INTERIM FINANCIAL REPORT 2009

January 1 – September 30, 2009

ISIN: DE000A0XYGA7

technotrans

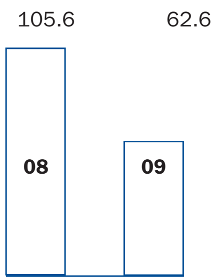
technotrans is a technology and service company that concentrates successfully on applications derived from its core skill of liquid technology. With 17 locations and more than 600 employees, technotrans is active in all major markets worldwide.

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.

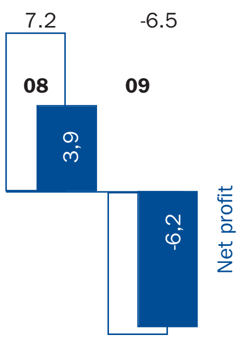
technotrans' business activities comprise two segments: in the Technology segment, the company concentrates on applications for offset printing. As a leading systems supplier of equipment to the printing industry, technotrans' product range comprises a wide range of systems and equipment for controlling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

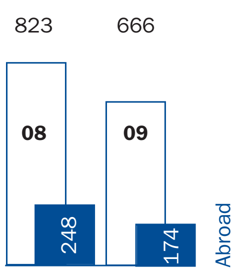
REVENUE
1. 1.–30. 9.
(in € million)



OPERATING RESULT
1. 1.–30. 9.
(in € million)



EMPLOYEES
(at September 30)



technotrans Group

Key data acc, to IFRS

		1.1.–30.9.09	1.1.–30.9.08	2008	2007
Earnings					
Revenue	T€	62,605	105,599	141,677	153,170
Technology	T€	37,125	77,237	103,840	116,925
Services	T€	25,480	28,362	37,837	36,245
Gross profit	T€	18,367	34,387	35,745	50,346
EBITDA[1]	T€	-3,825	10,689	12,177	18,183
Earnings before interest and taxes (EBIT)	T€	-6,519	7,209	-38	13,886
Net profit for the period	T€	-6,205	3,914	-2,852	9,067
as % of revenue	%	-9.9	3.7	-2.0	5.9
Net profit per share (IFRS)	€	-0.99	0.61	-0.45	1.33
Dividend per share	€	–	–	-	0.70
Balance sheet					
Issued capital	T€	6,908	6,908	6,908	6,908
Equity	T€	35,082	48,703	41,816	56,872
Equity ratio	%	44.6	48.1	47.7	58.1
Return on equity	%	-16.1	7.4	-5.8	16.4
Balance sheet total	T€	78,614	101,349	87,612	97,890
Working capital	T€	15,363	26,201	26,177	28,467
Employees					
Number of employees (average)		704	823	823	814
Personnel expenses	T€	24,607	31,020	41,628	40,741
as % of revenue	%	39.3	29.4	29.4	26.6
Revenue per employee	T€	89	128	172	188
Cash flow					
Cash flow[2]	T€	3,038	-3,448	6,747	10,625
Free cash flow[3]	T€	1,700	-2,073	363	-618
Shares					
Number of shares at end of period		6,271,797	6,217,665	6,271,797	6,765,004
Share price (max)	€	6.40	17.09	17.09	24.52
Share price (min)	€	3.00	6.16	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,

In presenting the figures for the third quarter in this report, we are covering the period that is marking the nadir of the present crisis. In this instance the renewed substantial downturn in revenue is attributable to the extended vacation periods at our customers, which we had in any case expected over the summer. Equally predictably, business returned to normal levels in September. We therefore assume that the present level will serve as a realistic basis for planning for the short and medium term, in the expectation that our industry will eventually see a recovery in business activity.

Thanks to the many measures that we have instigated and completed since the middle of last year, the company has managed to adjust successfully to the lower revenue volume. Bearing in mind that not all these measures had been able to take full effect in the third quarter (the transfer of production to Sassenberg in particular was still in progress), with revenue falling short of the break-even level it was once again not possible to report a balanced operating result. This situation is likely to change permanently over the next few months, with the result that the loss should shrink by the end of the year, helping us to achieve our target of posting a virtually balanced operating result for the full year.

In September we announced that we had reached an out-of-court settlement to bring to an end the long-running patent dispute with our competitor. This, together with the restructuring costs from previous quarters, inevitably had a major impact on the nine-month result. In the circumstances, however, we are convinced that in taking this course of action we have averted risks to the company that are difficult to calculate, with the result that we are now able to concentrate fully on equipping technotrans for the future.

Interim Management Report

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

Revenue: summer lull represents nadir

The third quarter of 2009 represents the latest low point in the year to date. Revenue fell by 45.8 percent to € 18.9 (previous year 34.9) million, largely due to printing press manufacturers shutting down for an extended vacation period as expected; this consequently had a particularly marked effect on the Technology segment. Revenue for the first nine months of 2009 reached € 62.6 million, representing a downturn of 40.7 percent on the previous year (€ 105.6 million).

In fact the nadir was reached in August, because the business performance in September was already much better; it was actually the strongest month of 2009 to date. We likewise expect revenue to stabilise at the current level in the coming months, with the result that the fourth quarter should be better than the third, even allowing for the fact that customers will be closing for the end-of-year holiday period from mid-December on. Nevertheless, there is no sign of a fundamental recovery in the investment propensity of printers worldwide.

Earnings: quarter dominated by non-recurring effects

With the 45.8 percent fall in revenue, gross profit fell by 48.7 percent in the third quarter, but the gross margin of 29.7 percent showed an improvement on the first-half figure (29.2 percent), demonstrating that our far-reaching adjustment measures are having an effect.

The negative EBIT for the third quarter was just under € 4.5 million (previous year € +2.4 million). A major factor here, besides the revenue deficit, was the amount of € 2.8 million required over and above the sum set aside in the provisions for the out-of-court settlement in the patent dispute with Baldwin; the transfer of production operations from the USA and Gersthofen to Sassenberg, which will be completed by the end of the year, was a further drain on EBIT. Overall, the loss at EBIT level after nine months was € 6.5 million (previous year € +7.2 million). As we expect to be posting positive results for the next few months, the loss is likely to fall by the end of the year.

With the interest result virtually unchanged from the previous year and due to deferred tax assets resulting from the net loss for 2009, a net loss for the period of € 6.2 million is reported at the nine-month mark. This corresponds to earnings per share, for shares outstanding, of € -0.99 (previous year € +0.61).

Financial performance of the segments

Technology: revenue nadir reached in summer

As expected, the Technology segment suffered particularly from the extended vacation shutdowns at our major customers during the third quarter. With revenue amounting to € 10.9 million, the figure has fallen yet further from the previous quarters (€ 14.2 and 12.0 million). Compared with the prior-year period (€ 25.4 million), however, the rate of decrease is a drastic 57.0 percent. The total revenue generated in the first nine months of the year was therefore € 37.1 million, a fall of 51.9 percent on the previous year. At the turn of this year we had already voiced the expectation that revenue for the Technology segment could be halved, as a result of which we primed the company accordingly. Not least by reading the signs of the times early on and responding in a suitable manner, we have now succeeded in placing the company on a comparatively firm footing.

As well as the extremely low revenue volume, the out-of-court settlement in the patent dispute had a major impact on the result for the segment in the third quarter. This non-recurring effect alone accounts for € 2.8 million of the quarterly loss of just under € 5.6 million. An overall loss at EBIT level of € 9.9 million was reported after nine months (previous year € +2.5 million).

Services: economy measures at customers filter through to service

Revenue for the Services segment of € 8.0 million in the third quarter was likewise slightly weaker (previous year € 9.5 million, -15.9 percent). This trend was spread fairly evenly over all areas: a lower volume of installation work, fewer call-outs for our engineers (undoubtedly also due in part to the holiday season during the period under review) and therefore lower sales of parts, alongside hesitant investment by customers in the gds area. Revenue after nine months reached € 25.5 million, a drop of 10.2 percent on the prior-year period. The segment is nevertheless in comparatively good health.

Despite the slight downturn in revenue in the third quarter, the Services segment was able to report a satisfactory level of profitability. The profit total of € 1.1 million represents a margin of 14.2 percent. At the nine-month mark, the result for the segment was € 3.3 million (previous year € 4.3 million, -23.0 percent).

Financial position

Despite the net result for the year to date of € -6.2 million after nine months (previous year: € +3.9 million), cash flow performed well thanks to a successful working capital management approach. Cash from operating activities amounted to € 4.3 million at the reporting date (previous year: € 5.8 million). Without the effect of the out-of-court settlement in the patent dispute, the position for 2009 would have been even better.

After interest and taxes, the net cash from operating activities amounted to € 3.0 million, compared with € 3.4 million in the previous year.

The free cash flow after nine months remained positive at € 1.7 million (previous year € -2.1 million), not least because of the reduced investment volume.

The amount in loans raised of € 2.0 million contrasted with repayments of loans totalling € 1.8 million. Finally, cash of € 8.9 million was 17.0 percent up on the figure at the corresponding point of the previous year (€ 7.6 million).

Net worth

The balance sheet total mirrored the business performance in falling by 10.3 percent in the course of the year from € 87.6 million to € 78.6 million.

On the assets side, non-current assets fell in the first instance as a result of depreciation, without this effect being counterbalanced by any significant volume of investment. The deferred tax assets virtually doubled to € 3.2 million on account of the accumulated loss. Inventories fell by € 4.0 million and trade receivables by € 8.2 million. Despite the payment for the out-of-court settlement in the patent dispute, the cash total of € 8.9 million after nine months was 28.5 percent more than at the start of the year.

Changes on the equity and liabilities side within shareholders' equity stem principally from the accumulated loss (€ -4.0 million compared with € +1.8 million at the 2008 reporting date).

Within non-current liabilities (€ 14.0 million, -24.1 percent) the provisions were reduced by the amount earmarked for the patent dispute (€ 3.7 million). Of the current liabilities (€ 29.6 million), financial liabilities equally rose by € 0.9 million; prepayments received in addition rose slightly by € 0.5 million.

Net debt has fallen from € 17.5 million to € 14.0 million since the start of the year. Gearing at the reporting date was 39.9 percent.

Other particulars

Research and Development

In line with the general business performance, development spending also declined. The figure for the first three quarters of 2009 was € 2.8 million, compared with € 4.4 million for the prior-year period, representing a fall of 36.6 percent. The development spending ratio nevertheless reached 4.4 percent. In close consultation with printing press manufacturers, we are therefore focusing solely on projects that remain relevant in the current market environment.

Personnel

Capacity reductions are already at an advanced stage. At September 30, the group numbered 666 employees, compared with 823 one year earlier (excluding temporary workers). The rate of decrease was much sharper internationally, at 29.8 percent, than in Germany (-14.4 percent). The process of consolidating manufacturing capacity at Sassenberg will prompt a further drop in the employee total over the next few months. At the group's biggest location, Sassenberg, we have been using short-time since March 2009 as a means of adapting to the changing volume of orders and will continue to retain this practice over the coming months. Because we started to implement our personnel measures at a very early stage, we do not currently see any need for further steps.

Personnel expenses in the third quarter amounted to € 7.6 million (previous year € 10.1 million). Although this volume is still relatively high in proportion to revenue as a result of including restructuring costs, in purely operating terms we believe that we are now very close to aligning it with the revenue volume that we can expect in the short to medium term.

Shares

technotrans' shares staged a marked recovery in the course of the third quarter. After starting the second half of the year on € 3.85, the share price climbed above € 5.50 over the next few weeks. The publication of the first-half results evidently met with acclaim from investors, because the share price continued to rise to € 6.40 on September 16. It then hovered around the 6 euro mark at the end of that month and the third quarter. Whereas the share price largely shrugged off the news that the patent dispute had been brought to a close, it eased at the start of the fourth quarter, with the trading volume very low; this was evidently prompted by announcements of worsening prospects by other market operators in the printing industry.

technotrans will again be taking part in the Frankfurt Equity Forum on Tuesday, November 10, 2009 to explain its strategy and prospects to national and international investors in one-to-one talks. Attracting 5,500 participants (2008), the Equity Forum provides an important opportunity for dialogue between companies and investors.

Report on significant transactions with related parties

(Position at September 30, 2009)

	Shares	Options
Henry Brickenkamp	40,000	0
Dirk Engel	5,270	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

It is being increasingly widely claimed that the economic downturn is finally at an end, but there is currently still no sign of a recovery in the printing industry. At best – and there is some evidence to support this view – business is stabilising at the current low level.

The propensity of printers worldwide to invest remains low as a direct consequence of their poor capacity utilisation. This situation is unlikely to change until spending on printed products start to rise again and, in particular, industry's advertising budgets grow again. Whereas the market for sheet-fed offset presses was caught up in the cyclical downturn very early on and the prospects of an equally cyclical recovery are therefore bright, the situation for web offset printing and particularly for the smaller newspaper printing segment currently looks far bleaker. These sectors are evidently feeling the full impact of structural changes in the way media are used.

technotrans has adjusted to these underlying conditions. While business for our devices as standard equipment for sheet-fed offset presses has virtually halved in line with the market, the downturn in newer product areas has been comparatively mild. That enables us to compensate in part for the downturn in standard business, and now that the reducing of inventories at our customers has reached an advanced stage we expect to see revenue normalise at a slightly higher level than was latterly the case. Project business in the web and newspaper sectors will remain difficult for the next few months; while we achieved an extremely good equipping rate for recent projects in those areas, this market as a whole nevertheless represents only a small portion of our business.

For 2009 as a whole, we continue to expect revenue in the order of just under € 85 million; as latterly expected, this is at the lower end of our original forecast scenarios for the current financial year.

In terms of earnings, the measures now implemented in order to reduce costs should achieve a growing impact in the final months of the year, with the result that we will be able to operate profitably at the anticipated level of revenue. We will consequently almost achieve our target of ending the year with a balanced operating result. In view of the dramatic slump experienced over the past twelve months, we would not be dissatisfied with such a result because it serves to demonstrate how flexible and adaptable we are as a company. We would of course been glad not to have needed this opportunity to prove to ourselves, our employees and our shareholders how adaptable we are.

The divisions

Technology segment

As a supplier of standard equipment, technotrans realises the bulk of its revenue from the world's leading printing press manufacturers. We have been waiting – so far in vain – for a lasting recovery in the orderbooks of these customers.

The current investment backlog will undoubtedly be released one day and we are ready to demonstrate our versatility again in an accelerating market. But precisely when that time will come is currently impossible to predict.

We have been using the past few weeks and months to prime our structures for the new business conditions. While we make any effort to make sure our market share grows rather than shrinks in the current environment, we are tentatively exploring niches in a variety of sectors that might offer us opportunities for demonstrating our core skills. technotrans already has a successful track record in such activities outside the printing industry and we want to use our resources in building on that success. Realistically, however, such activities cannot be expected to show significant results in the short term.

Services segment

One indication of the intensity of the present crisis is that even the Services segment has experienced a slight downturn in its trading figures. Overall, this is likely to be reflected in year-end figures on broadly the present level. We expect the situation to stabilise next year, thanks in particular to the gds AG business unit (Technical Documentation).

Since September 1, 2009 the global document solutions (gds) business unit has been acting as a separate company.
gds AG is developing a reputation as a service provider in the field of Technical Documentation and a supplier of software products for all aspects of documentation. In an effort to secure further growth, the business unit is currently putting out feelers in other German-speaking countries. We consider that this area, too, offers vital potential for stepping up our activities outside the printing industry.

In the absence of any signs of a cyclical recovery in our industry, our plans for the short and medium term are based on a revenue level not significantly different to that of the 2009 financial year. Our measures to adjust to the new volume of business should achieve their full effect in 2010, with the result that we can once again expect a sensible level of profitability at operating level.

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 9 month of 2009

Consolidated balance sheet

	30.09.2009	**31.12.2008**
ASSETS	€'000	€'000
Property, plant and equipment	24,255	25,456
Goodwill	2,361	2,459
Other intangible assets	2,780	3,343
Income tax receivable	420	420
Other non-current assets	639	677
Deferred tax assets	3,215	1,668
Total non-current assets	**33,670**	**34,023**
Inventories	19,467	23,462
Trade receivables	13,104	21,258
Income tax receivable	1,153	240
Other current assets	2,316	1,701
Cash and cash equivalents	8,904	6,928
Total current assets	**44,944**	**53,589**
Total assets	**78,614**	**87,612**
EQUITY AND LIABILITIES		
Equity		
Issued capital	6,908	6,908
Capital reserve	40,322	40,322
Revenue reserve	11,676	11,676
Equity from unrealised gains/losses	-10,647	-9,759
Treasury stock	-9,150	-9,150
Accumulated profit/loss	-4,027	1,819
Total equity	**35,082**	**41,816**
Liabilities		
Non-current financial liabilities	12,903	13,679
Long-term provisions	887	4,545
Other non-current liabilities	130	129
Deferred tax liabilities	31	31
Total non-current liabilities	**13,951**	**18,384**
Current financial liabilities	9,123	7,409
Trade payables	4,481	4,831
Prepayments received	3,395	2,914
Short-term provisions	10,706	9,582
Income tax payable	333	667
Other current liabilities	1,543	2,009
Total current liabilities	**29,581**	**27,412**
Total liabilities	**43,532**	**45,796**
Total equity and liabilities	**78,614**	**87,612**

Consolidated Income Statement

	01.07.–30.09.2009	**01.07.–30.09.2008**	**01.01.–30.09.2009**	**01.01.–30.09.2008**
	€'000	€'000	€'000	€'000
Revenue	18,923	34,932	62,605	105,599
Technology	10,926	25,423	37,125	77,237
Services	7,997	9,509	25,480	28,362
Cost of sales	-13,294	-23,968	-44,238	-71,212
Gross profit	**5,629**	**10,964**	**18,367**	**34,387**
Distribution costs	-3,630	-4,624	-10,649	-13,955
Administration expenses	-2,953	-2,986	-9,149	-9,555
Development costs	-779	-1,409	-2,787	-4,399
Other operating income	1,135	862	2,621	2,017
Other operating expenses	-3,883	-412	-4,922	-1,286
Earnings before interest and tax (EBIT)	**-4,481**	**2,395**	**-6,519**	**7,209**
Interest income	3	78	37	169
Interest expenses	-255	-472	-892	-1,027
Net finance costs	**-252**	**-394**	**-855**	**-858**
Profit before tax	**-4,733**	**2,001**	**-7,374**	**6,351**
Income tax expense	,.071	-727	1,169	-2,437
Net result for the period	**-3,662**	**1,274**	**-6,205**	**3,914**
Earnings per share (basic)	-0.58	0.20	-0.99	0.61
Earnings per share (diluted)	-0.58	0.20	-0.99	0.61
Weighted average shares outstanding (basic)	6,271,797	6,218,441	6,264,132	6,416,294
Weighted average shares outstanding (diluted)	6,271,797	6,217,802	6,264,132	6,416,590

Cash Flow Statement

	30.09.2009	30.09.2008
	€'000	€'000
Cash flows from operating activities		
Net profit	-6,205	3,902
Adjustments for:		
Depreciation and amortisation	2,694	3,480
Income tax expense	-1,169	2,437
Losses/gains on the disposal of fixed assets	110	-12
Foreign exchange gains/losses	-182	145
Interest income	-37	-169
Interest expense	892	1,027
Cash flow from operating activities before working capital changes	-3,897	10,810
Change in receivables	7,399	-1,655
Change in inventories	3,595	-3,299
Change in other long-term assets	46	-75
Change in liabilities	-335	-1,435
Change in provisions	-2,534	1,472
Cash from operating activities	**4,274**	**5,818**
Interest income	37	169
Interest expense	-892	-768
Income taxes	-381	-1,771
Net cash from operating activities	**3,038**	**3,448**
Cash flow from investing activities		
Acquisition of intangible assets and of property, plant and equipment	-1,434	-5,587
Proceeds from sale of property, plant and equipment	96	66
Net cash used for investing activities	**-1,338**	**-5,521**
Cash flows from financing activities		
Buy-back of treasury shares	0	-7,501
Cash receipts from the raising of short-term and long-term loans	2,000	12,257
Cash repayments of loans	-1,765	-1,163
Distribution to shareholders	0	-4,504
Net cash used in financing activities	**235**	**-911**
Net effect of currency translation in cash and cash equivalents	41	-155
Net increase in cash and cash equivalents	**1,976**	**-3,139**
Cash and cash equivalents at beginning of period	6,928	10,748
Cash and cash equivalents at end of period	**8,904**	**7,609**

Development of equity

	2009 €'000	2008 €'000
Equity at January 1st	**41,816**	**56,872**
Result from items netted directly within equity	-592	-118
Net profit	-6,205	6,853
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 September 30	**35,082**	**48,703**

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

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

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

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

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