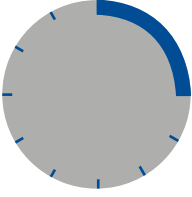


# INTERIM REPORT 2006



**1<sup>st</sup> Quarter**

January 1 - March 31, 2006

ISIN: DE0007449001

 **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 present in the world market. 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 thus tapping new potential and steadily broadening its range of products. Its strategy focuses on sustained, earnings-driven development.

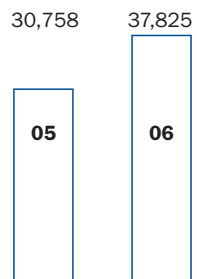
technotrans' business activities comprises two segments: in the Technology segment, the company concentrates on applications for offset printing. As a leading systems supplier of equipment to the printing industry, the product range comprises a wide range of systems and equipment for controlling and 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 have in addition been developed in recent years; these further automate procedures in printing shops worldwide 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.

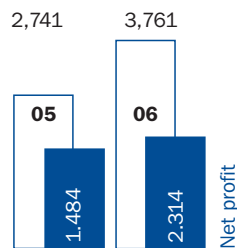
**REVENUE**

1. 1. - 31. 3.  
(in €'000)



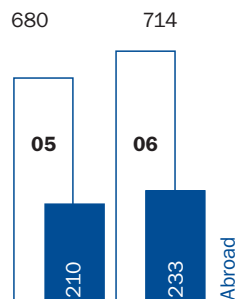
**EBIT**

1. 1. - 31. 3.  
(€'000)



**EMPLOYEES**

1. 1. - 31. 3.  
(at 31. 3.)



technotrans Group

Key data acc. to IFRS

**Earnings**

Revenue	€'000	37,825
Technology	€'000	29,638
Services	€'000	8,187
Gross profit	€'000	13,216
EBITDA <sup>1</sup>	€'000	4,522
Earnings before interest and taxes (EBIT)	€'000	3,761
Net profit for the period	€'000	2,314
as % of revenue	%	6,1
Net profit per share (IFRS)	€'000	0,35

**Balance sheet**

Issued capital	€'000	6,684
Equity	€'000	49,214
Equity ratio	%	55
Return on equity	%	5
Balance sheet total	€'000	89,500
Working capital	€'000	30,522

**Employees**

Number of employees (average)		703
Personnel expenses	€'000	9,652
as % of revenue	%	25,5
Revenue per employee	€'000	54

**Cash flow**

Cash flow <sup>2</sup>	€'000	486
Free cash flow <sup>3</sup>	€'000	-387

**Share**

Number of shares at end of period		6,683,601
Share price (max)	€	23.69
Share price (min)	€	17.25

	1.1.-31.3.06	1.1.-31.3.05	2005	2004
Revenue	37,825	30,758	129,787	117,259
Technology	29,638	23,564	99,871	89,545
Services	8,187	7,194	29,916	27,714
Gross profit	13,216	9,811	44,408	39,694
EBITDA <sup>1</sup>	4,522	3,526	16,687	14,799
Earnings before interest and taxes (EBIT)	3,761	2,741	13,008	11,071
Net profit for the period	2,314	1,484	7,525	6,670
as % of revenue	6,1	4,8	5,8	5,7
Net profit per share (IFRS)	0,35	0,22	1,13	1,01
Issued capital	6,684	6,600	6,684	6,600
Equity	49,214	42,644	46,932	40,674
Equity ratio	55	50	53,9	53,5
Return on equity	5	4	17,2	17,3
Balance sheet total	89,500	85,671	87,066	76,086
Working capital	30,522	28,920	29,607	27,024
Number of employees (average)	703	670	682	628
Personnel expenses	9,652	8,346	34,904	32,344
as % of revenue	25,5	27,1	26,9	27,6
Revenue per employee	54	46	190	187
Cash flow <sup>2</sup>	486	-79	14,829	11,595
Free cash flow <sup>3</sup>	-387	-2,860	4,382	9,364
Number of shares at end of period	6,683,601	6,600,000	6,683,601	6,600,000
Share price (max)	23.69	17.15	18.43	14.69
Share price (min)	17.25	13.21	13.21	9.90

Dear shareholders,

The broad-based recovery of the industry is also reflected by technotrans' figures. We are particularly pleased that we have succeeded in capitalising on the momentum of the fourth quarter of 2005 in starting the new financial year at a blistering pace. Revenue growth of 23 percent and a rise in earnings of 56 percent not only supply emphatic evidence of this, but also make the quarter under review the best on record! These figures provide us with an excellent basis for achieving our targets for the year as a whole, namely revenue in excess of € 140 million and a net profit for the year of € 8.5 to 9 million.

The IPEX, the most important industry exhibition of the year, took place in Birmingham, UK, in April, after the end of the first quarter. technotrans unveiled a host of new products there, including its eagerly awaited blanket cleaner, the contex.c. We were delighted to register such a high level of interest within the industry, which we regard as confirmation that we are venturing into what is a highly promising new market segment for technotrans. We will push ahead with the next development steps as planned and are confident that we will be able to start volume production this year.

Following a successful 2005 and a no less positive first quarter, our company's prospects are likely to be the focus of our shareholders' attention at this year's Shareholders' Meeting on May 5. You will be able to follow the proceedings at the Shareholders' Meeting either by attending in person or on the internet. We look forward to welcoming you in Münster or via your computer screen. And we hope that you will make use of the various ways of exercising your voting rights!

<sup>1</sup> EBITDA = EBIT + amortisation of goodwill + depreciation of property, plant and equipment and intangible assets  
<sup>2</sup> Cash flow = Net cash from operating activities acc. to Cash flow Statement  
<sup>3</sup> Free Cash flow = Net cash from operating activities + net cash used for investments acc. to Cash flow Statement

## Business progress in 2006 – the first quarter

*Note: the way the segments are reported in the Consolidated Financial Statements of technotrans AG has changed with effect from March 31, 2006. "Print" and "Micro Technologies" have been combined into the new "Technology" segment. The balance sheet items and the Consolidated Income Statement have moreover been reclassified in accordance with IFRS rules.*

### Business progress

#### Revenue: growth underpinned by all product areas

technotrans posted revenue of € 37.8 million for the first quarter of 2006, 23 percent more than in the first quarter of last year (€ 30.8 million). This consequently represented a further improvement on the excellent figure for last year's fourth quarter (€ 35.3 million). This good start to the year has already taken us a long way towards our revenue target for the full year of € 140 million. Against a backdrop of a more positive mood in our markets and industries, almost all established product groups contributed towards this growth, with only the Micro Technologies product area unable to make any progress on the previous year.

### Financial performance

#### Earnings: margin at FY 2005 level

The dynamic growth in revenue fuelled a further improvement in earnings. Gross profit after three months rose to € 13.2 million (previous year: € 9.8 million, increase of € 34.7 percent), and the gross margin reached 34.9 percent compared with 31.9 percent in the corresponding prior-year period. Earnings before interest and taxes (EBIT) improved by 37.2 percent, from € 2.7 million in the first quarter of 2005 to € 3.8 million. Despite the 95 percent rise in development costs (€ 1.5 million, previous year € 785 thousand), the EBIT margin recovered to 9.9 percent (previous year 8.9 percent).

At the end of the first quarter, the net profit for the period is € 2.3 million (previous year: € 1.5 million) and is thus in line with our targets. Earnings per share rose from € 0.22 in the previous year to € 0.35 in the first quarter of 2006.

### The financial performance of the segments

#### Technology: vigorous growth continues

The Technology segment, in which the activities of the two former segments Print and Micro Technologies have been brought together, was able to maintain its dynamic growth in the first quarter of 2006. Revenue rose by 25.8 percent to € 29.6 million (previous year € 23.6 million). This positive development was bolstered in particular by the broad-based recovery that the printing industry worldwide is currently enjoying.

The operating result for the segment likewise made good progress. Compared with the prior-year period (€ 1.5 million), EBIT was up 81.4 percent to € 2.8 million. The margin reached a satisfactory level of 9.5 percent. In addition to greater efficiency in our core business activities, this reflects the improved earnings situation of our international production companies in particular.

#### Services: revenue rises in line with expectations

First-quarter revenue for the Services segment showed a rise of 13.8 percent to € 8.2 million (previous year: € 7.2 million). This is the highest level for this figure in the company's history, aptly underlining the significance of this business area for the group as a whole.

The operating result showed a downturn, totalling only € 891 thousand after the first quarter (previous year: € 1.1 million). This development was not envisaged in our targets for the financial year, and we took measures to address problem areas in our international structures, as a result of which we expect to see an improvement in profitability as the year progresses.

### Financial position

technotrans generated a net cash flow of € 0.5 million in the first three months of 2006, contrasting with a low negative figure for the corresponding prior-year period. The rise in net profit for the period contributed positively to the cash flow (€ 0.8 million) while due to the growth a compensation from current assets failed to materialise at the same level as in the previous year.

The free cash flow, too, showed a marked improvement but was still negative after the first quarter (€ -387 thousand, previous year € -2.9 million). This significant difference was attributable to the fact that capital investments have returned to a normal level following the construction of the new plant in 2005.

We again made principal repayments on loans, with the result that cash and cash equivalents at March 31, 2006 were down slightly on the corresponding 2005 year-end level (€ 12.8 million) at € 11.1 million.

### Net worth

The balance sheet total rose by only 2.8 percent compared with the end of 2005, to € 89.5 million. The principal changes on the assets side related to inventories, which rose by 8.9 percent (€ 27.8 million, December 31: € 25.5 million) and trade receivables, which were up 7.9 percent (€ 18.6 million, December 31: € 17.2 million). Cash and cash equivalents were down € 1.7 million to € 11.1 million, largely as a result of further reductions in liabilities. The contract for the sale of the old property, reported in the balance sheet under "Non-current assets held for sale", was signed as planned in March and ownership will probably pass to the new owner in May.

Substantial changes to the equity and liabilities side of the balance sheet related to the increased accumulated profit (up € 2.7 million), the fall in non-current liabilities (down € 1.2 million) and higher liabilities to suppliers and the tax authorities (up € 2.0 million in total). The net amount of debt owed still amounted to slightly more than € 1 million at March 31, 2006, with gearing at 2.2 percent. With this thoroughly sound balance sheet structure, technotrans is well equipped to handle the continuing growth that it is targeting.

### Research and Development

Our innovations drive again pushed up research and development spending in the first quarter of 2006. Development costs were once more at a very high level of € 1.5 million (previous year: € 785 thousand), or 4 percent of revenue. Easily the lion's share of spending was on product series for the printing industry, for example the beta.line eco, a further-developed version of the proven dampening solution circulators and ink roller temperature control units that aims to minimise the level of resources consumed.

### Personnel

An average of 703 people were employed at technotrans over the first three months (previous year: 670), representing a rise of 4.9 percent. At March 31, the employee totals were 481 (470) in Germany and 233 (210) outside Germany.

The number of employees consequently rose at a slower pace than the expansion in business. Personnel expenditure mirrored this development: it was up 15.6 percent compared with the prior-year period at € 9.7 million (previous year: € 8.3 million), currently representing 25.5 percent of revenue (previous year 27.1 percent).

### Events of particular significance

Within the context of the patent dispute with Baldwin Germany GmbH that now goes back a number of years, the Federal Supreme Court has appointed an expert. The further delay to the proceedings that is now to be expected as a result of this measure means that, contrary to our original expectations, no ruling on this matter is to be expected in the short to medium term. However, this delay does not in any way affect the prospects of a ruling in our favour.

## Shares

After closing 2005 at around € 18, technotrans shares made only faltering progress in the first few weeks of the year and did not initially benefit from the general upswing. There then followed a steady, dynamic rise in the share price to € 23.69, the closing price on March 31 and simultaneously the highest price in the first quarter. This appreciation by over 30 percent went hand in hand with increased demand for roadshows and telephone conferences, in particular following the disclosure of the figures for the 2005 financial year on March 8 of this year. We are delighted that we have succeeded in generating interest in technotrans among new investor groups over recent months. We will be keeping up our investor relations activities accordingly.

## Directors' holdings

	Shares	Options
Heinz Harling	62,754	3,150
Burkard Rausch	4,000	0
John. A. Stacey	14,600	3,150
Joachim Simmroß	10,000	0
Joachim Voss	0	0
Manfred Bender	0	0
Konrad Ellegast	700	0
Andreas Harig	62,304	1,800
Hubert Oberscheidt	62,304	1,800

## People

Dr. Bertold Gaede, partner in Nörr Stiefenhofer Lutz, Munich, has surrendered his mandate to the Supervisory Board of technotrans AG with effect from the end of 2005. Dr. Gaede was a non-executive director of the company since the time it became a stock corporation (1998). The Board of Management and Supervisory Board take this opportunity to thank him for his dedicated work and constructive support of the company's progress throughout the past eight years.

For the period remaining until the next Shareholders' Meeting in May 2006, by recommendation of the Supervisory Board the local court appointed Manfred Bender, Finance Director of Pfeiffer Vacuum Technology AG, Aßlar, to the Supervisory Board. It is planned to have this appointment confirmed by the next Shareholders' Meeting.

## Outlook – the 2006 financial year

### Revenue and earnings

technotrans has been able to share in industry's broad-based recovery over the past three months, and everything points towards this more favourable climate continuing in the short to medium term. We are therefore very confident – also in view of the very good start to the financial year – that we will achieve our targets for the full year. Our plans envisage revenue of more than € 140 million and a net profit of between € 8,5 and 9 million.

### The divisions

#### Technology segment

Our largest market, the printing industry, is enjoying a marked recovery. Evidence of this recovery comes in the form of rising levels of incoming orders and order backlogs at the leading printing press manufacturers, prompted by a growing propensity to invest among customers more or less worldwide. Nevertheless, certain regions such as the USA show further potential for recovery.

As a systems supplier with a broad product range, technotrans is benefiting in full measure from this incipient recovery. This year's most important industry exhibition, the IPEX, has moreover made us even more confident about the prospects of our new cleaning systems product area. This exhibition was our first opportunity to demonstrate the new context blanket cleaner to a wider audience. The level of interest even exceeded our expectations, and in intensive discussions with all major printing press manufacturers we were able to explain the technical details of our new system and present its benefits. We are therefore confident that the scheduled product launch will prove a success and that the product area will contribute to the degree expected to the further growth of our company.

On the other hand, our revenue expectations for the Micro Technologies product area for the remainder of the year are low.

### Services segment

Now that the first quarter has turned out better than planned, revenue growth in the Services segment should remain very satisfactory in the course of the year. The measures taken particularly at our international locations should furthermore ensure that profitability, which was still unsatisfactory in the first quarter, returns to the accustomed and expected levels. The recent dip is, however, of lesser significance for the company's overall targets.

There were no events of particular significance over and above those mentioned in this report, including after the end of the quarter. Nor have there been any major changes to the future risks since the start of the financial year.

## Consolidated Balance Sheet

	<b>31.03.2006</b>	<b>31.12.2005</b>
ASSETS	€'000	€'000
Property, plant and equipment	21,454	21,340
Goodwill	3,973	4,022
Other intangible assets	2,520	2,497
Other non-current assets	186	187
Deferred tax assets	843	751
<b>Total non-current assets</b>	<b>28,976</b>	<b>28,797</b>
Inventories	27,790	25,528
Trade receivables	18,573	17,216
Income tax receivable	9	27
Other current assets	2,197	1,853
Cash and cash equivalents	11,080	12,770
	<b>59,649</b>	<b>57,394</b>
Non-current assets held for sale	875	875
<b>Total current assets</b>	<b>60,524</b>	<b>58,269</b>
<b>Total assets</b>	<b>89,500</b>	<b>87,066</b>
EQUITY AND LIABILITIES		
<b>Equity</b>		
Issued capital	6,684	6,684
Capital reserve	36,882	36,882
Revenue reserve	3,269	3,269
Equity from unrealised gains/losses	-5,965	-5,529
Accumulated profit/loss	8,344	5,626
<b>Total equity</b>	<b>49,214</b>	<b>46,932</b>
<b>Liabilities</b>		
Non-current financial liabilities	8,653	9,783
Provisions for pensions	212	210
Other non-current liabilities	138	222
Deferred tax liabilities	1,281	1,257
<b>Total non-current liabilities</b>	<b>10,284</b>	<b>11,472</b>
Current financial liabilities	3,080	3,087
Trade payables	7,070	5,443
Prepayments received	6,211	6,433
Short-term provisions	10,211	10,310
Income tax payable	1,520	1,114
Other current liabilities	1,910	2,275
<b>Total current liabilities</b>	<b>30,002</b>	<b>28,662</b>
<b>Total liabilities</b>	<b>40,286</b>	<b>40,134</b>
<b>Total equity and liabilities</b>	<b>89,500</b>	<b>87,066</b>

## Consolidated Income Statement

	<b>01.01.– 31.03.2006</b>	<b>01.01.– 31.03.2005</b>
	€'000	€'000
Revenue	37,825	30,758
Technology	29,638	23,564
Services	8,187	7,194
Cost of sales	-24,609	-20,947
<b>Gross profit</b>	<b>13,216</b>	<b>9,811</b>
Distribution costs	-4,398	-3,626
Administrative expenses	-3,616	-2,870
Development costs	-1,533	-785
Other operating income	629	591
Other operating expenses	-537	-380
<b>Earnings before interest and taxes (EBIT)</b>	<b>3,761</b>	<b>2,741</b>
Interest income	49	55
interest expenses	-203	-231
<b>Net financing costs</b>	<b>-154</b>	<b>-176</b>
<b>Profit before tax</b>	<b>3,607</b>	<b>2,565</b>
Income tax expense	-1,293	-1,081
<b>Net profit for the period</b>	<b>2,314</b>	<b>1,484</b>
Earnings per share (basic)	0,35	0,22
Earnings per share (diluted)	0,34	0,22
Weighted average shares outstanding (basic)	6,683,601	6,600,000
Weighted average shares outstanding (diluted)	6,750,171	6,600,000

## Cash flow Statement

	<b>31.03.2006</b>	<b>31.03.2005</b>
	€'000	€'000
<b>Cash flows from operating activities</b>		
Net profit	2,314	1,484
Adjustments for :		
Depreciation and amortisation	761	785
Share based payment transactions	51	0
Income tax expense	1,293	1,081
Losses/gains on the disposal of fixed assets	-9	-13
Foreign exchange gains/losses	16	32
Interest income	-49	-55
Interest expense	203	231
Cash flows from operating activities before working capital changes	4,580	3,545
Change in receivables	-1,853	-4,874
Change in inventories	-2,746	-3,291
Change in other long-term assets	0	26
Change in liabilities	1,316	6,591
Change in provisions	171	45
<b>Cash from operating activities</b>	<b>1,468</b>	<b>2,042</b>
Interest income	49	55
Interest expense	-123	-119
Income taxes	-908	-2,057
<b>Net cash from operating activities</b>	<b>486</b>	<b>-79</b>
<b>Cash flows from investing activities</b>		
Acquisition of intangible assets and of property, plant and equipment	-898	-2,810
Proceeds from sale of equipment	25	29
<b>Net cash used for investing activities</b>	<b>-873</b>	<b>-2,781</b>
<b>Cash flows from financing activities</b>		
Proceeds from equity deposits	0	0
Proceeds from short or long-term borrowings	0	2,500
Cash repayments of amounts borrowed	-1,226	-816
Distribution to shareholders	0	0
<b>Net cash used in financing activities</b>	<b>-1,226</b>	<b>1,684</b>
Net effect of currency translation in cash and cash equivalents	-77	74
<b>Net increase in cash and cash equivalents</b>	<b>-1,690</b>	<b>-1,102</b>
Cash and cash equivalents at beginning of period	12,770	12,613
<b>Cash and cash equivalents at end of period</b>	<b>11,080</b>	<b>11,511</b>

## Statement of Movements in Equity

(in €'000)

	Issued capital	Capital reserve	Revenue reserve	EQUITY FROM UNREALISED GAINS/LOSSES				Accumulated profit/loss	Group equity
				Hedging reserve	Exchange rate losses from the financing of investments	Reserve for share-based payment transactions	Exchange differences		
December 31, 2004	6,600	36,397	269	-323	-914	0	-7,493	6,138	40,674
Result from items netted directly within equity	0	0	0	0	0	117	0	-117	0
December 31, 2004 (restated)	6,600	36,397	269	-323	-914	117	-7,493	6,021	40,674
Result from items netted directly within equity	0	0	0	53	152	0	1,003	-721	487
Net profit	0	0	0	0	0	0	0	1,483	1,483
Overall result for the financial year	0	0	0	53	152	0	1,003	762	1,970
Distribution of profit	0	0	0	0	0	0	0	0	0
Allocation to retained earnings	0	0	0	0	0	0	0	0	0
Exercise of stock option rights by employees (capital increase from authorised capital)	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
March 31, 2005	6,600	36,397	269	-270	-762	117	-6,490	6,783	42,644
December 31, 2005	6,684	36,882	3,269	-177	-603	260	-5,009	5,626	46,932
Result from items netted directly within equity	0	0	0	90	-117	51	-460	404	-32
Net profit	0	0	0	0	0	0	0	2,314	2,314
Overall result for the financial year	0	0	0	90	-117	51	-460	2,718	2,282
Distribution of profit	0	0	0	0	0	0	0	0	0
Allocation to retained earnings	0	0	0	0	0	0	0	0	0
Exercise of stock option rights by employees (capital increase from authorised capital)	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
March 31, 2006	6,684	36,882	3,269	-87	-720	311	-5,469	8,344	49,214

**Explanation:**

This interim report has been produced in accordance with the International Financial Reporting Standards (IFRS), in particular IAS 34 for interim reporting. In a departure from the classification recommendations of Deutsche Börse AG pursuant to the Annex to the stock exchange rules and regulations, Section 63, Paragraph 6, but in accordance with IAS 12.70, deferred tax is allocated exclusively to non-current items. The designations of certain items have been brought in line with IFRS. Items with a total of zero are not shown where no figures are expected in the longer term on the basis of technotrans' business purpose. This quarterly report has not been subjected to any auditing or audit examination.

**Note:** Any forward-looking statements contained in this report represent our best judgment as to what will occur in the future. The Company's actual results could differ materially from those forecasted, depending on a number of competitive and economic factors, some of which are and will be outside the control of the Company.

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## **technotrans financial calendar**

### Publications and dates

Annual Shareholders' Meeting	2006/05/05
Interim Report 1-6/2006	2006/08/08
Interim Report 1-9/2006	2006/11/07
Annual Report 2006	2007/03/06

For the latest version of this financial calendar and the individual reports, visit us on the Internet at [www.technotrans.com](http://www.technotrans.com)

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