INTERIM FINANCIAL REPORT 2008

January 1 – September 30, 2008

ISIN: DE000A0XYGA7

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 around 800 employees, technotrans is active in all major markets worldwide.

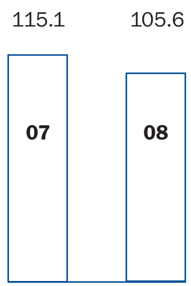
For many years now, technotrans has concertedly been exploring new segments and areas of application that are related to its core skill. In close cooperation with its customers, the company is steadily broadening its range of products and thus tapping new market potential. Its strategy focuses on sustained,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

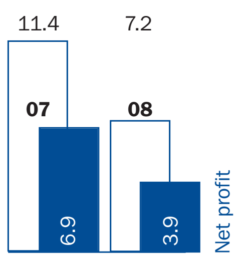
This segment in addition includes other product areas related to this core skill.

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.

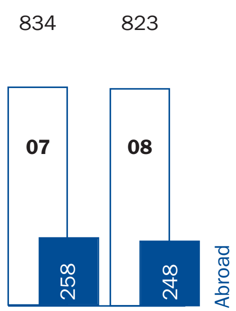
REVENUE
1.1.–30.9.
(in € million)



OPERATING RESULT
1.1.–30.9.
(in € million)



EMPLOYEES
(at September 30)



technotrans Group

Key data acc, to IFRS

		1.1.–30.9.08	1.1.–30.9.07	2007	2006
Earnings					
Revenue	€'000	105,599	115,133	153,170	151,272
Technology	€'000	76,811	87,708	115,275	115,723
Services	€'000	28,788	27,425	37,895	35,549
Gross profit	€'000	34,386	38,753	50,346	50,445
EBITDA[1]	€'000	10,689	14,741	18,183	18,794
Earnings before interest and taxes (EBIT)	€'000	7,209	11,448	13,886	15,666
Net profit for the period	€'000	3,914	6,853	9,067	9,988
as % of revenue	%	3.7	6.0	5.9	6.6
Net profit per share (IFRS)	€	0.61	1.00	1.33	1.48
Dividend per shre	€	–	–	0.70	0.70
Balance sheet					
Issued capital	€'000	6,908	6,908	6,908	6,762
Equity	€'000	48,703	57,097	56,872	53,937
Equity ratio	%	48.1	57.6	58.1	60.0
Return on equity	%	7.4	16.9	16.4	19.8
Balance sheet total	€'000	101,349	99,074	97,890	89,876
Working capital	€'000	26,201	30,237	28,467	35,523
Employees					
Number of employees (average)		823	798	814	724
Personnel expenses	€'000	31,020	30,683	40,741	39,913
as % of revenue	%	29.4	26.7	26.6	26.4
Revenue per employee	€'000	128	144	188	209
Cash flow					
Cash flow[2]	€'000	3,448	9,790	10,625	12,297
Free cash flow[3]	€'000	-2,073	-410	-618	8,201
Shares					
Number 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)	€	6.16	16.75	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,

whereas business in the third quarter progressed as expected, and as smoothly as in the first half of the year, the economic environment once again deteriorated quite markedly due to the now worldwide financial crisis. We consequently already started to implement an extensive package of cost-cutting measures in mid-October, to ensure that the company adjusts in good time to the changes in the market. To that end, the € 3 million package of measures that we had announced in the interim financial report was increased worldwide to a total of around € 8 million. More than half of this saving will come from reduced personnel costs; in addition to the capacity adjustments that have already been made during the course of 2008, there are plans to reduce the workforce gradually by up to 15 percent.

The aim is to continue to operate successfully even in difficult market conditions and at the same time to maintain the traditional level of profitability. We are therefore making timely preparations to cope with what will probably be a protracted period of economic slowdown, which may not even have reached its nadir. Our aim is thus to pave the way for technotrans to outperform the industry as a whole next year, even if the revenue volume is likely to be lower.

As soon as the capital markets start to look at the fundamentals again when taking their investment decisions, the technotrans share price should begin to recover. The current trading price is in no way a true reflection of the bright prospects that the business model offers. You can read more about the developments further on in this report.

Interim Management Report

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

Revenue: downturn in line with expectations

Although third-quarter revenue of € 34.9 million bettered the weak second quarter, the downturn compared with the prior-year quarter was 9.4 percent. Revenue after nine months reached € 105.6 million, which is 8.3 percent or almost € 10 million below the revenue for the prior-year period (€ 115.1 million). The Services segment continued to perform well, with nine-month revenue up 5 percent. On the other hand the downturn in the Technology segment in the third quarter was 13.3 percent compared with the prior-year quarter, confirming our earlier assessment that the after-effects of this year's drupa industry exhibition will have no significant impact on business in the second half. Exchange rate movements in the US dollar since the previous year affected revenue to the tune of some € 1.7 million.

Business developments are thus in line with the expectations that prompted us to reduce our forecast for the financial year quite significantly at the half-way mark. As matters stand, the fall in revenue compared with the previous year should ultimately be in the order of 7 to 8 percent by the end of the year.

Earnings: EBIT margin 6.9 percent

The drop in revenue of some € 10 million at the nine-month mark has naturally had an impact on earnings. The gross margin reached 32.6 percent and earnings totalled € 34.4 million, though this was some € 4.3 down on the prior-year figure. These figures highlight the fact that personnel costs are out of line with the lower level of revenue.

Earnings before interest and taxes (EBIT) totalled € 7.2 million, corresponding to an EBIT margin of 6.8 percent, and this year had to absorb drupa expenses of around € 1 million. This indicator improved compared with the second quarter to 6.9 percent in the third quarter; this level is broadly in line with the target margin for the financial year, before restructuring expense of around € 1 million.

The effective tax rate for the group was still high at 36.3 percent. Net income after nine months was € 3.9 million (previous year € 6.9 million), equivalent to earnings per share (average number of shares outstanding) of € 0.61 (previous year € 1.00).

Financial performance of the segments

Technology: revenue in line with lower expectations

Revenue in the Technology segment reached € 25.4 million in the third quarter; although this was up on the second quarter (€ 23.8 million), it was simultaneously 13.3 percent down on the corresponding prior-year period (€ 29.3 million). The nine-month revenue total of € 76.8 million (previous year € 87.7 million, -12.4 percent) is one result of a marked reluctance to invest in light of the worldwide financial crisis.

In the past few weeks there has been a consistent pattern to reports by printing press manufacturers, who have indicated that customers are cancelling or postponing orders placed during the drupa industry exhibition due to a lack of financing. Whereas the fall in technotrans' revenue in the first half of the year was attributable largely to project business, the cyclical downturn is therefore now gradually spreading to our biggest customers, printing press manufacturers.

In view of the increasingly bleak state of the economy, we have therefore decided to extend our cost-cutting measures to prepare ourselves in good time for the foreseeable changes to the market.

Whereas the second quarter was dominated by drupa expenses, the third-quarter result for the segment improved to € 0.8 million, representing an EBIT margin of 3.3 percent. Nine-month earnings totalled € 2.4 million (previous year € 6.7 million), reflecting among other things the lower level of revenue. The EBIT margin was 3.1 percent. The measures introduced will help to improve it gradually.

Services: growth maintained even in difficult times

Revenue for the Services segment reached € 9.5 million in the third quarter, representing growth of 3.0 percent. Over the nine-month period it has consequently risen by 5.0 percent to € 28.8 million (previous year € 27.4 million). Both the Product Support Service and the Technical Documentation area (global document solutions – gds) contributed towards this welcome development. gds will be presenting version 6 of the software tool docuglobe at the forthcoming Tekom annual conference. This is moreover not the only source of optimism regarding this segment's continuing positive development.

The rate of return for the segment in the third quarter was again very good at 16.1 percent (€ 1.5 million), leading to earnings of € 4.5 million after nine months (margin 15.6 percent). As demand for spares and upgrades has always developed positively even at times when investment propensity is low, we are confident of maintaining that level in the future.

Financial position

The business development since the start of the year has likewise had an impact on cash flow. At the end of the third quarter, cash flows from operating activities in particular were well down on expectations at € 5.8 million (previous year € 14.6 million). All in all, the change in working capital markedly weakened the cash flow during this period compared with the prior-year period. The level of receivables rose and inventories remained at a high level due to billing dates; there was virtually no parallel fall in liabilities to offset this development.

The net cash from operating activities at September 30, 2008 amounted to € 3.4 million (previous year € 9.8 million).

Net cash of € 5.5 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 nine-month mark, the free cash flow was still negative at € -2.1 million (previous year € -0.4 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 nine months amounted to € 7.6 million (previous year € 12.8 million).

Net worth

Since the year-end reporting date for 2007 the balance sheet has risen by 3.5 percent to € 101.3 million (December 31, 2007: € 97.9 million). Changes on the assets side relate to property, plant and equipment, which have risen by 10.6 percent as a result of investment (for example, in the new building at the company's headquarters in Sassenberg). Inventories have risen temporarily by 13.9 percent to € 29.2 million, as evidence of several projects that have not yet been completed. Receivables have risen by 10.2 percent primarily due to the reporting date factor.

On the equity and liabilities side, there have been changes within equity, which has fallen by 14.4 percent following the share buy-back. Due to capital expenditure and the conversion of current financial liabilities into non-current, the latter item has risen from € 4.8 million to € 12.9 million. Within current liabilities, financial liabilities and provisions have risen, whereas trade payables have fallen.

Other particulars

Research and Development

Development spending in the third quarter, as in the prior quarter, totalled € 1.4 million (previous year € 1.7 million). This decrease is largely attributable to the completion of a number of projects to coincide with the drupa. As a proportion of revenue, we expect that development spending will again be around 4 percent because development work is an ongoing investment in the future of the company; for that reason it has deliberately been by and large bracketed out of the current cost-cutting measures.

Personnel

At September 30, the technotrans Group employed a total of 823 persons (December 31, 2007: 831). Personnel expenditure after nine months remained unchanged from the previous year at about € 31.0 million, but the lower revenue level means that it now accounts for 29.4 percent of the latter (previous year 26.7 percent).

As a result of the capacity adjustment measures announced for the technotrans Group in mid-October 2008, there will be a significant fall in the employee total by the middle of next year. Our aim is to reduce this cost item by up to 15 percent. As well as temporary workers, the number of which was already sharply reduced mid-way through the year, the measures are now affecting employees whose limited contracts are not being renewed, and also employees with unlimited contracts. In adopting these measures we are adjusting early on to the changes in the market and to the possibility of a further drop in revenue next year.

Shares

Following publication of the interim financial report, technotrans AG shares became caught up in the general crisis on the financial markets; the negative headlines made by other companies in the printing industry heaped on the pressure, with the result that they slumped in value by over 50 percent in the third quarter. This market development opened up a gulf between the shares' performance and the company's actual business performance, with the result that intraday all-time lows reaching EUR 3.45 were recorded in the course of October.

After the close of trading on Friday, October 17, 2008 the bearer shares with the securities identification number 744 900 ceased to be quoted and our shareholders' holdings were switched to the new registered shares traded under ISIN DE000A0XYGA7. Trading of the new registered shares commenced on October 20, 2008. This completes the changeover resolved at this year's Shareholders' Meeting.

Report on significant transactions with related parties

(Position at October 16, 2008)

	Shares	Options
Henry Brickenkamp	40,000	0
Dirk Engel	4,670	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	0
Matthias Laudick	729	300
Joachim Voss	0	0

Report on expected developments

Revenue and earnings for 2008

The economic prospects worldwide have become much less promising since mid-way through the year as a result of the financial crisis. Due to uncertain business prospects, the investment propensity of printers has been severely undermined and the difficulties in securing financing for new presses have compounded the problem. This is affecting not just project business, but increasingly also standard business for sheet-fed offset presses, and will consequently have a considerable impact on the current and future level of orders for all major printing press manufacturers. technotrans is already responding to these f oreseeable changes in the market by increasing the package of cost-cutting measures announced in the first-half report from € 3 million to € 8 million. In taking this action at an early stage, technotrans has paved the way for continuing to operate successfully and profitably next year, from possibly an even lower level of revenue.

For the current financial year, we currently adhere to our latest forecast that revenue overall will be around 8 percent down on the previous year. Excluding restructuring expense, we stand by our target of achieving an EBIT margin of 7 to 8 percent, which would translate into net income in the order of € 5 to 6 million. That would then be the basis for our decision on the dividend distribution for 2008.

The divisions

Technology segment

The Technology segment, which focuses mainly on the production of systems for the printing industry, is bearing the full brunt of the economic crisis. We have already experienced a downturn in revenue this year for our "bread and butter" business as supplier to printing press manufacturers worldwide, and expect that it will continue to develop in line with the sales figures of printing press manufacturers. We will feel the impact of this trend to some degree in the fourth quarter, and possibly to a greater extent in the next financial year.

We will be able to compensate for this trend in part by stepping up end customer and project business. Wherever funds or the current level of orders do not suffice to merit investment in new systems, we will look for potential for supplying retrofit solutions now that customers are increasingly looking to reduce their cost structure. We are for example able to offer solutions for automation and for reducing levels of consumables.

Our strategy of "more technotrans per printing press" moreover remains intact. Our cleaning systems will give us access to a lucrative new market segment in the medium term. We in addition expect that the current market environment will prompt printing press manufacturers to scrutinise their production structures carefully, which at least in the medium term should promote an increasing trend towards outsourcing.

However much the current market situation seems at first glance to present us with difficulties and challenges, we are equally convinced that it offers good opportunities and prospects for companies such as technotrans that are capable of adapting very flexibly to changing circumstances.

Services segment

The Services segment will continue to act as a source of stability over the coming months. Due to the reticence to invest, the installed basis in the market is ageing and increasingly in need of servicing and spare parts; we have been ideally placed to fulfil that need in recent years thanks to our worldwide setup.

The Technical Documentation area (global document solutions – gds) will continue to develop independently of the printing industry. Given the right opportunity, we will proceed with the strategic development of gds in order to reach a new magnitude with this very successful service area.

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

In view of the fall in the trading price of technotrans AG shares since the balance sheet date December 31, 2007 we tested the goodwill of the Print cash generating unit (CGU) for impairment pursuant to IAS 38.108 (b) in conjunction with IAS 36.10 and IAS 36.12 (d) at the quarterly reporting date of September 30, 2008. The impairment test yielded the finding that the recoverable amount (value in use) of the cash generating unit is higher than its carrying amount. There was consequently no need for impairment.

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

Concise financial statements for the first 9 month of 2008

Consolidated balance sheet

	30.09.2008	31.12.2007
ASSETS	€'000	€'000
Property, plant and equipment	25,768	23,305
Goodwill	2,402	2,354
Other intangible assets	10,845	11,275
Income tax receivable	459	459
Other non-current assets	782	639
Deferred tax assets	1,478	1,324
Total non-current assets	**41,734**	**39,356**
Inventories	29,209	25,648
Trade receivables	19,796	17,959
Income tax receivable	324	2,072
Other current assets	2,677	2,107
Cash and cash equivalents	7,609	10,748
Total current assets	**59,615**	**58,534**
Total assets	**101,349**	**97,890**
PASSEQUITY AND LIABILITIESIVA		
Equity		
Issued capital	6,908	6,908
Capital reserve	40,322	40,322
Revenue reserve	12,268	11,269
Equity from unrealised gains/losses	-9,986	-10,318
Treasury stock	-9,929	-2,468
Accumulated profit/loss	9,120	11,159
Total equity	**48,703**	**56,872**
Liabilities		
Non-current financial liabilities	12,885	4,762
Long-term provisions	5,423	5,072
Other non-current liabilities	103	116
Deferred tax liabilities	821	1,001
Total non-current liabilities	**19,232**	**10,951**
Current financial liabilities	11,170	8,184
Trade payables	5,408	7,194
Prepayments received	4,066	3,757
Short-term provisions	10,370	8,983
Income tax payable	648	231
Other current liabilities	1,752	1,718
Total current liabilities	**33,414**	**30,067**
Total liabilities	**52,646**	**41,018**
Total equity and liabilities	**101,349**	**97,890**

Consolidated Income Statement

	01.07.– 30.09.2008 €'000	01.07.– 30.09.2007 €'000	01.01.– 30.09.2008 €'000	01.01.– 30.09.2007 €'000
Revenue	34,932	38,562	105,599	115,133
Technology	25,423	29,332	76,811	87,708
Services	9,509	9,230	28,788	27,425
Cost of sales	-23,968	-25,793	-71,212	-76,380
Gross profit	**10,964**	**12,769**	**34,387**	**38,753**
Distribution costs	-4,624	-4,069	-13,955	-12,489
Administration expenses	-2,986	-3,457	-9,555	-10,457
Development costs	-1,409	-1,715	-4,399	-4,846
Other operating income	862	847	2,017	2,974
Other operating expenses	-412	-778	-1,286	-2,487
Earnings before interest and tax (EBIT)	**2,395**	**3,599**	**7,209**	**11,448**
Interest income	78	36	169	202
Interest expenses	-472	-206	-1,027	-580
Net finance costs	**-394**	**-170**	**-858**	**-378**
Profit before tax	**2,001**	**3,429**	**6,351**	**11,070**
Income tax expense	-727	-1,308	-2,437	-4,217
Net profit for the period	**1,274**	**2,121**	**3,914**	**6,853**
Earnings per share (basic)	0.20	0.31	0.61	1.00
Earnings per share (diluted)	0.20	0.30	0.61	1.00
Weighted average shares outstanding (basic)	6,440,948	6,953,407	6,416,294	6,830,192
Weighted average shares outstanding (diluted)	6,441,489	6,965,321	6,416,590	6,885,998

Cash Flow Statement

	30.09.2008	30.09.2007
	€'000	€'000
Cash flows from operating activities		
Net profit	3,902	6,853
Adjustments for:		
Depreciation and amortisation	3,480	3,293
Share based payment transactions	0	66
Income tax expense	2,437	4,217
Losses/gains on the disposal of fixed assets	-12	-218
Foreign exchange gains/losses	145	61
Interest income	-169	-202
Interest expense	1,027	580
Cash flow from operating activities before working capital changes	10,810	14,650
Change in receivables	-1,655	918
Change in inventories	-3,299	-678
Change in other long-term assets	-75	38
Change in liabilities	-1,435	-159
Change in provisions	1,472	-113
Cash from operating activities	**5,818**	**14,656**
Interest income	169	202
Interest expense	-768	-395
Income taxes	-1,771	-4,673
Net cash from operating activities	**3,448**	**9,790**
Cash flow from investing activities		
Acquisition of intangible assets and of property, plant and equipment	-5,587	-11,394
Acquisitions	0	0
Proceeds from sale of property, plant and equipment	66	1,194
Net cash used for investing activities	**-5,521**	**-10,200**
Cash flows from financing activities		
Proceeds from injection of equity	0	637
Buy-back of treasury shares	-7,501	0
Cash receipts from the raising of short-term and long-term loans	12,257	4,500
Cash repayments of loans	-1,163	-2,145
Distribution to shareholders	-4,504	-4,733
Net cash used in financing activities	**-911**	**-1,741**
Net effect of currency translation in cash and cash equivalents	-155	-136
Net increase in cash and cash equivalents	**-3,139**	**-2,287**
Cash and cash equivalents at beginning of period	10,748	15,049
Cash and cash equivalents at end of period	**7,609**	**12,762**

Development of equity

	2008 €'000	**2007** €'000
Equity at January 1st	**56,872**	**53,937**
Result from items netted directly within equity	-118	-939
Net profit	3,914	6,853
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	-415
Other changes	0	0
Equity at September 30	**48,703**	**57,097**

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

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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