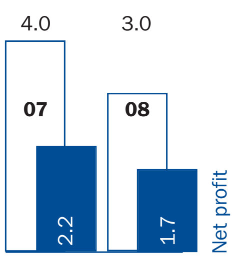
This segment in addition includes other product areas related to this core skill.

The Technology segment is complemented by the Services segment. technotrans' activities are rounded off by an extensive range of services. These include providing support for customers in connection with the installation, maintenance and operation of systems, and compiling technical documentation, including for companies in other sectors.

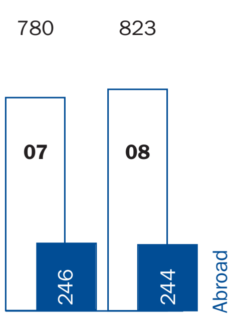
REVENUE
1. 1.–31. 3.
(in € million)



OPERATING RESULT
1. 1.–31. 3.
(in €million)



EMPLOYEES
(at March 31)



technotrans Group

Key data acc, to IFRS

		1.1.–31.3.08	1.1.–31.3.07	2007	2006
Earnings					
Revenue	€'000	37,256	38.417	153.170	151.272
Technology	€'000	27,611	29.291	115.275	115.723
Services	€'000	9,645	9.126	37.895	35.549
Gross profit	€'000	12,568	12.932	50.346	50.445
EBITDA[1]	€'000	4,026	4.975	18.183	18.794
Earnings before interest and taxes (EBIT)	€'000	3,005	3.958	13.886	15.666
Net profit for the period	€'000	1,722	2,238	9,067	9,988
as % of revenue	%	4.6	5.8	5.9	6.6
Net profit per share (IFRS)	€	0.26	0.33	1.33	1.48
Dividend per share	€	–	–	0.70[4]	0.70
Balance sheet					
Issued capital	€'000	6,908	6,762	6,908	6,762
Equity	€'000	54,378	55,999	56,872	53,937
Equity ratio	%	55.7	54.3	58.1	60.0
Return on equity	%	12.4	17.0	16.4	19.8
Balance sheet total	€'000	97,601	103,159	97,890	89,876
Working capital	€'000	24,797	29,828	28,467	35,523
Employees					
Number of employees (average)		821	768	814	724
Personnel expenses	€'000	10,631	10,103	40,741	39,913
as % of revenue	%	28.5	26.3	26.6	26.4
Revenue per employee	€'000	45	50	188	209
Cash flow					
Cash flow[2]	€'000	-2,493	6,268	10,625	12,297
Free cash flow[3]	€'000	-4,585	-2,798	-618	8,201
Shares					
Numer of shares at end of period		6,515,244	6,761,783	6,765,004	6,761,783
Share price (max)	€	17.09	24.52	24.52	24.90
Share price (min)	€	11.34	21.85	13.80	17.01

[1] EBITDA = EBIT + amortisation of goodwill + depreciation of property, plant and equipment and intangible assets
[2] Cash flow = Net cash from operating activities acc. to Cash flow Statement
[3] Free Cash flow = Net cash from operating activities + net cash used for investments acc. to Cash flow Statement
[4] Dividend proposal to Annual Shareholder's Meeting

Dear shareholders,

the beginning of financial 2008 was quiet as expected, maintaining the trend identified during the fourth quarter of last year. This temporary market slowdown is nothing unusual, as it reflects a degree of reluctance of printing companies worldwide to invest in the run-up to drupa. The world's largest printing industry exhibition, which is held only every four years, will be taking place at the end of May 2008 in Düsseldorf. For two weeks, the city will once again become the focal point of the printing industry.

We would like to make special mention at this point of two key successes in recent months: firstly, a major end customer in Asia placed an order to equip 46 new printing presses with our contex.c blanket cleaner; and secondly, MAN Roland took the decision to cease production of ink roller temperature control units at its subsidiary Grapho Metronic and switch to sourcing them entirely from technotrans in future. Both of these events strongly reaffirm the strategy which the company has adopted. We are now very much looking forward to drupa, and hope that our operations will show a pleasing upward trend after the show.

Before drupa takes place, we will be holding our annual Shareholders' Meeting, scheduled for May 9, 2008. The extensive agenda has been sent out to you through your depository bank, and is also accessible to view on the Internet. One of the items on the agenda is a resolution to pay a dividend of € 0.70 per share. This year's agenda once again also includes elections to the Supervisory Board. After having played a pivotal and highly successful role for more than 28 years in building up present company technotrans AG, Heinz Harling has decided to step back from the day-to-day running of the company. We request your support in electing Heinz Harling to the Supervisory Board, so that, as a member and its Chairman, he will then be able to remain involved in the continuing development of the company.
All good reasons for exercising your voting rights, we think!

We are delighted at your interest and hope that you will be able to take part in the meeting, whether in situ or on the internet.

Interim Management Report

Report on the financial performance, financial position and net worth in the first quarter of 2008

Revenue: slight decline in revenue prior to drupa

The early part of financial 2008 was marked, as expected, by a continuation of the trend seen in fourth quarter 2007. Revenue totalled € 37.3 million, down 3.0 percent against the previous year's first quarter (€ 38.4 million). While the Services segment again achieved strong growth of 5.7 percent, in the run-up to drupa revenue of the Technology segment fell to € 27.6 million (previous year € 29.3 million; down 5.7 percent). The major exchange rate shifts relative to the first quarter of last year furthermore had a negative effect via currency translation of € 0.7 million.

There were continously pleasing signs on the Asian market in the latter months of last year, while the West is coming under increasing pressure from the effects of economic uncertainty emanating from the USA. Overall however, market conditions and trends in the first quarter are in line with our expectations for the current financial year.

Earnings: operating result stable

Despite the slight decline in revenue, the gross margin remained steady at the previous year's 33.7 percent. Key factors in this were lower material costs following completion of the launch of two new product lines. Conversely, higher cost of sales and development costs meant that the operating result of € 3.0 million did not reach the previous year's level (€ 4.0 million). As a consequence, the EBIT margin (ratio of EBIT to revenue) in the first quarter was only 8.1 percent. This does nevertheless mark a turn for the better overall, compared to the weak fourth quarter of the previous year.

After three months, the group's effective tax rate is 37.5 percent, resulting from the still low contributions to earnings from international subsidiaries. The net income for the first quarter was € 1.7 million (previous year € 2.2 million; down 23.0 percent). This corresponds to earnings per average share outstanding of € 0.26 (previous year € 0.33).

Financial performance of the segments

Technology: quiet start to drupa year

After the first quarter 2008, Technology segment revenue of € 27.6 million was around the level of fourth quarter 2007, and 5.7 percent down on the previous year's first quarter (€ 29.3 million). Our business as a supplier of the printing press manufacturers made pleasing progress, benefiting from the ongoing process of consolidation in the supply industry. On the other hand, the nature of the business cycle meant that there was no repeat of the volume of major projects billed in the first quarter of last year.

The segment result was well up on the weak fourth quarter 2007 figure (€ 0.7 million), though at € 1.3 million was also well down on the previous year's first quarter level (€ 2.3 million; down 42.3 percent). The reasons for this were increased cost of sales and development costs, as well as the new product areas, whose structural costs – especially in terms of personnel cost – are not yet being covered by adequate revenue contributions. We do, however, expect these ratios to improve considerably in the course of the year.

Services: pleasing progress in revenue and earnings

The Services segment achieved a 5.7 percent increase in revenue in the first quarter, reaching € 9.6 million (previous year € 9.1 million). Installation revenue from the project business was slightly less than in the previous year, while the Technical Documentation division and the contribution to revenue by the international subsidiaries were highly satisfying.

The segment's profitability also developed positively. EBIT of € 1.5 million was at the previous year's level, and represented a rate of return for the segment of 15.9 percent. While the Services segment accounted for just under 26 percent of total revenue, it contributed something over half of total earnings, thereby once again playing a strong role in stabilising the company as a whole.

Financial position
The development of cash flow in the first quarter was not representative of the projected full year, owing to a number of influencing factors.

While cash flow from operating activities before changes in current assets at the end of the first quarter remained positive at € 4.2 million (previous year € 5.0 million), a net outflow of funds in an amount of € -2.7 million resulted for the current financial year overall (previous year inflow of € 8.2 million).

Factors in this trend were high levels of receivables at the reporting date and, on the other hand, a targeted reduction in trade payables, in connection with the successful introduction of mySAP ERP with effect from April 1, 2008. The previous year's figures had been significantly influenced by the acquisition effected in first quarter 2007.

The net cash used for investing activities decreased accordingly in the first quarter, to € 2.1 million. This primarily comprised disbursements for the new building at the Sassenberg location and for mySAP, which together will mean that this year capital investments will again be somewhat higher than average.

As a result, the free cash flow at the three-month mark was again negative as in the previous year, at € -4.6 million (previous year € 2.8 million).

To finance investments and fund the share buy-back, cash was committed and short-term loans taken out, while at the same time repayments on existing loans continued to be made.

Cash at the end of the quarter amounted to € 7.4 million (previous year € 14.3 million).

Net worth
Balance sheet total has not changed materially since the 2007 year-end; they amount to € 97.6 million (December 31, 2007: € 97.9 million). On the assets side, there was a slight increase in property, plant and equipment, resulting – among other factors – from investments in the new building project. Trade receivables rose by € 3.9 million, while on the equity and liabilities side trade payables decreased by € 2.7 million.

Other material changes on the equity and liabilities side related to treasury shares, which rose as a result of the share buy-back during the first three months from € 2.5 to € 6.0 million, and to the current financial liabilities, which increased from € 8.2 to € 13.7 million.

At € 14.8 million, the net debt continues to provide adequate flexibility for implementation of the planned growth strategy. Gearing is currently 27.2 percent.

Other particulars

Research and development

The upcoming drupa exhibition will see a large number of innovations being premiered by companies in the printing industry. The focus of the technotrans showing will of course be on the new Cleaning Systems product area, in which we now offer three product lines covering all applications. Another area of focus will be on energy efficiency solutions. The newly developed series of dampening solution circulators and ink roller temperature control units branded beta.c eco helps printers to conserve energy and other resources, and so also offers sound commercial benefits.

During the first three months of the current financial year development spending totalled € 1.6 million (previous year € 1.5 million). Alongside spending with a view to the upcoming drupa exhibition, the increase also relates to reduced levels of capitalisation owing to non-conformance to IAS 38 criteria.

Personnel

The number of employees in the group did not change materially during the first three months of the current financial year (at present: 823; at the 2007 year-end: 831, at the end of the previous-year quarter: 780). The major build-up of capacities seen last year – especially within Germany – has not been sustained in the same way. Personnel expenditure totalled € 10.6 million, up 5.2 percent against the corresponding quarter in the previous year. This represents a slightly increased 28.5 percent of revenue.

The decline in revenue in the first quarter and the increased workforce also impacted on the revenue per employee. It was just € 45 thousand, at the bottom end of the average band.

Shares

The technotrans share opened the year at € 17, but the general market weakness and unfavourable news flow from other companies in the printing industry saw it fall to € 11.34. UK investors, in particular, were forced to reduce their positions at a time when there was low market demand, placing considerable pressure on the share price. Against that background, some 250,000 treasury shares were bought-back in the course of the first quarter.

Report on significant transactions with related parties

(Position at March 31, 2008)

	Aktien	Optionen
Henry Brickenkamp	3,600	0
Dirk Engel	670	600
Heinz Harling	64,854	1,050
John A. Stacey	14,600	1,050
Manfred Bender	0	0
Dr. Norbert Bröcker	250	0
Andreas Harig	68,016	600
Hubert Oberscheidt	67,533	600
Joachim Simmroß	16,000	0
Joachim Voss	0	0

People

Owing to the number of people now employed by the company, the composition of the Supervisory Board will change in accordance with the legal requirement in Germany of one-third employee representation. It will in future no longer be composed merely of shareholder representatives, but will comprise four shareholder representatives and two employee representatives. The terms of office of all members of the Supervisory Board will end on completion of the Shareholders' Meeting on May 9, 2008, at which four new shareholder representative members of the Supervisory Board are to be elected.

The election of employee representatives to serve on the Supervisory Board was held on April 21, 2008. Klaus Beike (Production Control) and Matthias Laudick (IT) were elected.

Assuming the planned move of Chairman Heinz Harling from the Board of Management to the Supervisory Board is approved, the Board of Management would in future comprise Henry Brickenkamp (Spokesman), Dirk Engel (Finance) and John Stacey (International Organisation). Joachim Simmroß (current Chairman), Andreas Harig and Hubert Oberscheidt are not standing for re-election to the Supervisory Board. We would like to express our thanks to them for their comments and advice – objectively critical, yet always benevolent – given as members of the Supervisory Board over the last 10 years since the company went public.

Report on expected developments

Revenue and earnings for 2008

The business climate in the printing industry has cooled over recent months. This is likely to be linked at least in part to the upcoming drupa trade fair, as customers tend to postpone their investment decisions until after the show. On the other hand, concern is spreading that global economic growth could be significantly slowed by the financial market crisis in the USA.

The mood is currently being dictated by the German printing press manufacturers, who dominate the industry with a 60 percent share of the global market. However, it should not be overlooked that the shift in exchange rates which has been disadvantageous to them has to the same extent favoured others, such as Japanese printing press manufacturers, for whom the business climate is much more positive as a result.

Technology segment

As a systems supplier, technotrans works with all the world's leading printing press manufacturers, and as such is less sensitive to temporary market fluctuations. Even if volumes on the printing press market were to decline, we could counter that trend by increasing equipment supplies based on our continually expanding product range, so that even in a possible cyclic downturn we would be likely to fare much better than the printing industry in general.

We also see concrete signs of an increasing rate of consolidation among suppliers to printing press manufacturers. Competitors are disappearing from the market, or are linking up with the dominant market players who have the international presence and financial stability increasingly being demanded by the printing press manufacturers. We will actively help shape this process of consolidation, thereby opening up additional potential for technotrans.

In conclusion, it can be stated that the current situation in the printing industry is still much better than the mood. With a view to the upcoming drupa show, which should deliver a boost in orders from the printing press manufacturers, we expect to see more dynamic progress of business in the second half of the year. We are therefore holding firm to our forecast for financial 2008 published in March, indicating revenue of around € 160 million, an EBIT margin of 10% and net profit for the year of around € 10.5 million.

Services segment

The stabilising effect of the Services segment is even more important in times of fluctuating markets. The reluctance of companies to invest means that the installed systems on the market are getting older and so there is increased demand for maintenance and spares. In parallel, the expansion of our international network in recent years has enabled us to capture new markets in which we previously had no direct local presence. And not least, in our Technical Documentation division we have an arm of our business which is developing very successfully, largely independent of the printing industry. In view of those factors, we expect that this segment - which accounts for a quarter of total revenue - will continue to develop very positively in terms of its contribution to revenue and earnings.

Opportunities and risks report

The principal opportunities and risks of the group's anticipated future development are described in the group management report for the past financial year. In the period under review, no significant changes beyond that portrayal occurred in respect of developments in the remaining months of the current financial year.

There were no events of particular significance over and above those mentioned in this report, including after the end of the quarter.

Concise financial statements at September, 30, 2007 (IAS 34)

Consolidated balance sheet

	31.03.2008	**31.12.2007**
ASSETS	€'000	€'000
Property, plant and equipment	24,165	23,305
Goodwill	2,228	2,354
Other intangible assets	11,281	11,275
Income tax receivable	459	459
Other non-current assets	655	639
Deferred tax assets	1,323	1,324
Total non-current assets	**40,111**	**39,356**
Inventories	25,442	25,648
Trade receivables	21,878	17,959
Income tax receivable	336	2,072
Other current assets	2,447	2,107
Cash and cash equivalents	7,387	10,748
Total current assets	**57,490**	**58,534**
Total assets	**97,601**	**97,890**
EQUITY AND LIABILITIES		
Equity		
Issued capital	6,908	6,908
Capital reserve	40,322	40,322
Revenue reserve	11,269	11,269
Equity from unrealised gains/losses	-11,706	-10,318
Treasury stock	-6,018	-2,468
Accumulated profit/loss	13,603	11,159
Total equity	**54,378**	**56,872**
Liabilities		
Non-current financial liabilities	4,371	4,762
Long-term provisions	5,176	5,072
Other non-current liabilities	116	116
Deferred tax liabilities	867	1,001
Total non-current liabilities	**10,530**	**10,951**
Current financial liabilities	13,665	8,184
Trade payables	4,482	7,194
Prepayments received	3,573	3,757
Short-term provisions	8,783	8,983
Income tax payable	291	231
Other current liabilities	1,899	1,718
Total current liabilities	**32,693**	**30,067**
Total liabilities	**43,223**	**41,018**
Total equity and liabilities	**97,601**	**97,890**

Consolidated Income Statement

	01.01.– 31.03.2008 €'000	01.01.– 31.03.2007 €'000
Revenue	37,256	38.417
Technology	27,611	29.291
Services	9,645	9.126
Revenue	-24,688	-25.485
Gross profit	**12,568**	**12.932**
Distribution costs	-4,484	-4.056
Administrative expenses	-3,377	-3.577
Development costs	-1,634	-1.491
Other operating income	371	776
Other operating expenses	-439	-626
Earnings before interest and taxes (EBIT)	**3,005**	**3.958**
Interest income	43	78
Interest expenses	-293	-196
Net finance costs	**-250**	**-118**
Profit before tax	**2,755**	**3.840**
Income tax expense	-1,033	-1.602
Net profit for the period	**1,722**	**2.238**
Earnings per share (basic)	0.26	0.33
Earnings per share (diluted)	0.26	0.33
Weighted average shares outstanding (basic)	6,634,128	6,761,783
Weighted average shares outstanding (diluted)	6,635,056	6,842,763

Cash Flow Statement

	31.03.2008	31.03.2007
	€'000	€'000
Cash flows from operating activities		
Net profit	1,722	2,238
Adjustments for:		
Depreciation and amortisation	1,021	1,017
Wertminderungsaufwand nach IAS 36	0	0
Share based payment transactions	0	39
Income tax expense	1,033	1,602
Losses/gains on the disposal of fixed assets	-5	-18
Foreign exchange gains/losses	156	-6
Interest income	-43	-78
Interest expense	293	196
Cash flow from operating activities before working capital changes	4,177	4,990
Change in receivables	-4,268	-1,630
Change in inventories	-157	-4,374
Change in other long-term assets	50	0
Change in liabilities	-2,458	9,936
Change in provisions	-76	-686
Cash from operating activities	**-2,732**	**8,236**
Interest income	43	78
Interest expense	-228	-69
Income taxes	424	-1,977
Net cash from operating activities	**-2,493**	**6,268**
Cash flows from investing activities		
Acquisition of intangible assets and of property, plant and equipment	-2,108	-4,665
Acquisitions	0	-4,483
Proceeds from sale of property, plant and equipment	16	82
Net cash used for investing activities	**-2,092**	**-9,066**
Cash flows from financing activities		
Proceeds from equity deposits	0	0
Buy-back of treasury shares	-3,550	0
Proceeds from short or long-term borrowings	5,412	2,500
Cash repayments of amounts borrowed	-375	-426
Distribution to shareholders	0	0
Net cash used in financing activities	**1,487**	**2,074**
Net effect of currency translation in cash and cash equivalents	-263	-38
Net increase in cash and cash equivalents	**-3,361**	**-762**
Cash and cash equivalents at beginning of period	10,748	15,049
Cash and cash equivalents at end of period	**7,387**	**14,287**

Development of equity

	2008 €'000	2007 €'000
Equity at January 1st	**56,872**	**53,937**
Result from items netted directly within equity	-666	-176
Net profit	1,722	2,238
Distribution of profit	0	0
Allocation to retained earnings	0	0
Increase from authorised capital	0	0
Exercise of stock option rights by employees (capital increase from authorised capital)	0	0
Treasury stock	-3,550	0
Other changes	0	0
Equity at March 31	**54,378**	**55,999**

Notes and explanations:
Statements made in this report relating to future developments are based on our cautious estimate of future events. The actual performance of the company may differ substantially from that planned, as it depends on a large number of market-related and economic factors, some of which are beyond the company's control.

Mirroring the consolidated financial statements for the full year, this interim financial report has been produced in accordance with the International Financial Reporting Standards (IFRS), in particular IAS 34 for interim reporting. The interim financial report is subject to the same accounting policies.

This interim financial report has not been audited in accordance with Section 317 of German Commercial Code or subjected to any other formal audit examination.

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on Roland 300 with technotrans dampening solution preparation alpha.line, alcosmart, aquados and central water cooling system.

technotrans financial calendar
Publications and dates

Annual Shareholders' Meeting	05/09/2008
Quarterly financial report 1–6/2008	08/05/2008
Quarterly financial report 1–9/2008	11/04/2008
Annual Report 2008	03/10/2009

For the latest version of this financial calendar and the individual reports, visit us on the Internet on www.technotrans.com

technotrans AG
Robert-Linnemann-Str. 17
D-48336 Sassenberg
Germany

Phone	+49 (0) 25 83/301-10 00
Fax	+49 (0) 25 83/301-10 30
e-mail	info@technotrans.com
Internet	www.technotrans.com

Hotline	+49 (0) 25 83/301-18 90