INTERIM FINANCIAL REPORT 2008

January 1 – June 30, 2008

ISIN: DE0007449001

technotrans

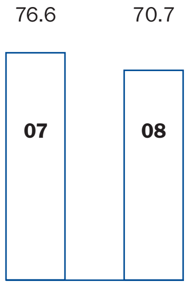
technotrans is a technology and service company that concentrates successfully on applications derived from its core skill of liquid technology. With 19 locations and more than 800 employees, technotrans is active in all major markets worldwide.

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.

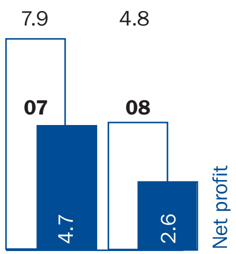
technotrans' business activities comprise two segments: in the Technology segment, the company concentrates on applications for offset printing. As a leading systems supplier of equipment to the printing industry, the product range comprises a wide range of systems and equipment for controlling and monitoring 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.

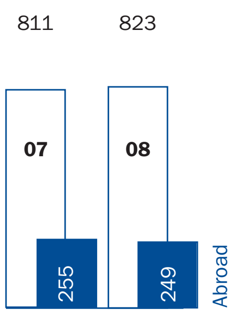
REVENUE
1. 1.–30. 6.
(in € million)



OPERATING RESULT
1. 1.–30. 6.
(in € million)



EMPLOYEES
(at June 30)



technotrans Group

Key data acc, to IFRS

		1.1.–30.6.08	1.1.–30.6.07	2007	2006
Earnings					
Revenue	€'000	70,667	76,571	153,170	151,272
Technology	€'000	51,388	58,376	115,275	115,723
Services	€'000	19,279	18,195	37,895	35,549
Gross profit	€'000	23,423	25,984	50,346	50,445
EBITDA[1]	€'000	7,046	10,004	18,183	18,794
Earnings before interest and taxes (EBIT)	€'000	4,814	7,849	13,886	15,666
Net profit for the period	€'000	2,640	4,732	9,067	9,988
as % of revenue	%	3.7	6.2	5.9	6.6
Net profit per share (IFRS)	€	0.41	0.70	1.33	1.48
Dividend per share	€	–	–	0.70	0.70
Balance sheet					
Issued capital	€'000	6,908	6,908	6,908	6,762
Equity	€'000	46,893	56,055	56,872	53,937
Equity ratio	%	47.1	56.4	58.1	60.0
Return on equity	%	10.2	18.0	16.4	19.8
Balance sheet total	€'000	99,473	99,361	97,890	89,876
Working capital	€'000	23,521	30,459	28,467	35,523
Employees					
Number of employees (average)		823	784	814	724
Personnel expenses	€'000	20,875	20,681	40,741	39,913
as % of revenue	%	29.5	27.0	26.6	26.4
Revenue per employee	€'000	86	98	188	209
Cash flow					
Cash flow[2]	€'000	2,699	6,268	10,625	12,297
Free cash flow[3]	€'000	-1,634	-2,798	-618	8,201
Shares					
Numer of shares at end of period		6,217,665	6,907,665	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

Dear shareholders,

the industry highlight, drupa 2008, is now history and gave a mixed impression of the industry's fortunes. On the one hand our product presentation attracted considerable interest, with the result that we came away from the show with the certainty that our strategy and the topics emphasised, such as cleaning systems and energy efficiency, point in the right direction for the long-term development of our company. On the other hand the low propensity to invest in the run-up to the exhibition fell to a level that we had ultimately not expected. We are now faced with the situation where, contrary to our expectations, we will not be able to compensate for this shortfall in the second half of the year because the subdued volume of orders booked during the exhibition as a result of the state of the economy does not serve as an adequate basis. In addition, the economic slowdown over the past months has placed significantly increased pressure on market operators, particularly in the project business area, with the result that in some cases we are faced with severe price deterioration and the prospect of having to turn down such business altogether. Certain projects of significant volume have moreover been postponed by the customer, with the result that revenue that we had been expecting will not now materialise.

The combined effect of the above factors is that we expect to fall some € 15 million short of our revenue target of € 160 million for the current financial year. In order to minimise the impact on earnings (EBIT) we have implemented a number of measures which together aim to improve earnings by € 3 million, of which € 2 million should already be realised in the current financial year. These measures include optimising the purchasing structure, improving manufacturing efficiency and adjusting capacity to the lower level of revenue.

Despite this unwelcome start to the interim report there are also successes to report on in the first six months of this financial year, for example in our Services segment, which continues to enjoy steady growth. You can read more about this on the following pages.

Interim Management Report

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

Revenue: still down on previous year

Revenue remained below the prior-year level in the second quarter of 2008. Amounting to € 33.4 million, it was almost € 5 million or 12.6 percent down on the figure at the corresponding point in the previous year. At the half-way mark, revenue therefore totalled only € 70.7 million, a downturn of 7.7 percent (previous year € 76.6 million). Whereas the Services segment maintained its healthy progress with growth of 6 percent, investment reticence in the run-up to the drupa industry exhibition and the weaker economic environment affected the Technology segment to a much greater degree than had been expected. Exchange rate movements in the US dollar since the previous year affected revenue to the tune of some € 1.2 million.

In view of cyclical weakness and the meagre impetus given by the drupa, we are working on the assumption that it will not be possible to make good the first half's revenue shortfall of around € 10 million on our budgeted target in the second half of the year. The momentum from the drupa that we had assumed would carry us through the remainder of the year will probably be weaker than expected. We are in addition seeing postponements of project business, with the result that as matters stand we will probably miss our full-year revenue target of € 160 million by about € 15 million.

Earnings: drupa leaves its mark on EBIT

Although the gross margin of 33.1 percent was stabilised more or less at the customary level after six months, gross profit fell by 9.9 percent or around € 2.5 million due to lower revenue.

The rise in distribution costs by almost € 1 million in connection with the drupa prompted a decline in the operating result to € 4.8 million (previous year € 7.8 million). The EBIT margin was 6.8 percent in the first half. As a result of the lower revenue level, measures have been introduced to stabilise and improve earnings in the latter part of the year.

The effective tax rate for the group remains virtually unchanged (39.9 percent); this indicator is still dominated by a lack of profit contributions by the subsidiaries. Net income after six months was € 2.6 million (previous year 4.7 million), equivalent to earnings per share (average number of shares outstanding) of € 0.41 (previous year € 0.70).

Financial performance of the segments

Technology: revenue well below expectations

Restrained investment prior to the drupa and the general cooling-down of the economy had a marked impact on revenue for the Technology segment. Revenue in the second quarter of € 23.8 million was over € 5 million or 18.5 percent down on the prior-year quarter. At the half-way mark, revenue totalled € 51.4 million (previous year € 58.4 million, -12 percent).

Revenue from printing press manufacturers developed according to schedule, whereas business with end customers and especially project business were weaker than planned. The slack demand stepped up the pressure on market operators, with the result that in a few instances we felt obliged to turn down orders due to poor price quality.

The low revenues and the additional burden of drupa costs of almost € 1 million meant that the second-quarter result for the segment was only € 0.2 million. This leaves earnings of € 1.6 million for the first half, equivalent to a rate of return for the segment of only 3.0 percent.

Although we are expecting revenues in the Technology segment to be higher in the second half of the year, the anticipated drupa effect will probably not be very significant. We have consequently taken measures to stabilise and improve earnings in the second half of the year. These include stepping up internal production of special refrigeration technology components, significantly improving the efficiency of production procedures and adjusting capacity to the lower level of revenue.

Services: healthy progress continues

Revenue for the Services segment again rose in the second quarter, by 6.3 percent, to € 9.6 million (previous year € 9.1 million). This maintained the healthy progress, with the result that revenue for the first six months totalled € 19.3 million (previous year € 18.2 million, up 6.0 percent). The global document solutions business area (gds, Technical Documentation) was particularly successful. Its success stemmed both from services performed on behalf of third parties and from its self-developed software. On the other hand the Product Support Service was adversely affected in this quarter by installation work linked to the drupa, because we did not charge in full for our technicians' services, in the interests of being able to present our product range optimally on printing press manufacturers' exhibition stands.

This also affected the segment's profitability, as a result of which it earned only € 1.4 million in the second quarter (previous year € 1.2 million). The result for the segment after six months is € 3.0 million, equivalent to a rate of return for the segment of 15.3 percent.

Financial position

The development in cash flow continues to be influenced by various one-off factors, but the situation has gradually returned to normal since the start of the year.

From a starting position of a lower net income for the year (€ 2.6 million, previous year € 4.7 million), the cash flows from operating activities reached € 2.9 million (previous year € 10.0 million). The key factors at this level were in particular the higher receivables and inventories, whereas the changes in liabilities did not significantly alleviate the situation.

The net cash from operating activities for the first half of 2008 amounted to € 2.7 million; the prior-year figure (€ 6.9 million) had included much higher income tax payments.

Net cash of € 4.3 million was used for investing activities. Spending was necessitated in the first instance by the new building at Sassenberg, which was completed in the second quarter, and the launch of mySAP. As a result of both projects, capital expenditure will be slightly higher than average in 2008. The prior-year figures were dominated by the acquisition in the first quarter of 2007.

At the six-month mark, the free cash flow was still negative at € -1.6 million (previous year € -0.9 million).

Cash and cash equivalents were used as well as short and long-term loans raised in order to finance capital expenditure, the share buy-back and the distribution of dividends; meanwhile repayment of existing loans continued according to plan. Cash at the end of the first half amounted to € 7.8 million (previous year € 11.2 million).

Net worth

The balance sheet total has changed only minimally since the year-end reporting date for 2007 and is € 99.5 million, compared with a previous € 97.9 million. On the assets side property, plant and equipment rose by € 2 million to € 25.3 million, among other reasons due to the investment in the new building at Sassenberg, which was completed in the second quarter. Trade receivables rose by € 2.3 million and inventories by € 2.1 million, whereas on the equity and liabilities side prepayments were up € 0.6 million but trade payables fell by € 0.7 million. The rise in inventories is largely attributable to higher levels of finished goods, primarily due to the postponement of project completion dates.

Key changes on the equity and liabilities side relate firstly to equity. The item of treasury stock grew to € 9.9 million by the end of June as a result of the now-completed share buy-back. Secondly, current and non-current financial liabilities rose overall by some € 11 million due to recent capital expenditure and the share buy-back.

Other particulars

Research and development

Development spending fell slightly in the second quarter of 2008 (€ 1.4 million, down from € 1.6 million in the previous year). Although certain development projects were completed along with their presentation at the drupa, the bulk of development work at technotrans is a long-term process that therefore necessitates a steady stream of investment in the company's future. We consequently expect that the ratio for the year as a whole will again be in the order of 4 percent.

Personnel

Whereas the employee total for the group was 831 at the end of 2007, this figure dropped to 823 after six months of the current year. New personnel were recruited only in the high-growth areas of the company, such as the Services segment; capacity in other areas was adjusted to some degree to reflect the lower volume of revenue. The number of contract workers, who are not included in this group total, is likewise falling.

There has been only a minimal change in personnel costs in 2008 compared with the mid-way point of 2007; this item totalled € 20.9 million (previous year € 20.7 million). As a proportion of revenue, however, it rose from 27.0 to 29.5 percent.

Shares

The shares of technotrans AG came under considerable pressure at the start of the year. They stabilised in a corridor between € 12.50 and € 14.50 in the second quarter, whereas other companies in the printing industry and TecDAX index experienced a further considerable fall in the trading price of their shares. The share performance in the first half of the year was generally in line with the market, even if that performance did not reflect the company's operating performance.

On the basis of the authorisation granted by the 2007 and 2008 Shareholders' Meetings, the Board of Management had resolved to acquire up to 690,000 treasury shares. This buy-back was completed on June 26, 2008 at a total outlay of around € 9.9 million. The bought-back shares may be subsequently sold again on the stock market; they may also be used to acquire or invest in other companies, be issued to employees, or retired if appropriate. No decision on their use has yet been reached.

At this year's Shareholders' Meeting it was also decided among other things to change the shares of technotrans AG from bearer shares to registered shares. The completion of the changeover will probably still take until September 2008. No action is required on the part of our shareholders.

Report on significant transactions with related parties

(Position at June 30, 2008)

	Shares	Options
Henry Brickenkamp	3,600	0
Dirk Engel	670	600
John A. Stacey	14,600	1,050
Klaus Beike	292	195
Manfred Bender	0	0
Dr. Norbert Bröcker	250	0
Heinz Harling	64,854	1,050
Matthias Laudick	729	300
Joachim Voss	0	0

People

The following changes to the composition of the Board of Management and Supervisory Board took effect at the end of the Shareholders' Meeting on May 9, 2008:

The Supervisory Board is now constituted in accordance with the legal requirement in Germany for one-third employee representation; in addition to four representatives of the shareholders, two representatives of the employees (Klaus Beike and Matthias Laudick) now sit on it. The four other Supervisory Board members who are the shareholders representative were elected at the Shareholders' Meeting. As part of this process, Heinz Harling (Chairman of the Board of Management) moved to the Supervisory Board and was subsequently elected as its Chairman.

The Board of Management has since comprised Henry Brickenkamp (Spokesman), Dirk Engel (Finance) and John Stacey (International Organisation).

Report on expected developments

Revenue and earnings for 2008

The drupa industry exhibition took place in May 2008; because of its four-year cycle it always marks a particular highlight for the printing industry. We are exceptionally pleased with the response to our presentation at the show and to the topics that we chose to spotlight. Interest in the cleaning systems area and the topic of energy efficiency was exceptionally high and we are convinced that we have chosen the right strategic direction for the company's further development. This pleasing but more medium-term perspective contrasts with the current industry environment, which is dominated by the weak economy and the unsettled business climate.

Given the circumstances, we will probably now be unable to make good the first half's revenue shortfall, which was attributable on the one hand to a reluctance to invest ahead of the drupa and on the other hand to the postponement of project business. Rather, we are working on the assumption that the unexpected weak business dynamics after the exhibition mean that we will miss our revenue target for the full year (€ 160 million) by probably around € 15 million.

In order to stabilise and boost earnings in these circumstances, we have implemented a number of measures that will improve the operating result by € 3 million per year, and expect to realise around € 2 million in such savings in the current financial year. Our objective, based on the new revenue forecast, is an EBIT margin of 7 to 8 percent for the year as a whole.

The current economic environment is increasing the pressure on the supply industry to consolidate, and we will continue to play an active part in this process. The focus of our attention is on technologically and strategically interesting additions to our product range, but not on restructuring tasks.

Technology segment

The Technology segment is particularly affected by the economic climate. While we remain very much on track as a systems supplier for printing press manufacturers, project business – which includes particularly rotary offset and newspaper presses, but also microstructure technology – has suffered from a series of postponements to the completion of projects, which is counter-productive to the further development of our revenue. Although we expect revenue for the remainder of the year to be slightly higher than in the first half, we are not expecting any significant drupa effect. We have therefore decided to step up our own production activities for refrigeration technology and to optimise the efficiency of our production operations. We have furthermore adjusted capacities and will continue to do so wherever necessary.

Services segment

The Services segment consistently helps to stabilise the situation in turbulent times. We again anticipate a positive development as the year continues. On the one hand the systems installed in the market are getting older as a result of the reluctance of companies to invest, and there is increased demand for servicing and spares. We in addition expect our new subsidiaries to make positive contributions. This segment furthermore includes the Technical Documentation area (global document solutions – gds). This area has been enjoying growth way above the average for a number of years, and its products and services provide a source of business that is largely independent of the fortunes of the printing industry. We are therefore prepared to continue developing gds strategically in order to enter a completely new dimension with what is already a very successful cornerstone of our Services segment.

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 over and above that portrayal have 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 for the first half of 2008

Consolidated balance sheet

	30.06.2008	31.12.2007
ASSETS	€'000	€'000
Property, plant and equipment	25,335	23,305
Goodwill	2,230	2,354
Other intangible assets	11,248	11,275
Income tax receivable	459	459
Other non-current assets	816	639
Deferred tax assets	1,320	1,324
Total non-current assets	**41,408**	**39,356**
Inventories	27,784	25,648
Trade receivables	20,287	17,959
Income tax receivable	348	2,072
Other current assets	1,818	2,107
Cash and cash equivalents	7,828	10,748
Total current assets	**58,065**	**58,534**
Total assets	**99,473**	**97,890**
EQUITY AND LIABILITIES		
Equity		
Issued capital	6,908	6,908
Capital reserve	40,322	40,322
Revenue reserve	12,268	11,269
Equity from unrealised gains/losses	-11,631	-10,318
Treasury stock	-9,929	-2,468
Accumulated profit/loss	8,955	11,159
Total equity	**46,893**	**56,872**
Liabilities		
Non-current financial liabilities	11,782	4,762
Long-term provisions	5,332	5,072
Other non-current liabilities	103	116
Deferred tax liabilities	819	1,001
Total non-current liabilities	**18,036**	**10,951**
Current financial liabilities	12,217	8,184
Trade payables	6,532	7,194
Prepayments received	4,364	3,757
Short-term provisions	8,853	8,983
Income tax payable	988	231
Other current liabilities	1,590	1,718
Total current liabilities	**34,544**	**30,067**
Total liabilities	**52,580**	**41,018**
Total equity and liabilities	**99,473**	**97,890**

Consolidated Income Statement

	01.04.– 30.06.2008 T€	01.04.– 30.06.2007 T€	01.01.– 30.06.2008 T€	01.01.– 30.06.2007 T€
Revenue	33,411	38,154	70,667	76,571
Technology	23,777	29,085	51,388	58,376
Services	9,634	9,069	19,279	18,195
Cost of sales	-22,556	-25,102	-47,244	-50,587
Gross profit	**10,855**	**13,052**	**23,423**	**25,984**
Distribution Costs	-4,847	-4,364	-9,331	-8,420
Administration expenses	-3,192	-3,423	-6,569	-7,000
Development costs	-1,356	-1,640	-2,990	-3,131
Other operating income	784	1,351	1,155	2,127
Other operating expenses	-435	-1,085	-874	-1,711
Earnings before interest and tax (EBIT)	**1,809**	**3,891**	**4,814**	**7,849**
Interest income	48	88	91	166
Interest expenses	-262	-178	-555	-374
Net finance costs	**-214**	**-90**	**-464**	**-208**
Profit before tax	**1,595**	**3,801**	**4,350**	**7,641**
Income tax expense	-677	-1,307	-1,710	-2,909
Net profit for the period	**918**	**2,494**	**2,640**	**4,723**
Earnings per share (basic)	0.14	0.37	0.41	0.70
Earnings per share (diluted)	0.14	0.36	0.41	0.69
Weighted average shares outstanding (basic)	6,579,535	6,789,513	6,515,670	6,776,370
Weighted average shares outstanding (diluted)	6,580,322	6,858,460	6,516,457	6,851,027

Cash Flow Statement

	30.06.2008	30.06.2007
	€'000	€'000
Cash flows from operating activities		
Net profit	2,639	4,732
Adjustments for:		
Depreciation and amortisation	2,232	2,155
Impairment loss acc. to IAS 36	0	0
Share based payment transactions	0	66
Income tax expense	1,710	2,910
Losses/gains on the disposal of fixed assets	-17	-223
Foreign exchange gains/losses	205	-52
Interest income	-91	-166
Interest expense	555	374
Cash flow from operating activities before working capital changes	7,233	9,796
Change in receivables	-2,735	655
Change in inventories	-2,161	-2,714
Change in other long-term assets	-113	115
Change in liabilities	212	3,435
Change in provisions	492	-1,233
Cash from operating activities	**2,928**	**10,054**
Interest income	91	166
Interest expense	-442	-250
Income taxes	122	-3,061
Net cash from operating activities	**2,699**	**6,909**
Cash flows from investing activities		
Acquisition of intangible assets and of property, plant and equipment	-4,374	-4,546
Acquisitions	0	-4,483
Proceeds from sale of property, plant and equipment	41	1,233
Net cash used for investing activities	**-4,333**	**-7,796**
Cash flows from financing activities		
Proceeds from injection of equity	0	994
Buy-back of treasury shares	-7,461	0
Cash receipts from the raising of short-term and long-term loans	11,761	2,500
Cash repayments of loans	-787	-1,629
Distribution to shareholders	-4,504	-4,733
Net cash used in financing activities	**-991**	**-2,868**
Net effect of currency translation in cash and cash equivalents	-295	-52
Net increase in cash and cash equivalents	**-2,920**	**-3,807**
Cash and cash equivalents at beginning of period	10,748	15,049
Cash and cash equivalents at end of period	**7,828**	**11,242**

Development of equity

	2008 €'000	2007 €'000
Equity at January 1st	**56,872**	**53,937**
Result from items netted directly within equity	-654	-275
Net profit	2,640	4,732
Distribution of profit	-4,504	-4,733
Allocation to retained earnings	0	0
Increase from authorised capital	0	1,400
Exercise of stock option rights by employees (capital increase from authorised capital)	0	994
Treasury stock	-7,461	0
Other changes	0	0
Equity at June 30	**46,893**	**56,055**

Assurance by the legal represantatives

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim 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 for the remaining months of the financial year.

Henry Brickenkamp
Spokesman of the Board of Management of technotrans AG

Dirk Engel
Finance Director of technotrans AG

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.

Imprint

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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

2008

Interim Report 1–9/2008	11/04/2008

2009

Annual Report 2008	03/10/2009
Interim Report 1–3/2009	05/05/2009
Annual Shareholders' Meeting 2009	05/08/2009

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

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