QUARTERLY FINANCIAL REPORT 2009

January 1 – March 31, 2009

ISIN: DE000A0XYGA7

technotrans

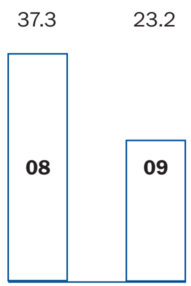
technotrans is a technology and service company that concentrates successfully on applications derived from its core skill of liquid technology. With 18 locations and around 700 employees, technotrans is active in all major markets worldwide.

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 fresh market potential. Its strategy focuses on sustained, earnings-driven development.

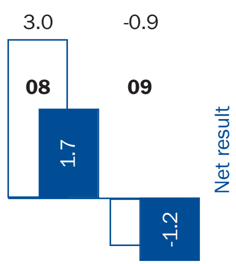
technotrans' business activities comprise two segments: in the Technology segment, the company concentrates on applications for offset printing. As a leading systems supplier of equipment to the printing industry, technotrans' product range comprises a wide range of systems and equipment for controlling 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 processes 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 customer support for the installation, maintenance and operation of systems, and compiling technical documentation, including for companies in other sectors.

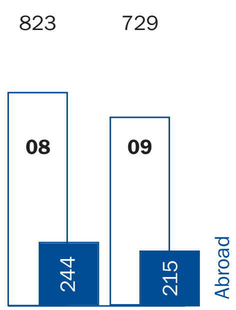
REVENUE
1.1.–31.3.
(in € million)



EBIT
1.1.–31.3.
(in €million)



EMPLOYEES
(at March 31)



technotrans Group

Key data acc, to IFRS

		1.1.–31.3.09	1.1.–31.3.08	2008	2007
Earnings					
Revenue	T€	23,220	37,256	141,677	153,170
Technology	T€	14,246	28,037	103,840	116,925
Services	T€	8,974	9,219	37,837	36,245
Gross profit	T€	6,280	12,568	35,745	50,346
EBITDA[1]	T€	17	4,026	12,177	18,183
Earnings before interest and taxes (EBIT)	T€	-891	3,005	-38	13,886
Net profit for the period	T€	-1,209	1,722	-2,852	9,067
as % of revenue	%	-5.2	4.6	-2.0	5.9
Net profit per share (IFRS)	€	-0.19	0.26	-0.45	1.33
Dividend per share	€	–	–	0	0.70
Balance sheet					
Issued capital	T€	6,908	6,908	6,908	6,908
Equity	T€	41,043	54,378	41,816	56,872
Equity ratio	%	48.7	55.7	47.7	58.1
Return on equity	%	-2.7	12.4	-5.8	16.4
Balance sheet total	T€	84,278	97,601	87,612	97,890
Working capital	T€	25,778	24,797	26,177	28,467
Employees					
Number of employees (average)		746	821	823	814
Personnel expenses	T€	9,180	10,631	41,628	40,741
as % of revenue	%	39.5	28.5	29.4	26.6
Revenue per employee	T€	31	45	172	188
Cash flow					
Cash flow[2]	T€	5,504	-2,493	6,747	10,625
Free cash flow[3]	T€	5,056	-4,585	363	-618
Aktie					
Number of shares outstanding at end of period		6,271,797	6,515,244	6,271,797	6,765,004
Share price (max)	€	3.75	17.09	17.09	24.52
Share price (min)	€	3.00	11.34	3.54	13.80

[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,

It is impossible to avoid hyperbole in summarising the first quarter: never before have we experienced such a dramatic collapse in our industry. A fall in revenue of almost 50 percent in our biggest segment Technology within the space of just three months is quite unprecedented, and shows how exceptional the circumstances are in which the printing industry finds itself at the start of the current financial year. We prepared for the downturn and adjusted the company to this situation by taking a phased plan of action. Not all these measures had achieved their full effect by the end of the first quarter of 2009, as a result of which we now post an operating loss of EUR 0.9 million for this period. But we also see evidence that we succeeded in reducing the break-even point to our current sales level by the reporting date.

So what are our priority objectives for the next few months? We are already working flat out to make our company leaner and fitter. Over the next few months we will exploit just about every identifiable area for synergies in order to achieve our profitability targets as quickly as possible, even from a lower volume of revenue. We will feel the positive effects also in 2010, irrespective of whether there are signs of an upturn in economic activity by then.

Our second priority area is liquidity. We already succeeded in generating a comfortably positive cash flow in the first quarter. As matters stand we expect to be in a position to generate the necessary financial resources under our own steam as the year progresses, even from a lower level of revenue, and will consequently not have recourse to additional borrowed capital. Given the financial crisis, that is an important advantage.

We know that the current times call for sacrifices and concessions, and we are grateful for the support that we have received from many quarters, not least from our employees and our long-standing investors. We will not let them down for having placed their trust in us.

Interim Management Report

Report on the financial performance, financial position and net worth in the first quarter of 2009

Revenue: dramatic downturn

The technotrans Group posted revenue of only € 23.2 million in the first quarter of 2009. This represents an overall fall of 37.7 percent (previous year € 37.3 million). As latterly expected, revenue for the Technology segment was virtually halved compared with the previous year. These figures reflect the order books of printing press manufacturers worldwide, but the ongoing reduction in inventories by OEMs is a further burden. As already in the past, the Services segment is again serving to stabilise technotrans' business during difficult times.

Our expectations envisaged a very weak start to the financial year, and we prepared the company for such a development. Although there are certain signs that we might be able to maintain the volume at the current level over the coming months, it is too early to exclude a further downturn in revenue as the year progresses.

Earnings: revenue downturn leaves skid marks

The anticipated downturn in revenue was countered by a comprehensive package of measures designed to stabilise and optimise the company's profitability despite very difficult circumstances. Not all these measures achieved their full effect within the first quarter, with the result that the figures are not a watertight basis for any full-year projections.

Under the influence of the € 14 million fall in revenue at the three-month mark, gross profit reached € 6.3 million (previous year € 12.6 million). Particularly the fact that the capacity reduction measures did not yet achieve their full effect in the first months of the year meant that the gross margin of 27.0 percent was lower than usual.

Although all cost items beyond the cost of sales had already been cut back significantly (€ 7.2 million as opposed to € 9.6 million in the previous year), an operating loss (EBIT) of € 0.9 million was posed for the first three months (previous year profit of € 3.0 million). Nevertheless, the result was already balanced at this level in the final month of the quarter, and we can therefore conclude that we have brought the break-even point down relatively swiftly in line with the lower level of revenue, as was our intention.

After interest (€ 0.3 million) and virtually no taxes, a net loss for the period of € 1.2 million is reported. This corresponds to earnings per share, for shares outstanding, of € -0.19 (previous year € 0.26).

Financial Performance of the Segments

Technology: profound impact of worldwide reluctance to invest

The downturn in the capital goods area has yet again gathered considerable pace in recent months. Unsurprisingly, this has had a profound impact on the Technology segment, which saw its revenue fall year on year by 49.2 percent from € 28.0 million to € 14.2 million. In addition to the drop in orders from printing press manufacturers, their decision to prioritise reducing inventories proved an additional barrier to sales of our equipment. We are currently seeing sales stabilise month by month at a low level, and therefore detecting initial signs that the full force of the downturn is now abating, but there are still no signs of a recovery. Our activities worldwide are therefore geared towards systematically adjusting to the next phases of consolidation.

This halving of revenue inevitably had a drastic impact on the Technology segment's earnings. Compared with € 1.5 million in the previous year, EBIT for the first three months of the new financial year was € -2.1 million. Despite the measures already initiated, personnel costs in the first months of the year were not yet in line with the much lower volume. Following the introduction of short-time at the largest plant in Sassenberg in March and other measures to streamline the group's structures, we expect the situation to improve in the course of the year.

Services: stabilising influence amid economic upheaval
Revenue for the Services segment remained virtually unchanged from the previous year at € 9.0 million (€ 9.2 million – after elimination of internal revenue between Technical Documentation and the Technology segment along with the switch to SAP, and the corresponding adjustment of the prior-year figures). Flying in the face of expectations, revenue for installations in the first quarter remained relatively high, whereas spare parts sales if anything fell short of expectations. Revenue for gds, the global document solutions business unit, equally did not quite reach the target level.

The result for the segment of € 1.1 million was likewise down slightly on the prior-year level (€ 1.4 million), and the margin was therefore only 12.6 percent. This latter development was attributable to the unexpectedly high volume of installations, which to a greater degree was still handled in conjunction with subcontractors.

Experience has shown that this segment tends to play a stabilising role within the business model in economically challenging times. We therefore expect its contribution to revenue and earnings to remain stable in 2009.

Financial Position
We can be satisfied with the development in cash flow at the start of the financial year. The changes in working capital had a positive effect, with the result that the net cash from operating activities already reached € 5.5 million in the first quarter of the new financial year (previous year € -2.5 million). Bearing in mind that the investment volume was much lower than in the previous year and other financing activities were scaled back, cash outflows in the first quarter were much lower than in the prior-year reference period. Free cash flow therefore reached € 5.1 million in the first quarter, whereas it had been negative at € -4.6 million at the corresponding point of the previous year.

On balance, liquidity at the end of the period improved to € 10.7 million, an increase of 44.7 percent on the prior-year quarter (€ 7.4 million).

We expect to maintain cash flow at this level for the year as a whole and are therefore confident of being able to finance operating business entirely from within, avoiding the need for recourse to additional borrowed capital.

Net Worth
The balance sheet total was down 3.8 percent to € 84.3 million compared with the year-end reporting date. Changes on the assets side related principally to current assets, which fell by € 3.0 million. Trade receivables were down by € 6.0 million or 28.4 percent, whereas cash and cash equivalents rose by € 3.8 million or 54.3 percent to € 10.7 million. Inventories were likewise down by 4.7 percent and we expect to see further adjustments here in the future, in line with the lower level of revenue.

On the equity and liabilities side, there were changes on the one hand within shareholders' equity, with the values of foreign investments rising by virtue of exchange rate movements; on the other hand there was the negative effect of the lower accumulated profit. The non-current liabilities changed only minimally, while current liabilities were cut by € 2.6 million. In tandem with the revenue trend, prepayments retreated further from € 2.9 million to € 2.5 million (-14.4 percent).

Net debt fell from € 17.5 million to € 12.7 million and the gearing ratio to 30.8 percent. The equity ratio improved to a comparatively satisfactory 48.7 percent; here, too, our aim is to push it above the 50 percent mark.

Other Particulars

Research and Development

Development spending fell by 34.1 percent in the first quarter, to € 1.1 million (previous year € 1.6 million). There were two reasons why this decrease was so sharp: first, at this time last year we were still approaching the drupa, which regularly marks a high point in the development cycle; one year on from the drupa is a natural low point. Second, the current climate in the industry has meant that certain isolated development projects that do not represent a particular priority for printing press manufacturers have been postponed. Even at this low level, the development spending ratio is still 4.6 percent and – in terms of the revenue volume – is therefore actually too high. However, because development work is an ongoing investment in the future of the company, we believe that this level is broadly speaking appropriate.

Personnel

At March 31, the technotrans Group employed a total of 729 persons (March 31, 2008: 823). Taking account of the temporary workers that technotrans was employing in the first few months of the past financial year, we are therefore ahead of schedule in achieving our goal of reducing personnel capacity worldwide initially by a maximum of 15 percent.

Although personnel expenditure of € 9.2 million in the first three months of the financial year was already well down on the prior-year quarter (€ 10.6 million), the personnel expenditure ratio for the quarter rose to 39.5 percent due to the fall in revenue. Personnel expenses will fall steadily over the next few months as a result of the measures implemented, but for the year as a whole the personnel expenditure ratio will still be too high compared with the anticipated revenue level.

A large portion of the workforce, based at the group's biggest location Sassenberg, is currently on short-time; the only exceptions are the Service and Technical Documentation areas. Those working in near-production areas are working a 3.5-day week and all other areas a 4-day week. We will be extending short-time moderately over the next few months in line with developments at our major customers, in order to adjust capacity flexibly in line with demand.

Shares

Following the sharp deterioration in trading prices last year, technotrans shares have fluctuated within a bandwidth of 3.00 to 3.75 euros since the start of 2009. Market capitalisation has therefore fallen below € 25 million, which is less than the property, plant and equipment item on the balance sheet.

The trading volume has contracted sharply in parallel with the fall in prices, with the result that prospective institutional investors find it difficult to build up an appropriate position.

For the first time since going public in 1998, we decided not to pay out a dividend for the past financial year. The priority at the present time has to be to safeguard the company's substance, and in the interests of social harmony we believe it would be inappropriate to impose short-time while at the same time treating shareholders particularly generously.

Report on significant transactions with related parties

(Position at March 31, 2009)

	Shares	Options
Henry Brickenkamp	40,000	0
Dirk Engel	5,200	600
John A. Stacey	14,600	1,050
Klaus Beike	370	195
Manfred Bender	0	0
Dr. Norbert Bröcker	250	0
Heinz Harling	64,854	0
Matthias Laudick	807	300
Joachim Voss	0	0

Report on Expected Developments

Revenue and earnings for 2009

There has been an unprecedentedly sharp downturn in exports, mechanical engineering and ultimately also in the printing industry in the past few quarters. According to the German Engineering Federation (VDMA), the fall in orders booked by the printing industry has been as high as 60 percent for the past few months. It would require remarkable powers of prophecy to predict at this stage whether the market has already bottomed out or whether it still has further to fall. There is little that a company can do on its own to counteract these conditions.

As matters stand there are some signs that technotrans Group revenue has now stabilised at its present level. However, the economic environment makes it impossible to declare for certain that the situation will not deteriorate any further. As well as the package of measures launched last year to safeguard and optimise profitability, we have identified a number of other projects to streamline group structures; the combined effect is that technotrans is using every possible means of adjusting appropriately to market changes.

We believe that the development of the industry is still too volatile for us to make any sensible forecasts for the current financial year. Nevertheless, from where we currently stand it appears possible that we could post revenue in the order of € 85 to 95 million; this would be € 50 to 60 million down on the previous year. On that basis, we will endeavour at least to post a positive operating result for 2009. If, however, the measures to enhance earnings for future years should unexpectedly necessitate any significant outlay, that might render our target unattainable.

Technology segment

In the Technology segment, technotrans generates the greater part of its revenue from business with the largest printing press manufacturers in the world. They are all suffering in equal measure from a reluctance to invest by printers, as is evident from the falling revenues and orders.

The situation will not improve significantly until their customers – printers worldwide – once again obtain largely unrestricted access to financing for their investments and the volume of orders for printers improves to the extent that considerations such as efficiency, innovation and capacity once more come to the fore. There is undoubtedly surplus capacity in the developed markets worldwide, but the propensity to invest will probably recover more rapidly specifically in emerging markets than here. We therefore believe that the developments in India and China could serve as early indicators.

For as long as the dominant mood worldwide is a reluctance to invest, we consider our priority task to be to optimise the company's profitability and liquidity. We will then be safeguarding technotrans' substance in anticipation of positive business progress in the future. The tasks currently facing us naturally also include optimising our structure. In view of the resources that we have available worldwide for a significantly higher revenue volume, we have to find the right answer to the question of what size of organisation is now appropriate. We are in the process of implementing the necessary measures for optimising our international setup without weakening our market presence.

We stand by our long-term strategy of "more technotrans per printing press". The first printing press equipped with our cleaning systems will be going on show at the China Print, a major Asian industry exhibition taking place in Shanghai. We are optimistic that printing press manufacturers will decide to devote their capacity to their core skills as and when the economic recovery arrives, and that this will provide us with fresh opportunities to capitalise on outsourcing.

Services segment
We expect that the Services segment will remain a stabilising area of activity throughout the remainder of the year. We therefore expect to see a degree of continuity in its revenue and earnings, despite the difficult environment. If the contrary should prove to be the case, for whatever reasons, we will take appropriate measures to minimise the negative impact on the group.

We are currently still working on the assumption that the installed base is getting older as a result of a reluctance to invest, and that there will consequently be increased demand for servicing and spare parts.

The Technical Documentation business unit (global document solutions – gds) offers substantial potential for growth, and even if it may not quite live up to expectations given the present environment, this does not alter our continued positive view of its prospects. Quite the contrary: we are convinced that it makes sense to do everything we can to help gds position itself independently and confidently on the market, irrespective of the fortunes of the printing industry.

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.

Report on post-balance sheet date events

Decision in patent dispute
The Federal Supreme Court has ruled in the final instance on the revocation action (reference No.: X ZR 153/04) on the lawsuit which has been pending for several years concerning the accusation of infringement of the patent EP 0 602 312 of Baldwin GmbH.

The patent being disputed was upheld by the court, albeit in a restricted version. The Federal Supreme Court must now decide whether to permit an appeal in the infringement proceedings. That decision will determine whether the currently suspended compensation proceedings will be reopened by the Düsseldorf district court.

This aside, there were no other occurrences of particular note.

Concise financial statements for the first quarter 2009 (IAS 34)

Consolidated balance sheet

	31.03.2009	**31.12.2008**
ASSETS	T€	T€
Property, plant and equipment	25,211	25,456
Goodwill	2,544	2,459
Other intangible assets	3,174	3,343
Income tax receivable	420	420
Other non-current assets	683	677
Deferred tax assets	1,680	1,668
Total non-current assets	**33,712**	**34,023**
Inventories	22,368	23,462
Trade receivables	15,215	21,258
Income tax receivable	188	240
Other current assets	2,107	1,701
Cash and cash equivalents	10,688	6,928
Total current assets	**50,566**	**53,589**
Total assets	**84,278**	**87,612**
EQUITY AND LIABILITIES		
Equity		
Issued capital	6,908	6,908
Capital reserve	40,322	40,322
Revenue reserve	11,676	11,677
Equity from unrealised gains/losses	-8,739	-9,760
Treasury stock	-9,150	-9,150
Accumulated profit/loss	26	1,819
Total equity	**41,043**	**41,816**
Liabilities		
Non-current financial liabilities	13,702	13,679
Long-term provisions	4,585	4,545
Other non-current liabilities	129	129
Deferred tax liabilities	31	31
Total non-current liabilities	**18,447**	**18,384**
Current financial liabilities	6,283	7,409
Trade payables	4,550	4,831
Prepayments received	2,494	2,914
Short-term provisions	9,290	9,582
Income tax payable	245	667
Other current liabilities	1,926	2,009
Total current liabilities	**24,788**	**27,412**
Total liabilities	**43,235**	**45,796**
Total equity and liabilities	**84,278**	**87,612**

Consolidated Income Statement

	01.01.– 31.03.2009	**01.01.– 31.03.2008**
	T€	T€
Revenue	23,220	37,256
Technology	14,246	28,037
Services	8,974	9,219
Cost of sales	-16,940	-24,688
Gross profit	**6,280**	**12,568**
Distribution costs	-3,456	-4,484
Administrative expenses	-3,042	-3,377
Development costs	-1,077	-1,634
Other operating income	884	371
Other operating expenses	-480	-439
Earnings before interest and tax (EBIT)	**-891**	**3,005**
Interest income	18	43
Interest expenses	-320	-293
Net finance costs	**–302**	**-250**
Profit before tax	**-1,193**	**2,755**
Income tax expense	–16	-1,033
Net result for the period	**-1,209**	**1,722**
Earnings per share (basic)	-0.19	0.26
Earnings per share (diluted)	-0.19	0.26
Weighted average shares outstanding (basic)	6,264,132	6,634,128
Weighted average shares outstanding (diluted)	6,264,132	6,635,056

Cash Flow Statement

	31.03.2009	31.03.2008
	T€	T€
Cash flows from operating activities		
Net result	-1,209	1,722
Adjustments for:		
Depreciation and amortisation	908	1,021
Income tax expense	16	1,033
Losses/gains on the disposal of fixed assets	8	-5
Foreign exchange gains/losses	-201	156
Interest income	-18	-43
Interest expense	320	293
Cash flow from operating activities before working capital changes	-176	4,177
Change in receivables	6,397	-4,268
Change in inventories	1,094	-157
Change in other long-term assets	1	50
Change in liabilities	-867	2,458
Change in provisions	-339	-76
Cash from operating activities	**6,110**	**-2,732**
Interest income	18	43
Interest expense	-282	-228
Income taxes	-342	424
Net cash from operating activities	**5,504**	**-2,493**
Cash flows from investing activities		
Acquisition of intangible assets and of property, plant and equipment	-456	-2,108
Proceeds from sale of property, plant and equipment	8	16
Net cash used for investing activities	**-448**	**-2,092**
Cash flows from financing activities		
Proceeds from equity deposits	0	0
Buy-back of treasury shares	0	-3,550
Cash receipts from the raising of short-term and long-term loans	0	5,412
Cash repayments of loans	-1,102	-375
Distribution to shareholders	0	0
Net cash used in financing activities	**-1,102**	**1,487**
Net effect of currency translation in cash and cash equivalents	-194	-263
Net increase in cash and cash equivalents	**3,760**	**-3,361**
Cash and cash equivalents at beginning of period	6,928	10,748
Cash and cash equivalents at end of period	**10,688**	**7,387**

Development of equity

	2009 T€	2008 T€
Equity at January 1st	**41,816**	**56,872**
Result from items netted directly within equity	435	-666
Net result	-1,209	1,720
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	0	-3,550
Other changes	0	0
Equity at March 31st	**41,043**	**54,378**

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

Shareholders' Meeting 2009	08/05/2009
Interim Report 1-6/2009	11/08/2009
Interim Report 1-9/2009	06/11/2009
Annual Report 2009	09/03/2010

For the latest version of this financial calendar and the individual reports, visit us on the internet at www.technotrans.de

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