INTERIM FINANCIAL REPORT 2009

January 1 – June 30, 2009

ISIN: DE000A0XYGA7

technotrans

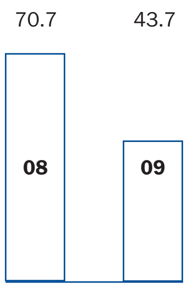
technotrans is a technology and service company that concentrates successfully on applications derived from its core skill of liquid technology. With 17 locations and around 700 employees, technotrans is active in all major markets worldwide.

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.

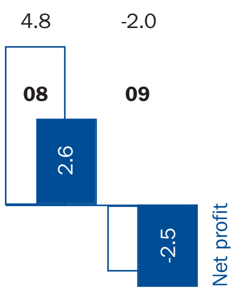
technotrans' business activities comprise two segments: in the Technology segment, the company concentrates on applications for offset printing. As a leading systems supplier of equipment to the printing industry, technotrans' product range comprises a wide range of systems and equipment for controlling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

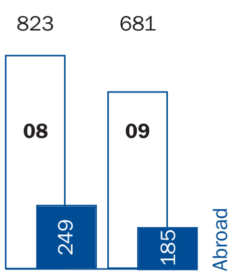
REVENUE
1.1.–30.6.
(in € million)



OPERATING RESULT
1.1.–30.6.
(in € million)



EMPLOYEES
(at June 30)



technotrans Group

Key data acc, to IFRS		1.1.–30.6.09	1.1.–30.6.08	2008	2007
Earnings					
Revenue	€'000	43,682	70.667	141,677	153,170
Technology	€'000	26,199	51,814	103,840	116,925
Services	€'000	17,483	18,853	37,837	36,245
Gross profit	€'000	12,738	23,423	35,745	50,346
EBITDA[1]	€'000	-230	7,046	12,177	18,183
Earnings before interest and taxes (EBIT)	€'000	-2,038	4,814	-38	13,886
Net profit for the period	€'000	-2,543	2,640	-2,852	9,067
as % of revenue	%	-5.8	3.7	-2.0	5.9
Net profit per share (IFRS)	€	-0.41	0.41	-0.45	1.33
Dividend per share	€	–	–	0	0.70
Balance sheet					
Issued capital	€'000	6,908	6,908	6,908	6,908
Equity	€'000	39,506	46,893	41,816	56,872
Equity ratio	%	48.5	47.1	47.7	58.1
Return on equity	%	-5.8	10.2	-5.8	16.4
Balance sheet total	€'000	81,520	99,473	87,612	97,890
Working capital	€'000	24,566	23,521	26,177	28,467
Employees					
Number of employees (average)		722	823	823	814
Personnel expenses	€'000	16,985	20,875	41,628	40,741
as % of revenue	%	38.9	29.5	29.4	26.6
Revenue per employee	€'000	61	86	172	188
Cash flow					
Cash flow[2]	€'000	6,482	2,699	6,747	10,625
Free cash flow[3]	€'000	5,563	-1,634	363	-618
Shares					
Number of shares at end of period		6,271,797	6,515,244	6,271,797	6,765,004
Share price (max)	€	4.55	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,

Following the dramatic slump in revenue in the first quarter of the 2009 financial year, technotrans has now steered itself back into rather calmer waters. The downturn of 38.8 percent is roughly of the same magnitude as in the previous quarter. The performance of the Technology segment remains unchanged, while the Services segment has merely experienced a relatively modest setback.

The many measures taken to stabilise and optimise profitability are already filtering through into the figures. At the six-month mark, although the lower revenue level of € 43.7 million (previous year € 70.7 million) has produced an operating loss of € 2.0 million, this figure includes restructuring expense of some € 1.0 million for the process of consolidating our worldwide manufacturing capacity that we will be tackling over the next few months. After a loss of € 0.9 million in the first quarter we therefore achieved our goal of bringing down the break-even point to the lower revenue level in the second quarter of 2009.

Our next steps – involving the transfer of manufacturing activities from the USA and Gersthofen to Sassenberg – will establish a framework for exploiting every opportunity to make our production operations lean and efficient, even at the current volume of business.

On the other hand the impending hiving-off of gds, the Technical Documentation business unit, will serve to expand our activities outside the printing industry. This area has grown so successfully in recent years that we are eager to expand this business.

Following the shockwaves of the financial crisis and with an eye to its impact on our industry, we have been studiously assessing the situation and will follow through with the measures that we have already started implementing. Further details are provided on the next few pages, and we hope that you will come to share our considered opinion that technotrans has positioned itself well for a successful future.

Interim Management Report

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

Revenue: from abrupt nosedive to moderate descent

While revenue for the technotrans Group nosedived dramatically from € 36.1 million (4th quarter of 2008) to € 23.2 million in the first quarter, € 20.5 million in revenue was generated in the second quarter of 2009. As expected, the extent of the downturn has therefore levelled off somewhat, with the rate of decrease of -38.2 percent of a similar magnitude to the first quarter. The first half of the year closed with revenue of € 43.7 million, compared with € 70.7 million in the previous year.

The Technology segment remains particularly badly affected, having experienced virtually a halving of its revenue year on year. On the other hand the Services segment retreated by a comparatively mild 7.3 percent in the first six months. Both figures are broadly in line with our expectations for the first half of 2009. As there is currently no sign of a recovery in the market, we are working on the assumption that this revenue level will remain unchanged in the second half of the year.

Earnings: package of measures now acting

The package of measures we have been implementing since the second half of 2008 has helped us to cope with the drastic fall in revenue and has encompassed everything from capacity reductions and structural measures to rigorous monitoring of costs across all areas of the company. Nevertheless, the downturn has naturally not left technotrans unscathed. Yet the fact that our six-month earnings (EBIT) are "no worse" than € 2.0 million is an indication that we are on the right track – particularly bearing in mind the figures achieved in the second quarter. The total also includes around € 1.0 million in future costs of restructuring that cannot be allocated to operations.

The gross margin recovered to 31.6 percent in the second quarter; the gross profit was nevertheless 40.5 percent down on the prior-year figure (€ 10.9 million) at € 6.5 million. An operating loss (EBIT) of € 1.1 million is reported for the second quarter (previous year: profit of € 1.8 million); the figure at the end of the first quarter was € -0.9 million. Disregarding the restructuring costs necessitated primarily by the closure and transfer of manufacturing activities from the USA and Gersthofen to Sassenberg, the result for the quarter would have been virtually in the balance, based on revenue of € 20.5 million.

After interest and taxes, there remains a loss of € 2.5 million for the first half. This corresponds to earnings per share, for shares outstanding, of € 0.41 (previous year € +0.41).

Financial performance of the segments

Technology: halving of revenue pushes segment into the red

Half way through the year, the Technology segment is still feeling the impact of the fall in business volume for the international printing industry. Revenue after six months reached only € 26.2 million, a drop of 49.4 percent. Compared with € 14.2 million in the first quarter, the downturn in revenue eased somewhat but was still marginally less than € 12.0 million (previous year € 23.8 million, -49.7 percent). We are not yet expecting any impetus that will permit a more dynamic performance by the segment in the third quarter and therefore believe that all the steps we have taken towards further consolidation are both important and necessary.

The lower volume of business again had a marked impact on the result for the segment in the second quarter. Following on from a loss of € 2.1 million in the first quarter, the second quarter added a further € -2.3 million. This figure nevertheless by and large includes the restructuring costs for consolidating our production capacity, with the result that we consider this to be a step in the right direction in operating terms, too.

Services: performance virtually stable
First-half revenue for the Services segment of € 17.5 million did not quite match the prior-year level (€ 18.9 million, -7.3 percent). This development is due to some extent to the fall in new installations from project business, but the global document solutions (gds) business unit likewise only just about achieved its original business target.

The margin for the segment compared with the first quarter was virtually unchanged at 12.4 percent. In absolute terms, this too represented a downturn of 21.6 percent at the half-way point compared with the prior-year period, from € 2.8 million to € 2.2 million. Specifically at a time of such economic weakness, the segment has nevertheless demonstrated its capacity to stabilise business as a whole.

Financial position
After a good start to the new year, cash flow again developed highly satisfactorily in the second quarter. Predominantly thanks to the further optimised working capital, net cash from operating activities reached € 6.5 million after six months (previous year € 2.7 million). The reduced investment volume also helped to increase the free cash flow to € 5.6 million (previous year € -1.6 million).

Cash and cash equivalents consequently grew by € 4.2 million to € 11.2 million at the end of the first half (end of 2008: € 6.9 million). As planned, therefore, technotrans is in a position to finance operations from within, without needing recourse to additional borrowed capital in the current sales crisis.

Net worth
The balance sheet total was down 7.0 percent to € 81.5 million, compared with € 87.6 million at the year-end reporting date.

On the assets side, the changes related to reductions within non-current assets due to depreciation. Inventories (€ -3.0 million) and trade receivables (€ -7.9) likewise fell, while cash and cash equivalents rose.

Changes on the equity and liabilities side within shareholders' equity stem principally from the accumulated loss (€ -0.5 million compared with € +1.8 million at the 2008 reporting date). Whereas there was only a marginal change in non-current liabilities (-1.8 percent to € 18.0 million), current liabilities were reduced by € 3.4 million or 12.6 percent compared with the start of the year, to just under € 24.0 million.

Net debt fell to € 11.7 million, from € 20.3 million one year previously. The gearing ratio of 29.6 percent is back below 30 percent. The equity ratio is a comparatively satisfactory 48.5 percent; our aim here is to push it back above the 50 percent mark.

Other particulars

Research and Development
Since the middle of last year development spending has fallen by one-third, in tandem with revenue, from € 3.0 million to € 2.0 million. Even at the present lower revenue level, the development spending ratio therefore remains 4.6 percent. The spotlight of our activities is currently on smaller projects aimed at optimising the existing product range.

Personnel
The measures initiated last year to reduce capacity had made better progress than originally planned by the middle of 2009. At June 30, the group numbered 681 employees, compared with 823 one year earlier (excluding temporary workers). The 25.7 percent rate of decrease internationally is much more marked than in Germany (-13.6 percent). Short-time is currently securing the jobs of over 90 employees, who will be needed by the company for the post-recession phase. In line with our key accounts, we will be temporarily stepping up short-time considerably over the next few weeks to reflect the low level of demand during their plant closures and vacation shutdowns.

Personnel expenses amounted to € 7.8 million in the second quarter of 2009, down from € 9.2 million in the first quarter. After elimination of the restructuring costs for the relocation of production operations that this total includes, the operating costs are much lower.

Shares
After a weak start to the second quarter on € 3.06, the share price temporarily recovered to hit € 4.55 by the start of June, before losing some of its momentum and closing the quarter on € 3.85. At the start of June we were notified that one of our larger shareholders had reduced its holding from previously in excess of 5 percent to less than 3 percent. The relatively high trading volume in the course of July seems to indicate that this sell-off is probably not yet quite finished.

Report on significant transactions with related parties
(Position at June 30, 2009)

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

Report on expected developments

Revenue and earnings for 2009
At present, we believe there are as yet no signs of a sustained recovery in the global economy, the German mechanical engineering sector or the printing industry. With the volume of orders for printing presses having slumped by an average of 50 percent over the first five months according to the German Engineering Federation (VDMA), it requires a distinct sense of optimism to interpret the downturn of 38 percent in May as the silver lining on the horizon. At best, this might be an indication that the abrupt slump at the start of the year is losing its momentum and that the downturn is losing pace.

What these framework conditions mean for technotrans is that there has not yet been any improvement in the order books of printing press manufacturers, nor is that situation likely to improve over the coming months. We therefore forecast a similar revenue level for the second half of the year as in the first half; the third quarter of 2009 is likely to be the weakest because of our customers remaining closed for extended periods. On the other hand we expect to see a very tentative recovery in the fourth quarter due to a catch-up effect, coupled with the fact that the process of reducing inventories by our major customers will have reached an advanced stage by then. These assumptions largely tally with our scenario of revenue amounting to € 85 to € 95 million for 2009, with the actual figure more likely to be towards the lower rather than upper end of this range.

The measures we have taken to stabilise and optimise profitability are progressing according to plan, as reflected in particular by the operating figures for the second quarter. Our forthcoming steps to further consolidate our manufacturing capacity involve restructuring costs that will only begin to bear fruit after the current financial year. We therefore expect just about to meet our target of finishing 2009 with an operating profit, based on revenue around € 60 million lower than in the previous year, but before the cost of restructuring is taken into account.

Technology segment

As a systems supplier, technotrans generates the greater part of its revenue in the Technology segment from business with the largest printing press manufacturers in the world. However, the latest figures published by the latter show no sign of a recovery in orders received, and the investment propensity of printers worldwide remains low.

Until the underlying situation improves, technotrans will concentrate on consolidating and extending its own market position on the one hand, and bringing the company's structures in line with the new volume of business on the other. We have therefore decided to close production operations at Mt. Prospect (USA, dampening solution circulators for the American market and spray dampening systems) and Gersthofen (Germany, ink supply systems) and to transfer operations to Sassenberg. The current market conditions meant that efficient manufacturing structures spread among different locations were no longer possible with revenue at such a low volume. This last major component of our package of measures to stabilise and optimise profitability should be completed by the end of the year and we will be able to benefit fully from the cost savings in 2010.

Services segment

The Services segment has always performed robustly, even in economically difficult times. We are assuming that this will continue to be the case throughout the present year. While demand for certain activities such as installations business within larger projects is by its very nature falling, areas such as maintenance and repair are developing largely independently of the market in general. The international structure of our locations moreover provides us with a good basis on which to respond promptly to varying local requirements. We regard that as an important competitive advantage.

The global document solutions (gds) business unit will merit even greater attention in future. We are intending to hive off gds shortly in order to promote its independent identity in the marketplace. The "new" company, which will in future profile itself as an independent service provider for technical documentation and a supplier of software products for all aspects of documentation, will target further growth and help to gradually extend our range of activities beyond 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 those portrayal have occurred in respect of developments in the remaining months of the current financial year.

Concise financial statements for the first half of 2008

Consolidated balance sheet

	30.06.2009	31.12.2008
ASSETS	€'000	€'000
Property, plant and equipment	24,817	25,456
Goodwill	2,430	2,459
Other intangible assets	3,005	3,343
Income tax receivable	420	420
Other non-current assets	652	677
Deferred tax assets	1,660	1,668
Total non-current assets	**32,984**	**34,023**
Inventories	20,408	23,462
Trade receivables	13,322	21,258
Income tax receivable	1,410	240
Other current assets	2,246	1,701
Cash and cash equivalents	11,150	6,928
Total current assets	**48,536**	**53,589**
Total assets	**81,520**	**87,612**
EQUITY AND LIABILITIES		
Equity		
Issued capital	6,908	6,908
Capital reserve	40,322	40,322
Revenue reserve	11,677	11,677
Equity from unrealised gains/losses	-9,724	-9,760
Treasury stock	-9,150	-9,150
Accumulated profit/loss	-527	1,819
Total equity	**39,506**	**41,816**
Liabilities		
Non-current financial liabilities	13,281	13,679
Long-term provisions	4,602	4,545
Other non-current liabilities	130	129
Deferred tax liabilities	31	31
Total non-current liabilities	**18,044**	**18,384**
Current financial liabilities	6,282	7,409
Trade payables	3,537	4,831
Prepayments received	2,120	2,914
Short-term provisions	9,805	9,582
Income tax payable	220	667
Other current liabilities	2,006	2,009
Total current liabilities	**23,970**	**27,412**
Total liabilities	**42,014**	**45,796**
Total equity and liabilities	**81,520**	**87,612**

Consolidated Income Statement

	01.04.– 30.06.2009 €'000	01.04.– 30.06.2008 €'000	01.01.– 30.06.2009 €'000	01.01.– 30.06.2008 €'000
Revenue	20,462	33,411	43,682	70,667
Technology	11,953	23,777	26,199	51,814
Services	8,509	9,634	17,483	18,853
Cost of sales	-14,004	-22,556	-30,944	-47,244
Gross profit	**6,458**	**10,855**	**12,738**	**23,423**
Distribution Costs	-3,563	-4,847	-7,019	-9,331
Administration expenses	-3,154	-3,192	-6,196	-6,569
Development costs	-931	-1,356	-2,008	-2,990
Other operating income	602	784	1,486	1,155
Other operating expenses	-559	-435	-1,039	-874
Earnings before interest and tax (EBIT)	**-1,147**	**1,809**	**-2,038**	**4,814**
Interest income	16	48	34	91
Interest expenses	-317	-262	-637	-555
Net finance costs	**-301**	**-214**	**–603**	**-464**
Profit before tax	**-1,448**	**1,595**	**-2,641**	**4,350**
Income tax expense	114	-677	98	-1,710
Net profit for the period	**-1,334**	**918**	**-2,543**	**2,640**
Earnings per share (basic)	-0.21	0.14	-0.41	0.41
Earnings per share (diluted)	-0.21	0.14	-0.41	0.41
Weighted average shares outstanding (basic)	6,327,997	6,579,535	6,271,797	6,515,670
Weighted average shares outstanding (diluted)	6,327,997	6,580,322	6,271,797	6,516,457

Cash Flow Statement

	30.06.2009	30.06.2008
	€'000	€'000
Cash flows from operating activities		
Net profit	-2,543	2,639
Adjustments for:		
Depreciation and amortisation	1,809	2,232
Income tax expense	-98	1,710
Losses/gains on the disposal of fixed assets	50	-17
Foreign exchange gains/losses	-208	205
Interest income	-34	-91
Interest expense	637	555
Cash flow from operating activities before working capital changes	-387	7,233
Change in receivables	7,369	-2,735
Change in inventories	2,808	-2,161
Change in other long-term assets	27	-113
Change in liabilities	-2,189	212
Change in provisions	260	492
Cash from operating activities	**7,888**	**2,928**
Interest income	28	91
Interest expense	-632	-442
Income taxes	-802	122
Net cash from operating activities	**6,482**	**2,699**
Cash flows from investing activities		
Acquisition of intangible assets and of property, plant and equipment	-869	-4,374
Proceeds from sale of property, plant and equipment	-50	41
Net cash used for investing activities	**-919**	**-4,333**
Cash flows from financing activities		
Buy-back of treasury shares	0	-7,461
Cash receipts from the raising of short-term and long-term loans	0	11,761
Cash repayments of loans	-1,525	-787
Distribution to shareholders	0	-4,504
Net cash used in financing activities	**-1,525**	**-991**
Net effect of currency translation in cash and cash equivalents	184	-295
Net increase in cash and cash equivalents	**4,222**	**-2,920**
Cash and cash equivalents at beginning of period	6,928	10,748
Cash and cash equivalents at end of period	**11,150**	**7,828**

Development of equity

	2009 €'000	2008 €'000
Equity at January 1st	**41,816**	**56,872**
Result from items netted directly within equity	233	-654
Net profit	-2,543	2,640
Distribution of profit	0	-4,504
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	-7,461
Other changes	0	0
Equity at June 30	**39,506**	**46,893**

Responsibility Statement by the Management

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

2009

Interim Report 1– 9/2009	11/06/2009

2010

Annual Report 2009	03/09/2010
Interim Report 1– 3/2010	05/04/2010
Annual Shareholders' Meeting	05/06/2010

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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