

**WE WON'T WAIT
FOR THE FUTURE TO
DIRECT US. WE WILL
SET THE DIRECTION.**



The Company

TECHNOTRANS IS A TECHNOLOGY AND SERVICE COMPANY THAT CONCENTRATES SUCCESSFULLY ON APPLICATIONS DERIVED FROM ITS CORE SKILL OF LIQUID TECHNOLOGY. WITH 18 LOCATIONS AND AROUND 750 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, 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 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 support for customers in connection with the installation, maintenance and operation of systems, and compiling technical documentation, including for companies in other sectors.

KEY DATA

(IFRS)

		2008	2007	2006	2005	2004
Earnings						
Revenue	€ '000	141,677	153,170	151,272	129,787	117,259
Technology	€ '000	103,840	116,925	117,038	100,956	91,144
Services	€ '000	37,837	36,245	34,234	28,831	26,115
Gross profit	€ '000	35,745	50,346	50,445	44,408	39,103
EBITDA ¹	€ '000	12,177	18,183	18,794	17,707	14,799
Earnings before interest and tax (EBIT)	€ '000	-38	13,886	15,666	13,008	11,071
Net profit for the period	€ '000	-2,852	9,067	9,988	7,525	6,670
as % of revenue	%	-2.0	5.9	6.6	5.8	5.7
Net profit per share (IFRS)	€	-0.45	1.33	1.48	1.13	1.01
Dividend per share	€	0	0.70	0.70	0.55	0.45
Balance sheet						
Issued capital	€ '000	6,908	6,908	6,762	6,684	6,600
Equity	€ '000	41,816	56,872	53,937	46,932	40,674
Equity ratio	%	47.7	58.1	60.0	53.9	53.5
Return on on equity	%	-5.8	16.4	19.8	17.2	17.3
Balance sheet total	€ '000	87,612	97,890	89,876	87,066	76,086
Working capital ²	€ '000	26,177	28,467	35,523	29,607	27,024
Capital employed ³	€ '000	66,261	73,929	66,546	60,299	55,934
ROCE ⁴	%	-0.1	19.8	24.7	22.5	19.9
Employees						
Number of employees (average)		823	814	724	682	628
Personnel expenses	€ '000	41,628	40,741	39,913	34,904	32,344
as % of revenue	%	29.4	26.6	26.4	26.9	27.6
Revenue per employee	€ '000	172	188	209	190	187
Cash flow						
Cash flow ⁵	€ '000	6,747	10,625	12,297	14,829	11,595
Free Cash flow ⁶	€ '000	363	-618	8,201	4,382	9,364
Shares						
Number of shares at end of period		6,271,797	6,765,004	6,761,783	6,683,601	6,600,000
Share price (max)	€	17.09	24.52	24.90	18.43	14.69
Share price (min)	€	3.54	13.80	17.01	13.21	9.90

¹ EBITDA = EBIT + depreciation on intangible and tangible assets² Working capital = current assets – current liabilities³ Capital employed = interest-bearing liabilities + equity⁴ ROCE = EBIT/Capital employed⁵ Cash flow = cash from operating activities acc. to cash flow statement⁶ Free Cash flow = cash from operating activities + cash used for investments acc. to cash flow statement

2008

TECHNOTRANS PRESENTS ITS ANNUAL REPORT 2008.

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Dear Shareholders, Dear Business Associates,

The impact of the worldwide financial crisis caught up with the real economy during the past financial year. After years of steady growth, this drastically altered the economic climate for many German companies, including in the printing industry and therefore also for technotrans. We would like to set out below how we have been tackling this changed scenario and how we view the prospects for our company's development.

"Prediction is difficult, especially when it's about the future." This wry comment by the Nobel Prize-winning physicist Niels Bohr could not have been more pertinent last year, because rarely has such a chasm opened up so rapidly between what was expected to happen and what actually happened. As a bellwether branch of industry that consistently detects cyclical fluctuations very early on, the printing industry was already showing signs of weakness in the first half of 2008.

Because predictions are always based on data and experience gleaned in the past, this weakness did not initially appear to be anything unusual. 2008 was a drupa year. The biggest exhibition in the world for the graphic arts industry, which only takes place once every four years, has quite commonly prompted printers worldwide to hold back with ordering new presses in the run-up to the exhibition, and they have then tended to place their orders at the show itself or shortly afterwards. With the wisdom of hindsight, however, we now know that there was much more to this reluctance to invest than simply that mysterious "drupa gap"; these were actually the first serious signs of the gathering clouds of recession.

In the light of events, we subsequently revised our initially positive expectations for the 2008 financial year in our first-half report. Instead of growth, we were now obliged to predict a steady downturn in revenue of around eight percent for the year as a whole. We therefore accurately estimated the extent of the crisis for 2008 at a very early stage.

The true quality of a company, its management and its employees comes to light in times when things do not turn out quite as they were planned or intended. In implementing our cost-cutting measures, we took decisive action very early on in order to stabilise and shore up our profitability amid changed circumstances; in doing so, we were acting in such a way as to prepare as thoroughly as possible for the negative outlook. For the first time since 2001, technotrans was obliged to reduce its employee total; it thus acted more swiftly and decisively than other companies in our sector. We are consequently confident that we will emerge sounder and stronger from this crisis.

That brings us to the question of what the future holds in store. People evidently have an innate need for forecasts. In times gone by, mankind sought to read the future from the stars, or the Ancient Greeks consulted the Oracle at Delphi. Today, we have the ifo Institute.

Forecasts are an intrinsic part of public life; they are an attempt to bring the uncertainty of the future under our control. Because forecasts depend on data and past experience, as mentioned above, conventional methods of forecasting are now being exposed as somewhat lacking. Who would ever have thought to investigate the impending collapse of the banking system and its consequences? Because of – or despite – that, the latest fashion is to draw parallels between the current situation and the economic crisis of the late 1920s and early 1930s. We believe that although the symptoms may be similar, the causes of the present crisis are utterly different. This view is reinforced by the sense of helplessness in certain political quarters amid this quest for the right remedial measures.

If it is therefore impossible to establish the exact extent of the crisis and measure the effectiveness of the measures that are being taken in order to control and/or overcome it, it is surely time to shift our horizons from the next quarter to the medium to long-term prospects. We otherwise risk losing sight of our objectives.

technotrans will deepen its partnership with customers and help them to concentrate even better on their competitive advantages. We will consolidate and strengthen our market position through innovative products that exceed customer expectations with regard to benefits, price and quality. We will make our manufacturing operations lower-cost and more flexible, and share the efficiency gains equitably with our customers, employees and shareholders. We are also using our expertise in order to shape the future of our company systematically from a long-term strategic viewpoint. technotrans can boast an impressive track record, and everything that we do is geared towards maintaining this.

While adhering to many tried-and-tested practices, we will also treat the challenges that lie ahead as an opportunity to improve the flexibility and responsiveness of the company still further. We will be able to harvest the fruits of such labours in both good and difficult times.

Our objectives are clearly defined. Our prospects remain positive over the medium and long-term view. And that is what shapes our day-to-day approach. Remember the words of Willy Brandt: “The best way to predict the future is to shape it.”

Best wishes,



Henry Brickenkamp



Dirk Engel



John A. Stacey



Shares

UNDER THE INFLUENCE OF THE FINANCIAL MARKETS CRISIS WORLDWIDE, THERE WAS ONLY ONE DIRECTION FOR THE STOCK MARKETS IN 2008: DOWN. WHILE BANKING SHARES WERE THE FIRST TO TAKE A HIT, THE DOWNTURN SOON SPREAD TO ALL AREAS OF INDUSTRY. EVEN THE DAX, THE INDEX OF THE 30 BIGGEST GERMAN COMPANIES, RETREATED BY AROUND 40 PERCENT IN THE COURSE OF THE YEAR.

technotrans' shares equally came under considerable pressure as 2008 progressed. Having started the year on € 17, the general weakness of the capital markets and negative news flows from other companies in the printing industry pushed the trading price down to € 11.34 within the space of just the first quarter. Investors from the English-speaking world in particular were forced to reduce their position, without such moves meeting with corresponding demand in the market. The shares stabilised in a corridor between € 12.50 and € 14.50 in the second quarter, whereas other companies in the printing industry and TecDAX index experienced a further considerable fall in the trading price of their shares. This relative stability probably stemmed to some degree from the hopes that the capital market was pinning on the drupa industry exhibition in May/June. The share performance in the first half of the year was generally in line with the market, even if that performance did not reflect the company's operating performance.

SHARE PRICE STABILISED
AT LOW LEVEL

Amid the general crisis in the financial markets, and exacerbated by the negative headlines being made by other companies in the printing industry, the pressure on technotrans AG's shares increased following publication of the interim financial report, with the result that the trading price slumped in value by over 50 percent in the third quarter. It has stabilised at the low level of less than € 4 since October. This market development definitively opened up a gulf between the shares' performance and the company's actual business performance.

The development in the trading price in 2008 in particular, but since mid-2007 as a whole, is without doubt catastrophic. It is probably of little consolation to point out that technotrans and its shareholders have shared the same fate as many other high-quality companies, whose shares were being traded at all-time lows around the turn of 2008/2009. We can ultimately only pin our hopes on the stock market eventually returning to standards of valuation that are essentially based on downright common sense.

Share buy-back completed in first half

On the basis of the authorisation granted by the 2007 and 2008 Shareholders' Meetings, the Board of Management had already resolved to acquire up to 690,000 treasury shares in summer 2007. 142,661 had been bought back by the end of that year; approximately 250,000 more own shares were acquired in the comparatively weak market environment of the first quarter of 2008. This buy-back was finally completed on June 26, 2008 at a total buy-back outlay of around € 9.9 million. During the buy-back period, regular updates on progress were posted on technotrans' website. The capital market was therefore always abreast of the situation.

The bought-back shares may be subsequently sold again on the stock market; they may equally be used to acquire or invest in other companies, or may be retired. No final decision on their use has yet been reached. Shares were again issued to employees in December; in view of the low share price, the total number issued this time was 58,344 shares. Shares from the bought-back portfolio were used for this purpose. From the viewpoint of our investors the buy-back is good news, as it has a positive effect on a whole number of indicators. From the company's viewpoint, however, the buy-back did not with hindsight have any noticeable effect on the development in the trading price and as matters stand the shares were certainly not acquired at the most advantageous price.

Shareholders' Meeting approves changeover to registered shares

At the 2008 Shareholders' Meeting it was also decided among other things to change the shares of technotrans AG from bearer shares to registered shares. In the case of bearer shares, the shareholder in the company is the party holding the shares in a security deposit account at a bank. Under the previous arrangement, technotrans for example had to send the invitations to the Shareholders' Meeting first of all to the depositary banks, which then forwarded them to those customers who held shares in the company deposited with the banks on a given date. Registered shares, by contrast, permit direct, targeted communication with shareholders based on the share ledger. We also expect that the change will bring quite significant cost savings that will probably more than outweigh the cost of switching to registered shares.

In the case of registered shares, all shares are entered on a share ledger. Only those parties entered on the share ledger are considered to be shareholders in the company. If a shareholder sells their shares, a note is entered on the share ledger and the party who bought the shares is entered on the share ledger in their place. The shareholders' data (name, address, date of birth and number of shares) is transmitted largely automatically, by electronic means, with the result that no action is required on the part of the shareholder.

DIRECT COMMUNICATION WITH
SHAREHOLDERS REDUCES COSTS

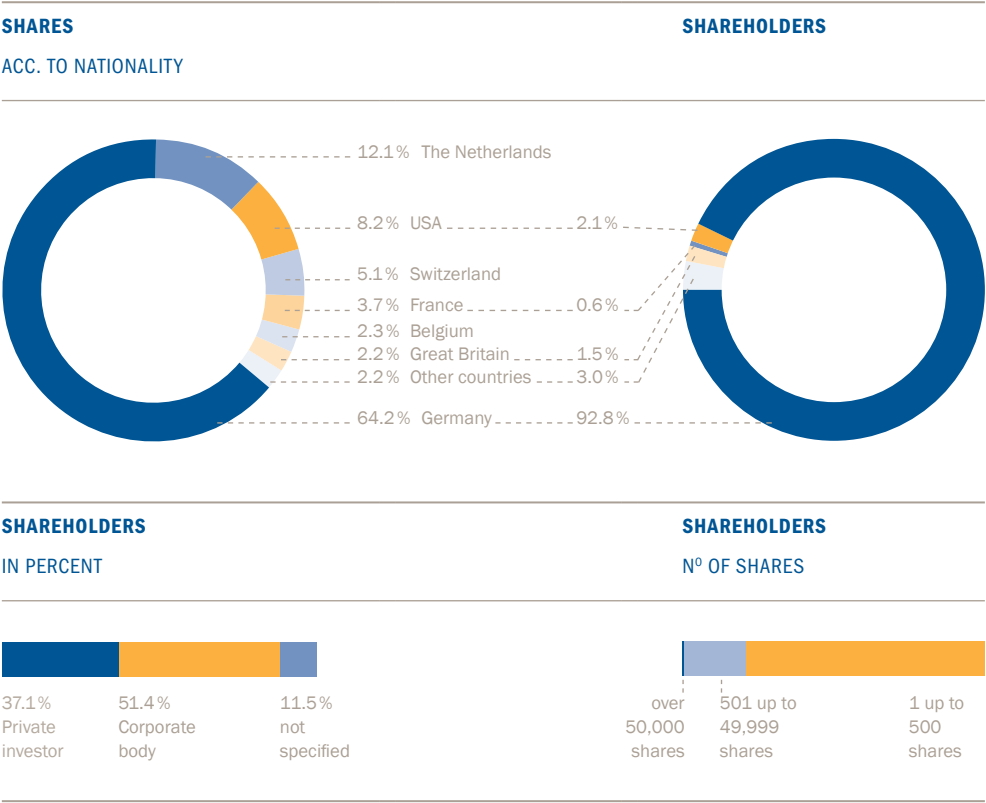
CLEARER PICTURE OF
SHAREHOLDER STRUCTURE

Registered shares are commonplace outside Germany, but are now also becoming increasingly popular in Germany. This is the only means available to the company for obtaining a clearer picture of its shareholder structure. By monitoring changes, it will be able to keep track of developments and the company will be able to adjust accordingly. That will moreover pave the way for more targeted and therefore more effective investor relations work.

In the first instance this change is of little consequence to the shareholder, apart from the rather unfamiliar securities identification number (AOXYGA). Dividend will continue to be paid out via the depository bank. One difference is that shareholders will now receive mail such as the invitation to the Shareholders' Meeting directly from the company.

On October 17, 2008, all holdings of our shares were changed after the market close. The "old" bearer shares with the number WKN 744 900 and ISIN DE0007449001 were exchanged 1:1 for the "new" registered shares with the number WKN AOXYGA and ISIN DE000AOXYGA7. Trading of the "new" registered shares commenced on Monday, October 20, 2008.

The diagrams here reflect some of the findings we obtained from a statistical analysis of the share ledger at the reporting date of December 31, 2008.



SHARE PRICE

JANUARY 1, 2004 TO FEBRUARY 1, 2008 (ORANGE: TECHNOTRANS, BLACK: TECDAX)

**KEY DATA****2007****2008**

Securities Identification Number (ISIN)	DE007449001	DE00A0XYGA7
Listed since	March 10, 1998	
Trading segment		Prime Standard
Index (Price and performance index respectively)	CDAX // DAXsector All Industrial // DAXsector Industrial // DAXsubsector Advanced Industrial Equipment // DAXsubsector All Advanced Industrial Equipment // Prime All Share // Technology All Share	
Total shares	6,907,665	6,907,665
Free float	100%	100%
treasury shares (Dec 31)	142,661	635,868
Share price (high/low)	24.52/13.80	17.09 (3/01/2008)/3.54 (03/12/2008)
Analysts, upside target (status)	Berenberg Bank, 12.00 € (08/2008) Dresdner Kleinwort, 5.80 € (10/2008) DZ Bank, 5.00 € (11/2008) HSBC Trinkaus & Burkhard, 8.50 € (10/2008) Kepler Equities, 9.00 € (11/2008) M.M. Warburg & Co., 8.80 € (12/2008) NordLB, 3.60 € (11/2008) WestLB, 2.80 € (01/2009)	
Market capitalisation (Dec. 31)	€ 117,430,305.00	€ 25,212.977.00
Average trading volume (daily)	15,100 shares	13,750 shares



Corporate Governance

THE GERMAN CORPORATE GOVERNANCE CODE CONTAINS THE RECOGNISED STANDARDS OF RESPONSIBLE CORPORATE MANAGEMENT. ONCE A YEAR, THE CODE IS UPDATED BY THE GOVERNMENT COMMISSION TO REFLECT NATIONAL AND INTERNATIONAL DEVELOPMENTS. THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD REPORT BELOW ON CORPORATE GOVERNANCE AT TECHNOTRANS AG AND EXPLAIN DEPARTURES FROM THE RECOMMENDATIONS AND SUGGESTIONS OF THE CODE.

RECOMMENDATIONS OF THE CODE OBSERVED ALMOST IN ENTIRETY

Responsible corporate management is a high priority at technotrans. One fact which serves to illustrate this clearly is the low number of departures from the 80 suggestions and 23 recommendations with which the Code expects companies to comply, over and above the statutory requirements. The declaration of compliance from September 2008 reads as follows:

“The Board of Management and the Supervisory Board declare that the recommendations of the Government Commission on the German Corporate Governance Code as set forth in the version dated June 6, 2008 have been complied with in the 2008 financial year and will be complied with in the future

with the exception of the following recommendations:

Point 3.8 (D&O insurance for Board of Management and Supervisory Board – no excess)

Point 4.3.2 (Cap on stock options – not envisaged under the current options scheme)

Point 5.4.6 (Disclosure of breakdown of the remuneration paid to members of the Supervisory Board, but not for each individual)”

The reasons for these departures, which have in essence remained unchanged for many years, are to be explained. In taking out D&O insurance, which is a kind of third-party liability cover for the Board of Management and Supervisory Board, no excess was envisaged because neither would this have significantly affected the premium nor could it have been assumed that an excess would heighten the sense of responsibility of the members of the corporate bodies, bearing in mind that their office or job would be at risk in the event of mistakes being made.

The second departure relates to the stock options scheme, which did not envisage a cap on the potential gains when it was approved by the 2001 Shareholders' Meeting. Full information of this ambitious scheme is provided in the Notes section of the financial statements on page 64 (Equity). No options could be exercised in 2008.

The third departure relates to the disclosure of the Supervisory Board's remuneration. The total remuneration of members of the Supervisory Board is indicated in the Notes section of the financial statements, categorised by fixed and variable components, as specified in the articles of incorporation by the Shareholders' Meeting. To protect the privacy of the Supervisory Board members, the amounts are merely not broken down by individual. For the same reason, and with the approval of the Shareholders' Meeting, the remuneration of the members of the Board of Management is likewise not broken down by individual. The remuneration system and the breakdown according to fixed and variable components is shown in the Notes section of the financial statements (page 116).

In addition to the recommendations, the Corporate Governance Code contains suggestions, compliance with which is neither binding nor requires explanation. technotrans departs from these suggestions in only one respect: that the remuneration of the Supervisory Board should contain long-term incentivising components. The present remuneration system as approved by the Shareholders' Meeting does not contain any such components, which would be difficult to formulate.

The recommendations and suggestions of the Corporate Governance Code as well as the statutory requirements form an integral part of the day-to-day working practices of the Board of Management and Supervisory Board. The committees examine compliance with the standards at regular intervals, to ensure that the issues at stake are always observed in the interests of the shareholders, the employees and not least the company itself.



Research and Development

AS A SPECIALIST FOR LIQUID TECHNOLOGY IN APPLICATIONS PRIMARILY IN THE PRINTING INDUSTRY, RESEARCH AND DEVELOPMENT IS OF CRUCIAL IMPORTANCE TO THE SUCCESS OF TECHNOTRANS. THE PRODUCTS AND PROCESSES THAT IT HAS CREATED IMPROVE AND STABILISE THE PRINTING PROCESS, HELP PRINTERS WORLDWIDE TO SAVE MONEY AND PROTECT THE ENVIRONMENT AND, THROUGH THEIR INNOVATIVE NATURE, OFTEN SERVE AS THE CATALYST FOR NEW CONCEPTS THAT BRING THE COMPANY LONG-TERM GROWTH.

A whole array of completed development projects were unveiled in the shape of new products at the 2008 drupa. Attention was focused on three priority areas: efficient processes, stable production, and environmentally friendly printing.

Cloth and brush-based range of cleaning systems

When the new product area of cleaning systems was being developed, boosting the productivity of the printing press was one of the key objectives. Under the name of contex, technotrans now supplies a comprehensive range of cleaning systems for blanket and impression cylinders. Every product offers USPs that bring the user a great many advantages compared with systems already on the market.

The internally developed contex.c for use in sheet-fed offset printing for example has a higher cloth supply, achieves shorter cleaning times and uses less cloth. Pilot customers for the new blanket cleaners have confirmed that the intervals between changes are much longer and that the systems are particularly user-friendly. For newspaper printing, systems were refined and launched under the name of contex.mb. In this instance the cleaning action is performed by a narrow, movable brush. The range of cleaning systems for newspaper and illustration printing is rounded off by a further internally developed product. contex.lb cleans the rubber blanket by means of a continuous brush. This system features innovative dosing and flicker bar technology, extremely low washing agent consumption and automated liquid transport. This is yet another technotrans product that protects the environment and appreciably reduces operating costs.

CLEANING SYSTEMS PROTECT
THE ENVIRONMENT AND REDUCE
RUNNING COSTS

CO₂ emissions drastically reduced: today by choice – tomorrow by force?

The reengineered beta.c eco combination unit is a highly economical and ecological system for dampening solution circulation and ink roller temperature control for sheet-fed offset applications. Its unique combination of free cooling, power-controlled components, high-quality filtration and precise dosing technology paves the way for lower operating costs in the medium and long term.

One of the main development objectives was a noticeable reduction in energy consumption and therefore in emissions of environmentally harmful CO₂. Higher filter service life, lower consumables consumption and lower disposal costs also help to reduce the burden on the environment and cut costs.

technotrans in addition unveiled a new version of the delta.d line for dampening solution preparation on heatset presses. This improved equipment concept particularly meets the increased demand for greater energy efficiency in refrigeration as well as higher operational safety, especially where there are relatively heavily contaminated dampening solution circuits.

Dampening solution filtration system keeping down the costs of every application

The various dampening solution filtration concepts also offer customers plenty of scope for realising savings. The fine filtration unit beta.f for medium and large-format sheet-fed offset presses has already proven itself on the market and has now been adapted to the smaller formats in the shape of the alpha.f and basic.f.

A CLEAN SOLUTION: NO-CONSUMABLES SYSTEMS

For web offset presses, technotrans unveiled the spinclean.d, a consumable-free system for dampening solution cleaning, and for newspaper printing it developed the delta.f with cross-flow filtration, which also works without consumables.

The combined effect of all these solutions is consistently clean dampening solution and a clean overall system. The benefits to the environment are also quite appreciable. Less time is spent on cleaning and changing the dampening solution, so the machine has less downtime. The saving in time and effort also yields considerably lower running costs and maximises machine availability.

technotrans' presentation at drupa 2008 was rounded off by an extensive range of tried-and-tested solutions, many of them having undergone further refinement. These included extended applications in the area of central ink supply, such as a pump specially developed for UV inks. Its technical properties minimise the ink load, because the amount of ink required for every job automatically regulates the pump's supply pressure. Our reengineered range of spray dampening systems, complete with special dampening solution circulation, systems for central water cooling and coating circulation systems, were also exhibited.

DRUPA IS A PLATFORM FOR INNOVATIONS

Because the drupa industry exhibition takes place only once every four years, it is a particularly important platform for presenting new products. Development work is, however, an ongoing process that we push ahead with largely independently of cyclical fluctuations, because it is a vital investment in the future of the company. The projects currently in hand involve a large number of optimisations to established process technology and an array of new products that we will of course be reporting on in due course, once they have taken on firmer contours.



Technology Division

TECHNOTRANS CONCENTRATES ON ITS CORE SKILL OF LIQUID TECHNOLOGY. THE TECHNOLOGY DIVISION REPRESENTS THOSE PRODUCT GROUPS THAT ARE AIMED IN THE FIRST INSTANCE AT APPLICATIONS IN THE PRINTING INDUSTRY. AS PART OF ITS STRATEGY OF "MORE TECHNOTRANS PER PRINTING PRESS", TECHNOTRANS HAS BEEN SYSTEMATICALLY EXTENDING THIS PRODUCT RANGE OVER MANY YEARS. ON AVERAGE, TECHNOTRANS PRODUCTS NOW ACCOUNT FOR UP TO 5 PERCENT OF THE TOTAL INVESTMENT OUTLAY ON A NEW PRINTING PRESS. THIS SHARE IS RISING STEADILY AND COULD REACH AS MUCH AS 10 PERCENT IN THE FUTURE. AS A RESULT, THE COMPANY GENERALLY SUCCEEDS IN EASILY OUTPERFORMING THE INDUSTRY AS A WHOLE.

technotrans' customers include all leading printing press manufacturers worldwide. Our devices and systems are generally shipped ex works by these customers, together with a new printing press. As a systems supplier, technotrans has an extensive range of products that is continually being optimised and broadened. For example, we act in partnership with our customers to procure a wide range of components for equipping printing presses from a single source.

technotrans has four manufacturing locations worldwide: in Germany at the main location of Sassenberg and also at Gersthofen, near Augsburg; in the USA at Mt. Prospect, near Chicago; and at Beijing, PR China. Each of these locations, with the exception of Beijing, is the competence centre for a specific technology or product and uses the group's entire sales network to market its products. Our expertise comprises in specific the process engineering, in other words the broad understanding of the individual processes involved in the printing process as a whole; the handling of these processes by means of components that we source from specialist suppliers and then assemble into devices and systems; and the final testing of this equipment. Thanks to our lean structures, we are able to respond flexibly to fluctuations in demand and remain profitable even in difficult times.

In addition to the manufacturing locations, there are 14 sales and service centres worldwide to provide support for customers locally. This arrangement ensures that printers worldwide are familiar with our product range and are aware of the options for improving print quality, automating processes, saving costs and playing a part in protecting the environment by using our products. These are often the key factors that help printers to set themselves apart from the competition. Whereas the equipping of printing presses ex works is usually laid down in blanket agreements with printing press manufacturers, this structure ensures that printers worldwide will actively request printing press manufacturers to supply our systems and devices. Our sales and service companies furthermore ensure that we are able to demonstrate our full problem-solving expertise whenever major projects such as new newspaper presses are being planned.

A LOCAL PRESENCE WORLDWIDE
SHORES UP DEMAND

TARGET: WORLD MARKET
SHARE OF 50 PERCENT

technotrans has already secured a leading position in many product areas. Our target is always to capture a world market share of more than 50 percent in order to become the benchmark in terms of both technology and prices. The market niches in which we operate are always selected with that objective in mind. The market for suppliers to the printing industry has been going through a process of consolidation for some time. Companies that possess outstanding expertise but are not able to market their technology worldwide in the long term or provide backup through a dense service network are becoming affiliated to established systems suppliers, or alternatively have to be content with remaining mere local players. It is our intention to continue playing an active part in shaping this process of consolidation.

The printing press manufacturers are receptive to this process of consolidation because it is in their interests to promote efficient international structures in the supply industry. We will therefore continue to broaden our product range through acquisitions, always examining very closely whether a target fits in with our technological or strategic objectives. In the current economic situation, it is likely that quite a number of players will be looking to join forces with stronger, financially sound partner companies. However, we do not regard ourselves as restructuring experts seeking to promote growth through risky ventures.

technotrans' product areas can be categorised as follows:

Dampening solution circulation and ink roller temperature control

The principle of offset printing is based on the way two liquids – ink and dampening solution – interact. The printing ink, which is oil-based, and the dampening solution, which is made from water, isopropyl alcohol and various chemical additives, remain clearly separate on the printing plate, forming printing and non-printing zones.

technotrans equipment continuously feeds the dampening solution into the printing process in the right composition, at the right temperature and in precisely the right amounts. The return flow of dampening solution then needs to be cleaned of impurities from the printing process, such as paper dust and ink particles, and then reconditioned before it can be used again for the process.

As the ink is oil-based, it responds very sensitively to temperature fluctuations. To keep the printing process stable, it is therefore necessary to maintain the printing press rollers that are in contact with the ink at as stable a temperature as possible. The ink roller temperature control equipment is often grouped together with dampening solution circulation systems in combined units. technotrans has over 25 years of experience and a dominant market position in this product area.

MORE STABLE PRINTING
PROCESSES BUILT ON 25 YEARS
OF EXPERTISE

Ink supply

technotrans carries a comprehensive range of products for all applications associated with the ink supply on printing presses: from small, manual systems for sheet-fed offset, through fully automatic ink supply for larger sheet-fed offset presses, to highly complex systems for the ink supply, for example for newspaper presses. As a result of growing automation, sheet-fed offset presses are increasingly equipped with an automatic ink supply, which is either factory-fitted or can be retrofitted. New additions to the range are ink supply systems for the use of UV inks. The core component of this system is a pump that has been specially developed for UV inks. Its technical properties minimise the ink load, with the amount of ink required for every job automatically regulating the pump's supply pressure. This product area as a whole offers considerable potential for growth.

Cleaning systems/blanket cleaners

Various cylinders and rollers in the printing press become contaminated during the printing process and need to be cleaned at regular intervals in order to maintain consistently high standards of print quality. The higher the performance of the printing press, the more likely it is that this task will be performed by an automatic cleaning system that rapidly performs the cleaning processes while the press is still in operation, thus keeping downtime to a minimum. We have recently ventured into this product area and exhibited the complete product range for the first time at drupa 2008.

The contex.c blanket cleaner is equipped with a cloth that is automatically moved up against the cylinder, where it removes ink and paper residues very carefully and efficiently with the aid of a cleaning agent. contex.lb, a blanket cleaner with a continuous brush, has been developed for applications where no cloths are to be used, for instance in conjunction with the eco.clean cleaning agent recovery unit. And contex.mb, featuring the technology acquired through the takeover of rotoclean, is aimed primarily at web offset and newspaper printing applications. The moving brush cleans the cylinder segment by segment and is therefore easier to use and requires less maintenance than a continuous brush, a particular benefit for very wide cylinders.

Spray dampening systems

Spray dampening systems are used in newspaper and web offset printing. They incorporate high-performance valves that ensure the dampening solution is precision-sprayed onto the printing plate. Thanks to the long operating life of these types of printing press, spray dampening systems are both installed on new machines and retrofitted to printing presses being overhauled, thus boosting their performance. With new valve technology and automatic nozzle cleaning, technotrans has a product range that still has considerable market potential.

DEBUT AT DRUPA 2008:
AUTOMATIC CLEANING SYSTEMS

HIGH-PERFORMANCE VALVES
FOR PRECISION-SPRAYED
DAMPENING SOLUTION

EFFICIENT FILTRATION
GUARANTEES A HIGH-QUALITY
PRINTING PROCESS

Cleaning and filtration

Various fluids are used in the printing process, for example dampening solution and cleaning fluids.

Efficient filtration or cleaning can quite substantially reduce consumption and the amounts to be disposed of, and also improve the quality of the printing process. In what is again a relatively new product area, technotrans is now able to offer an extensive product range for optimum performance in each individual area of application. In view of the speed with which the initial outlay can be recovered, these devices are also an interesting proposition for retrofitting to presses already in use.

Central cooling systems

The presses and equipment running at printers generate a considerable amount of heat. Using intelligent technologies to dissipate and utilise heat with ingenuity both helps to cut costs and maintains the stability of the printing process. For its often highly integrated solutions, technotrans also includes units that are not in its own product portfolio in the overall concept. That gives each printer access to a concept that is tailored to their individual production requirements.

Varnish preparation

Varnish is increasingly used to enhance the impact of printed products or give them a special protective coating. It for instance imparts an appealing gloss to high-quality packaging. Varnish is a liquid that places particular demands on the printing process. For optimum processing, it must be heated to a specific temperature. The liquid is pumped into the printing press's varnishing unit by means of highly specialised pumps. Once a varnish coating has been applied, all components and lines that have come into contact with the varnish must be carefully cleaned. technotrans equipment provides a mature, convenient answer to these tasks.

Other product areas

As well as the product areas listed above, technotrans is involved in a range of activities focused more generally on its core skill of liquid technology. The associated applications are used outside the printing industry and have previously made, or could potentially one day make, a significant contribution to revenue. They include the Micro Technologies area. These systems were originally developed for the CD and DVD production process in order to fabricate the injection-moulding tool for the data carriers by means of electrodeposition. This technique of imaging ultra-fine structures is now also finding increasing use in many other areas. The decision of leading players in the entertainment industry to adopt the new Blu-ray standard has not yet led to a significant increase in investment in this area, undoubtedly due in part to the economic situation.



Services Division

THE SERVICES DIVISION ENCOMPASSES NOT MERELY THE CLASSIC AFTER-SALES SERVICE ACTIVITIES, INSTALLATION, COMMISSIONING, MAINTENANCE AND TROUBLESHOOTING TASKS AND THE SUPPLYING OF SPARE PARTS, BUT ALSO THE HIGHLY SUCCESSFUL GLOBAL DOCUMENT SOLUTIONS BUSINESS UNIT. THIS LATTER PRODUCES TECHNICAL DOCUMENTATION FOR A WIDE RANGE OF CUSTOMERS; GDS IN ADDITION VERY SUCCESSFULLY SELLS SOFTWARE TOOLS TO FACILITATE THE COMPILATION OF THIS DOCUMENTATION. PARTICULARLY AT A TIME WHEN THE PROPENSITY TO INVEST IS LOW, THE SERVICES DIVISION HAS A STABILISING EFFECT ON THE PERFORMANCE OF THE ENTIRE COMPANY.

SERVICE TEAM ON CALL WORLDWIDE

technotrans' equipment and systems perform the task of controlling critical processes in the printing press. Whenever a malfunction occurs, the entire production process generally grinds to a halt. We have our own service team worldwide to help customers keep their production processes running as smoothly as possible. As well as carrying out preventive maintenance, we deliver consumables as fast as possible and, if need be, immediately send out spare parts or service engineers to the customer without delay, to rectify the problem.

In an effort to achieve even faster response times, we are increasingly turning to technologies that for instance enable our service engineers to analyse the parameters of the malfunctioning equipment online, remotely over the internet. That also saves the customer the trouble of providing complex descriptions of the problem over the phone to our 24-hour emergency hotline. We then jointly agree on the necessary action to rectify the fault as quickly as possible.

NEW CAPACITY INCREASING SCOPE FOR ADVANCEMENT

Training and advancement for our service engineers is particularly important. The completion of the new block at our Sassenberg headquarters has also substantially increased the capacity of our training facilities, where our service engineers are regularly familiarised with all new additions to our product range. This ensures that they are able to come up with expert solutions to every situation that they may encounter in their day-to-day work. We also offer these training courses for printing press manufacturers' engineers. We know from experience that they are often the first point of contact for customers. And customer satisfaction is our joint concern.

Maintaining a local presence gives technotrans an important competitive advantage because our customers, printing press manufacturers, naturally expect to receive expert support from their suppliers, in situ at customers worldwide. That means helping with installation for major projects, training customers in how to use our technologies optimally, and also providing support at the point of production in the form of preventive maintenance and swift fault rectification. That is why we are steadily expanding our network. These sales and service companies normally become profitable operations very quickly from serving the installed base in their respective markets, and their presence then bolsters worldwide demand for our systems and devices.

They are furthermore a vital source of information on how we might optimise our products, because they enable us to listen to what each market wants. This latter role is particularly important when we are launching new products that undergo a pilot phase before becoming available to a broader circle of customers worldwide.

Technical Documentation

RISING DEMAND FOR GLOBAL DOCUMENT SOLUTIONS

technotrans is able to provide a highly specialised form of expertise through its global document solutions (gds) business unit. This business unit was originally set up with the task of producing the handbooks, installation instructions and service manuals for our own systems and equipment. Attracted by our excellent standards, external customers who no longer wanted to handle such tasks in-house were soon coming to us for the production of their own documentation. The list of reference customers now includes a number of leading mid-cap and industrial enterprises which have some or all of the technical documentation for their own products produced by gds. This business unit is now growing faster than any other in the group.

USER FRIENDLINESS A MAJOR PRIORITY FOR DOCUGLOBE

The development of our own software for producing the documentation has played a major role in its success. The wraps were taken off version 6 of docuglobe in 2008, and it has been available to customers since the start of 2009. This tool enables other companies to produce their own documentation as efficiently and professionally as technotrans. The key feature is that docuglobe is based on Microsoft Word and therefore has a user interface that is familiar to users. The documentation's content is stored in modules, which can be collated as required. This avoids the repeated production of identical content and ensures that all editors are always working with up-to-date texts. docuglobe also helps to optimise translation costs thanks to a reminder function. As an international group, technotrans for example routinely produces documentation in 18 different languages, so unnecessary duplication of translations would soon inflate the costs.

To complement the software available from gds, there is a program by the name of docuterm. It is a tool for the systematic management of the user's defined specialist terminology and is consequently of interest to a very wide target audience, because correct terminology is important to lawyers, doctors, auditors and many other occupations where a considerable volume of correspondence has to be handled. docuterm automatically ensures that the appropriate specialist terms are standardised throughout, thus helping to prevent misunderstandings and also reduce translation costs.

We were unable to realise our plans to substantially expand this business unit in 2008, because the prevailing economic environment prevented a suitable opportunity from arising. We are nevertheless convinced that it offers considerable potential for the further development of the company, which we will seek to exploit in due course.



Global Compact

THIS CODE, WHICH IS VALID WORLDWIDE, IS AN INITIATIVE OF THE UNITED NATIONS. IT COMPRISES TEN PRINCIPLES THAT THE PARTICIPATING COMPANIES UNDERTAKE TO HEED AND SUPPORT. IN DOING SO, THEY ARE ESPOUSING THE CONVICTION THAT CORPORATE SOCIAL RESPONSIBILITY HAS AN IMPORTANT ROLE TO PLAY IN PROMOTING SUSTAINABILITY AS WELL AS EQUALITY OF OPPORTUNITY, WHICH IN MANY RESPECTS IS THE KEY TO A SUCCESSFUL FUTURE IN THE GLOBALISED ECONOMY.

technotrans has been a member of the Global Compact since 2006. The participating companies are obliged to give regular account of their efforts to implement and promote the ten principles. The Board of Management duly declares:

“As a group with international operations, we bear the responsibility for ensuring that our actions worldwide promote and support the shared values of the Global Compact. As already in the past, we will continue to do everything in our power to uphold sustainability and equality of opportunity as important criteria of our work worldwide.” We take this to include the undertaking to observe all key labour standards of the International Labour Organization (ILO) – in other words, the conventions on equality of opportunity, freedom of association and collective bargaining, forced labour and child labour.

Following the decision to sign up to the initiative, the Global Compact was introduced as binding for all managers throughout the group. They undertook to uphold the principles in their spheres of responsibility and to encourage third parties likewise to acknowledge them. The annual compliance audits, which cover a wide range of criteria in corporate management, assess the extent to which the undertaking has been complied with in all group companies.

ENVIRONMENTAL PROTECTION IS PROMOTED

One of our main aims is to improve various environmental aspects, specifically with regard to the use of our systems and devices. This aim is consequently treated as a particular priority when new technologies are being developed. These efforts led to the unveiling of the beta.c eco product line at last year's drupa exhibition; these units can reduce energy consumption by anything up to 30 percent and therefore also cut CO₂ emissions quite drastically. To accompany the launch of this product line, we staged a number of fact-finding events at which our employees were able to explain the advantages of the new technology to users. On the strength of feedback from the market, we are confident that this development will go a long way towards helping printers worldwide to use resources more responsibly.

Another important aspect of our work is informing and educating people about environmentality in our industry. technotrans has been sponsoring the award for the most environmentally friendly printer in Asia since 2006. This competition commends companies throughout Asia for exceptional contributions to the printing and packaging industry. The substantial publicity generated in the run-up to the competition promotes awareness of various environmental protection issues. The winner represents the best

practice in the industry, and the award gives them a unique selling proposition that serves as a competitive advantage. Last but not least, the environmental aspect is becoming increasingly important to printers' customers, who want to use suppliers of "exemplary" calibre. In the conviction that this award plays a valuable role in promoting environmental protection, we extended the concept to the Middle East region in 2008, where we now likewise sponsor an environmental award.

As an international group whose employees work predominantly in countries where very high workplace standards already exist, technotrans has only limited scope for realising improvements in this area. We can, however, make a concerted effort to prevent standards from slipping. By way of an example, since 2007 technotrans AG has been sufficiently large for the employees to be entitled to one-third of the seats on the Supervisory Board, under German law. The alternative to complying with this law would be to transform the enterprise into a company under European law (SE), which would not require co-determination. We were convinced, however, that taking the democratic path was the right thing to do. In April 2008 the employees' representatives were chosen in a free, secret vote and have constituted one-third of the members of the Supervisory Board since the Shareholders' Meeting.

The principles of the Global Compact

The United Nations Global Compact requires companies to acknowledge, support and implement a range of basic principles spanning human rights, labour standards, environmental protection and anti-corruption measures, within their sphere of influence:

HUMAN RIGHTS

- Principle 1 businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence, and
- Principle 2 should make sure they are not complicit in human rights abuses.

LABOUR STANDARDS

- Principle 3 businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, as well as
- Principle 4 the elimination of all forms of forced and compulsory labour,
- Principle 5 the effective abolition of child labour; and
- Principle 6 eliminate discrimination in respect of employment and occupation.

ENVIRONMENTAL PROTECTION

- Principle 7 businesses should support a precautionary approach to environmental challenges,
- Principle 8 should undertake initiatives to promote greater environmental responsibility, and
- Principle 9 should encourage the development and diffusion of environmentally friendly technologies.

KORRUPTIONSBEKÄMPFUNG

- Principle 10 businesses should work against corruption in all its forms, including extortion and bribery.



Employees

HOW DO YOU SPOT A SPECIAL CORPORATE CULTURE? IS IT BY THE EMPLOYEES, WHO CREATE AN ATMOSPHERE THAT MAKES PEOPLE FEEL SUFFICIENTLY COMFORTABLE THAT THEY PERFORM TO THE BEST OF THEIR ABILITY? OR IS IT BY THE EMPLOYER, WHICH IS SO ATTRACTIVE THAT IT SIMPLY MAKES PEOPLE RELISH THE PROSPECT OF SUCCESS? BOTH FACTORS PROBABLY PLAY A PART IN SETTING TECHNOTRANS APART FROM OTHER COMPANIES.

It may, at first glance, appear strange that the headquarters of an international group are located in a country town in the heart of the Münster region. But that is undoubtedly one of technotrans' big plus points. Many of our employees grew up in the region and have "come home" after completing training or acquiring initial work experience, to work in an international environment where they are in close contact with colleagues all over the world every day, across the entire hierarchy.

technotrans enjoyed strong growth for more than two decades; that has attracted a particular type of employee to the company. Young, well-educated, and with the desire to make their mark. They do not wait for someone else to tell them what they need to do next; they capitalise on the leeway that they are given, and bring their own projects to fruition. The company's success is therefore by and large grounded in the passion with which its employees do their jobs. And our employees evidently like this environment, because the number of those choosing to move on is extremely low.

ABOVE-AVERAGE FLEXIBILITY

There is an all-pervading collective spirit, in good times and in bad. Whenever extra hours need to be put in if orders are to be completed on time, our employees accept this with the same flexibility that they show when their time account needs to be reduced due to low workloads. One reason is undoubtedly also the open-handed way in which everyone communicates. That builds trust; it also gives everyone the feeling that they know where the company stands and what each individual needs to do in order to achieve collective success.

technotrans is also prepared to pay a premium in keeping its workforce satisfied. The benefits provided by the company are above the norm, comprising capital-forming contributions, gratuities for special occasions, employee shares and the company's own canteen at Sassenberg, which serves freshly prepared meals every day. Then there are services such as back training and English courses, designed to help employees perform their tasks to the best of their ability.

Fairness is also a characteristic trait of those situations that are disagreeable to both sides - company and employee alike. In autumn 2008 the company was obliged to announce redundancies for operational reasons, due to the weak level of business. As well as providing generous severance packages, the company joined forces with the Federal Employment Agency to offer job application training courses to the employees affected, as well as personal transfer support to help them find a new job. Wherever appropriate and necessary, training courses were offered to increase the individual's prospects of finding another job. These measures were evidently appreciated, because no legal disputes arose as a result of the redundancies.

TARGET APPRENTICESHIP
QUOTA OF 10%

technotrans is very aware of its social responsibility; that is just one reason why, every year, it offers more apprenticeships in the various vocational qualifications than it needs new recruits for its own requirements. The aim is an apprenticeship quota of 10 percent of the total workforce. It has in the past usually been possible to offer employment to apprentices who have successfully completed their training.

Thanks to our special corporate culture, our employees' strong sense of identification with their company and the above-average success that we have together achieved over recent decades, we are confident of swiftly returning to our accustomed performance once the current crisis in the global economy is overcome. Not least because flexibility is one of the things we do best.



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Business and Strategy

THE GROUP MANAGEMENT REPORT HAS BEEN COMPILED ON THE BASIS OF GERMAN DRS, AND THE RISK REPORT IN ACCORDANCE WITH DRS 5. DISCLOSURES PURSUANT TO SECTION 315 PARA. 4 OF GERMAN COMMERCIAL CODE HAVE IN ADDITION BEEN INCLUDED. THE COMPARATIVE FIGURES FOR PREVIOUS PERIODS ARE QUOTED IN BRACKETS. UNLESS OTHERWISE INDICATED, THEY REFER TO THE YEARS 2007 AND 2006 RESPECTIVELY.

THIS MANAGEMENT REPORT AS WELL AS THE FOLLOWING SECTIONS OF THE ANNUAL REPORT UP TO PAGE 129 ARE A TRANSLATION OF THE GERMAN ORIGINAL. IN THE CASE OF DOUBT, THE GERMAN VERSION SHALL PREVAIL.

The Group

As well as the parent technotrans AG, the technotrans Group at December 31, 2008 comprises 14 companies in Europe, America and Asia, at a total of 18 locations. The shares in each of these companies are owned in entirety by the parent company. A detailed list of participating interests is provided in the Notes to the Consolidated Financial Statements (II. a), Group. technotrans' business segments, Technology and Services, are reflected in the structure of the Segment Report. The most important segment concerns itself with the development, assembly and sale of equipment and systems for the printing industry. The group has a total of four production locations in Germany (Sassenberg and Gersthofen), the USA and China.

PERFORMANCE-ORIENTED REMUNERATION MODEL

technotrans AG is run by three members of the Board of Management. The management of the subsidiaries and the heads of the various functions and product areas each report to one member of the Board of Management. The remuneration system for the Board of Management is explained in Section 36 of the Notes to the Consolidated Financial Statements. In addition to fixed remuneration components, the Board of Management members and management personnel worldwide receive performance-related remuneration components. The performance-related pay model is based on the one hand on revenue and earnings figures, and on the other hand on personal performance. The members of the Board of Management and all group employees are moreover able to participate in the stock options scheme. For details, see Section 10 (Equity) of the Notes to the Consolidated Financial Statements.

The Board of Management is overseen and monitored by the Supervisory Board, in accordance with legal requirements and the articles of incorporation. Of the six members of the Supervisory Board, four are elected by the shareholders. Since the Shareholders' Meeting in May 2008, two of the Supervisory Board members have been elected representatives of the employees of technotrans AG, to comply with the German One-Third Employee Representation Act. Details of the composition of the company's corporate bodies and of the distribution of responsibilities between the members of the Board of Management are provided in the section "Corporate Bodies".

The Segments

technotrans bases its reporting on two segments: Technology and Services. Liquid technology is the company's core skill.

At technotrans, one of the leading systems suppliers to the printing industry, the principal business processes encompass the development, assembly, testing and sale of peripheral equipment for offset printing presses. The components used in its equipment are usually sourced from specialist suppliers, as a result of which manufacturing penetration is relatively low. The company's clients are primarily the world's leading printing press manufacturers, with the three German manufacturers Heidelberg Druckmaschinen AG, Koenig & Bauer AG and manroland AG between them accounting for over 60 per cent of the world market. Each accounts for a portion of technotrans' customer portfolio that is broadly in line with their respective market shares. They frequently equip their printing presses ex works with technotrans systems and equipment as standard features.

As part of the "more technotrans per printing press" strategy, the product range has steadily been extended over many years and now includes dampening solution circulators, ink roller temperature control units, ink supply systems, spray dampening systems, cleaning systems and filtration and reconditioning units for a wide range of applications, and therefore a large number of peripheral devices for sheet-fed offset, web offset and newspaper printing. It remains the company's aim to continue expanding this range in order to strengthen its position as a systems supplier to the printing industry, and become the world leader – or strengthen an existing lead – in every product area.

DEVICES ARE SHIPPED TOGETHER WITH THE PRINTING PRESS

The overwhelming majority of technotrans devices and systems are shipped by printing press manufacturers together with the printing press, to their customers worldwide. technotrans provides intensive support for these customers via its own international sales and service network, which is likewise steadily being expanded. We offer support that encompasses the installation and operation of systems as well as training in their use, guarantee a supply of consumables and spare parts, and provide assistance in the event of faults from our 18 bases worldwide. Customers are in addition advised on the use of innovative technologies that for instance help them to preserve resources or automate production processes further, thus standardising them. To this end, technotrans has developed various products that usefully complement the products we supply to printing press manufacturers.

Over the long-term average, the growth of the printing industry worldwide mirrors that of gross domestic product. Cyclical fluctuations are therefore normally kept to a low single-digit level. technotrans' growth rates have often been much higher thanks to its successful growth strategy. On the one hand the company is constantly tapping fresh sales potential by broadening its product range. On the other hand it has increased its market shares by intensifying its contacts with further printing press manufacturers worldwide, especially in Japan and China. By expanding its international network, technotrans has in addition stepped up its presence in markets in which it was not previously directly active.

SALES HINDERED BY INVENTORIES AT PRINTING PRESS MANUFACTURERS

Our branch of industry, which traditionally detects changing trends in economic activity particularly early on, had already picked up signs of a weakening of the printing industry in the first half of 2008, in the wake of the financial crisis. Printing press manufacturers' sales volumes unexpectedly fell well short of the projected totals. This development was attributable on the one hand to printers' lower volume of business as companies worldwide cut back on their advertising budgets. On the other hand the banks' reluctance to lend that had been precipitated by the financial crisis aggravated bottlenecks in the financing of investments that were already in the pipeline.

The economic downturn had a considerable impact on technotrans' major customers both in terms of the surprising timing – 2008 was a drupa year – and its severity. In the final months of the year, the level of orders received by printing press manufacturers plummeted by more than 50 percent according to the VDMA (German Engineering Federation). By contrast, printing press manufacturers had bargained with rising sales in the year of the drupa, so the necessary adjustments to their capacity took some time to filter through. The resulting buildup of inventories and the corresponding drop in demand had a delayed impact on the suppliers of printing press manufacturers. In the opening months of the 2009 financial year, too, technotrans is still unable to predict by when business will have stabilised at the new, lower production level.

The 2008 financial year was dominated by the economic collapse that hit industry worldwide as part of the fall-out from the financial crisis. In the Technology segment, which brings in around three-quarters of total revenue, technotrans usually operates on the basis of framework agreements with a twelve-month term with its biggest customers, the printing press manufacturers. However, purchasing volumes were successively scaled back by customers at regular intervals and, in a departure from the normal business pattern, we were ultimately left with very little basis for reliable planning. This prompted the Board of Management to revise the growth forecasts for the financial year in the first-half report, and instead announce an anticipated eight percent downturn in revenue.

The Services segment is benefiting from the steadily expanding installed base of the Technology segment, and has therefore been making a reliably steady contribution towards growth in consolidated revenue and earnings for many years. The segment has performed well even during times of economic slackness, because higher spending on repairs and maintenance becomes necessary as a consequence of a reluctance to invest in new plant. technotrans is in addition uncovering fresh potential by expanding its range of services. Within the Services segment, Technical Documentation has for instance now become established as the independent business unit "global document solutions". It has compiled technical documentation on behalf a large number of external customers, and the editing software docuglobe that has been developed over recent years is proving increasingly popular among companies from a wide range of industries as a tool for compiling and managing documents.

The Method of Control

technotrans practises a strategic group planning approach. This is reviewed every year and revised as necessary. At an operating level, technotrans AG and its subsidiaries draw up detailed annual revenue and earnings plans for each segment. The objective – as reflected by the current company agreement on the remuneration model – is to achieve an EBIT margin of at least ten percent at group level in “normal” financial years. The original target for the 2008 financial year envisaged growth to a revenue total of € 160 million. Six months into the year, this was downgraded to a revenue downturn of around eight percent for the full year, in light of the worldwide economic slump. These revised targets were achieved with a high degree of accuracy. Year-end earnings were diminished by a number of non-recurring effects, cumulating in a net loss for the year of € -2,9 million.

TIMELY REPORTING BY THE GROUP COMPANIES

The group companies promptly submit monthly, quarterly and annual reports, in each case using a uniform reporting system which, in consolidated form, constitutes the basis for the published quarterly and annual reports of the group. The reports submitted by the companies permit an in-depth analysis of their individual business progress as well as of deviations from targets, and in addition contain a forecasting component to enable appropriate corrective action to be taken at an early stage, where necessary. The members of the Board of Management maintain constant close contact with the local management of the individual companies in order to discuss business progress and prospects.

The reporting and analysis tools in use are regularly refined, to allow additional, suitable key data for corporate steering to be implemented. A new ERP platform, based on mySAP, on which business processes worldwide are to be standardised and reporting structures simplified in the medium term was introduced at Sassenberg and Gersthofen in 2008.

Research and Development

The long-term strategy of technotrans is growth-oriented. Research and Division activities make a substantial contribution by systematically expanding the product range. The offices and laboratories are located primarily at the group's main base in Sassenberg. A total of around 45 employees based there are working steadfastly on new products, nurturing them from the initial idea, through the prototype stage and product qualification tests, to production maturity. The R&D ratio (development spending in relation to revenue) is generally between three and four percent; in the 2008 financial year it was 3.7 percent.

Activities in 2008 focused on a number of projects that led to the presentation of new or updated product lines at the drupa exhibition. These included the entire product range of contex cleaning systems, as well as various products that have been optimised for maximum economy and ecology; then there is the filtration product area that cover a wide range of applications.

Development spending is shown in the Income Statement. If the appropriate requirements are satisfied, development expenditure is recognised as an intangible asset pursuant to IAS 38 (2008: € 0.0 million; 2007: € 0.3 million) and reported as such in the Balance Sheet (2008: € 0.0 million, 2007: € 2.7 million). These assets are tested for impairment if there are indications that the assets might be impaired. A need to apply impairment was ascertained in 2008. In rare instances, external capacity is called upon for special tasks, and much more rarely still, development work is financed in part with external support, usually by the printing press manufacturers. Once again, no public funds were claimed in 2008.

technotrans owns a large number of patents, licences and similar rights. Within the context of the company's efforts to protect its own market position, this area has now acquired considerable significance and particular attention is consequently now devoted to it.

TESTING OF ASSETS FOR IMPAIRMENT

Disclosures pursuant to Section 315 Para. 4 of German Commercial Code and Explanatory Report

1. The issued capital as at December 31, 2008 comprises 6,907,665 no par value and fully paid no par value shares each representing a nominal amount of € 1 of the share capital. The shares of technotrans AG were converted from bearer to registered shares during the year under review, based on the shareholders' resolution of May 2008.
2. Exclusively ordinary shares have been issued; the rights and obligations arising from them conform to the relevant statutory regulations. They are subject to neither legal nor statutory restrictions with regard to voting rights or transfer. The Board of Management has not been notified of any voting trust agreements between shareholders.
3. No direct or indirect interests in the capital amounting to more than ten percent of the voting rights are known.
4. All shares carry identical rights. No shares are equipped with special rights, in particular none imparting authority to control.
5. The voting rights of employees participating in the capital are exercised directly.
6. The statutory requirements pursuant to Sections 84, 85 of German Stock Corporation Law (AktG) on the appointment and dismissal of the members of the Board of Management are applied. The articles of incorporation of the company contain no regulations over and above Section 84 of German Stock Corporation Law. Pursuant to Section 179 of German Stock Corporation Law, amendments to the articles of incorporation require a resolution of the Shareholders' Meeting carried by a voting majority of 75 percent.
7. The Board of Management is, with the approval of the Supervisory Board, authorised to increase the share capital on one or more occasions by up to a total of € 3,300,000.00 until April 30, 2010, through the issue of new shares against contributions in cash or in kind; a total of 60,344 shares were issued on the basis of this authorisation by December 31, 2008. The subscription right of shareholders may be excluded insofar as the requirements of Section 186 Paragraph 3 Sentence 4 of German Stock Corporation Law are met in the case of employee shares or the acquisition of companies or of participating interests in companies, if the acquisition or participating interest is in the properly understood interests of the company and the purpose of the company in question lies within the scope of the company's purpose; the subscription right may moreover be excluded for the purpose of compensating for fractional amounts.

The Board of Management is furthermore authorised until October 31, 2009 to acquire treasury shares of a nominal amount of up to € 690,000.00. If acquired by stock exchange dealings, the purchase price per share shall not exceed or undercut the average Xetra closing price (or, insofar as the Xetra closing price serves as the basis for this authorisation, the closing price determined by a successor system taking the place of the Xetra system) on the Frankfurt Stock Exchange on the five trading days preceding the acquisition by more than 10 %. If acquired on the basis of a public offer to buy, the acquisition price per share shall not exceed or undercut the average Xetra closing price on the Frankfurt Stock Exchange on the five last trading days before initial disclosure of the offer by more than 10 %.

The Board of Management is authorised to retire all or some of the treasury shares acquired on the basis of the authorisation, without the need for a further shareholders' resolution. The Board of Management is furthermore authorised to dispose of the acquired shares via the stock market or to third parties, by cash sale. In these cases the selling price shall not undercut the average Xetra closing price on the Frankfurt Stock Exchange on the five trading days prior to sale by more than 5%.

The Board of Management is, with the approval of the Supervisory Board, moreover authorised to dispose of the acquired treasury shares in a manner other than via the stock market or by offering them to all shareholders if transfer to a third party takes the form of counter-performance in the context of the acquisition of companies or of participating interests. The price at which the acquired treasury shares are transferred to a third party shall not significantly undercut the average Xetra closing price on the Frankfurt Stock Exchange on the last five trading days before the concluding of the agreement on the acquisition of the company or participating interest. The subscription right of shareholders is excluded for the use of treasury shares for the purpose of acquiring a company or a participating interest.

By December 31, 2008 a total of 690,000 treasury shares had been acquired via the stock market on the basis of this authorisation. At the end of 2008, 54,132 of these shares were distributed to the employees as part of their Christmas bonus.

8. There are no key agreements by the parent company that are conditional on a change of control following a takeover bid.
9. No compensation has been agreed with the members of the Board of Management or employees in the event of a takeover bid.

Business Progress in 2008

Looking back, the economic downturn was already becoming apparent in the printing industry in the first half of 2008. Although the pointers initially suggested that the slowdown would affect “merely” the USA, the spectre of recession gradually spread, with increasing rapidity, throughout the rest of the world. The propensity of printers worldwide to invest is driven very much by their capacity utilisation, which in turn very closely tracks industry’s advertising budgets. It is a classic sign of an incipient downturn that these budgets are among the first areas for cutbacks, with the result that orders of new printing presses fall.

Investment reticence in the first half of the year was, however, initially attributed to a different cause. 2008 was a drupa year, and in the run-up to the biggest exhibition in the world for the graphic arts industry – which moreover takes place only once every four years – a phenomenon had already occasionally been observed in the past that printers hold back with ordering new presses, and then place their orders at the show or shortly afterwards. In the belief that this was the explanation for slow orders, capacities at printing press manufacturers were not adjusted until it became clear in the second half of the year that the drupa had not remotely produced the turnaround in orders that had been expected. Another factor played a decisive role in this turn of events. The worldwide financial crisis made it increasingly difficult for printers worldwide to clinch the necessary financing deals for investments that had already been in the pipeline. Orders that had already been placed were to some extent cancelled or postponed indefinitely. The downturn accelerated in an unprecedented manner in the course of the year; by the end of the year, the volume of orders received by printing press manufacturers was half that of the previous year. This development went hand in hand with occasionally drastic personnel cutbacks and the introduction of short-time.

The economic development of the 2008 financial year as a whole brought an unprecedented slump in the capital goods sector and therefore also for the manufacturers of printing presses, which are technotrans’ biggest customers. The company felt the impact of this development to the extent that the growth originally planned was downgraded into a projected fall in revenue of around 8 percent as the year progressed. The economic environment had a far more drastic effect on the share price. Its trading price retreated by over 75 percent in the course of the year.

DIFFICULTIES FOR PRINTERS
IN SECURING FINANCING FOR
PLANNED INVESTMENTS

With revenue for the technotrans group falling to € 141.7 million (153.2, 151.3), the revised target of € 140 to 145 million was achieved by the end of 2008. This reversal of 7.5 percent was in line with expectations, once it became apparent during the course of the first half that the original, moderate growth with a revenue target of € 160 to 165 million was no longer possible in view of the economic situation. The downturn affected exclusively the larger Technology segment, which posted revenue of only € 103.8 million as against € 116.9 million in the previous year, a drop of 11.2 percent. The decline for the group as a whole was cushioned somewhat by growth of 4.4 percent for the Services segment, from € 36.3 million to € 37.9 million.

BUSINESS TREND UNPRE-
CEDENTED IN THE HISTORY OF
THE COMPANY

The way business developed in 2008 is unprecedented in the history of our company, whether in 2002, when the slump following 9/11 was merely rather sharper than expected, or in 2003, when the global economy was held back by the Iraq war. The 2008 financial year, by contrast, does highlight the flexibility with which technotrans is able to adapt to shifting challenges. We are consequently not altogether dissatisfied with the results achieved last year, because they show that we responded promptly and appropriately to external factors. As we consider ourselves a growth company, however, these are not the sole qualities on which we would like to build our long-term reputation.



Financial Performance

THE DROP IN REVENUE BY € 11.5 MILLION OR 7.5 PERCENT – COMPOUNDED BY VARIOUS NON-RECURRING FACTORS – MEANS THAT EARNING AS A WHOLE ARE WELL DOWN ON THE FIGURES FOR RECENT YEARS. MID-WAY THROUGH THE YEAR WE WERE STILL EXPECTING TO BE ABLE TO REPORT A NET PROFIT OF € 5 TO 6 MILLION. AMONG OTHER THINGS THE IMPAIRMENT APPLIED TO INTANGIBLE ASSETS AT YEAR-END ACCOUNTS ALMOST IN ENTIRETY FOR THE DIFFERENCE BETWEEN EXPECTATIONS AND THE NET LOSS FOR THE YEAR THAT WAS ULTIMATELY POSTED.

In view of the gradually deteriorating market environment, we already introduced a comprehensive package of measures mid-way through the year, with the aim of stabilising and optimising the operating result. The measures included a project to optimise efficiency in production and the insourcing of refrigeration technology, which is an important component of many of our products. Restrictive cost cuts were furthermore agreed across the board. Based on our impression that the crisis was deepening, we significantly broadened this package of measures in October and announced redundancies. Other measures such as reducing the levels of working time banked and the transfer of cleaning systems from Gersthofen to Sassenberg, as well as the introduction of short-time, completed this package of measures in the opening months of 2009. We believe that this approach will equip us to absorb the impact of the current slackness in the market. If necessary, we are absolutely determined to continue responding very flexibly to all the challenges that could arise.

Gross profit (revenue less cost of sales) was down 29.0 percent on the prior-year figure at € 35.7 (50.3, 50.4) million. The gross margin averaged 32.6 percent for the first three quarters and was therefore at the customary level. Only as a result of the non-recurring effects at year-end was it forced down to 25.2 percent for the full year. The amortisation of development expenditure recognised as an intangible asset and patents acquired account for the lion's share of these factors. The assumptions on the anticipated development of revenue in the current market environment were one of the key factors behind the impairment.

ADJUSTED EARNINGS	IRFS earnings	Non-recurring effects	Earnings before non-recurring effects	Margin
	€ million	€ million	€ million	in %
Restructuring	x	1,2	x	x
Impairment of development expenditure recognised as an intangible asset	x	2,0	x	x
Impairment of patents	x	5,4	x	x
Increased provisions for warranties	x	0,7	x	x
Gross profit	35.7	9.3	45.0	31.8
drupa	x	1.0	x	x
Derecognition of a conditional purchase price liability	x	-0.8	x	x
EBIT	0.0	9.5	9.5	6.7

The occasionally steep rises in certain raw material prices and energy costs during the course of the year had no significant effect on overall earnings in 2008. The expense of launching new products, which are initially manufactured in smaller unit totals and for which higher provisions for warranties are created, is a direct consequence of the company's growth strategy. Viewed over the entire product range, selling prices remained largely stable in 2008, with price reductions and increases largely balancing each other out.

Earnings before interest and taxes (EBIT) were more or less in balance at € 0.0 million as a result of the aforementioned factors; a figure of € 13.9 million had been achieved in the previous year. The key figure EBITDA, which does not include depreciation and amortisation, was likewise well down on the level originally forecast (€ 21 million) at € 12.2 (18.2; 18.8) million in view of the revenue shortfall. The principal changes compared with the previous years related to distribution costs, which – principally as a result of expenditure for the drupa exhibition – were around € 1.5 million higher than in the previous year, whereas the development costs after the drupa returned to the customary level of € 5.2 (6.3, 5.1) million. No expenditure for development projects was recognised as an intangible asset for fiscal 2008. The R&D ratio (development costs reported in the Income Statement in relation to revenue) was of a normal magnitude in 2008 at 3.7 percent (previous year: 4.1 percent).

The combined result of the revenue downturn and the non-recurring effects described above was that the EBIT margin (ratio of EBIT to revenue) reached 0.0 percent in the past financial year (previous year: 9.1 percent). This was therefore well short of the target range of more than 10 percent. The restructuring measures in the light of the lower level of revenue and the lower future depreciation and amortisation applied will, however, produce a lasting improvement in earnings in the next few years.

LASTING IMPROVEMENT IN EARNINGS OVER NEXT FEW YEARS

Other operating income and expenses comprise those sources that cannot be allocated to other items in the cost of sales classification or relate to other accounting periods. In 2008, they again mainly comprise operating exchange rate gains and losses, the net effect of which was negative (€ -74 thousand).

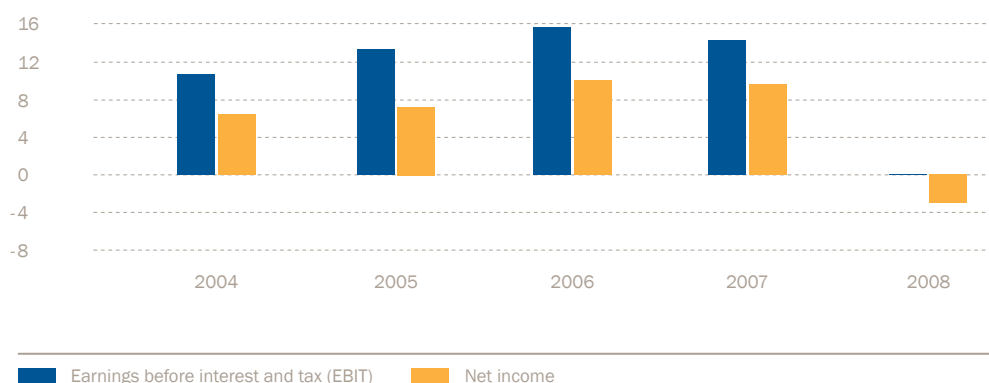
In consequence of the rise in net debt following the share buy-back and the capital expenditure of recent years, the finance result deteriorated to € -1.2 (-0.6, -0.8) million. The falling interest rates in the course of the financial year were exploited for new liabilities and provided the opportunity to convert current into non-current financial liabilities.

Earnings before tax consequently amounted to € -1.3 million (previous year € 13.3 million). The losses posted by certain group companies for which no deferred tax assets were created in view of uncertain earnings prospects mean that a consideration of the effective tax rate for the Group is not particularly meaningful.

The technotrans Group reported a net loss of just under € -2.9 million for the 2008 financial year (previous year net profit of € 9.1 million). Basic earnings per share according to IFRS consequently amounted to € -0.45 (1.33, 1.48).

Whereas the level of operating profitability can be rated as a success in the difficult market environment of the past financial year, the one-off factors within the annual financial statements drastically affected earnings. We regard these measures as appropriate and necessary if the future strength of the company is to be promoted, and are convinced that technotrans will regain its traditional profitability after the current crisis.

EARNINGS IN € MILLION



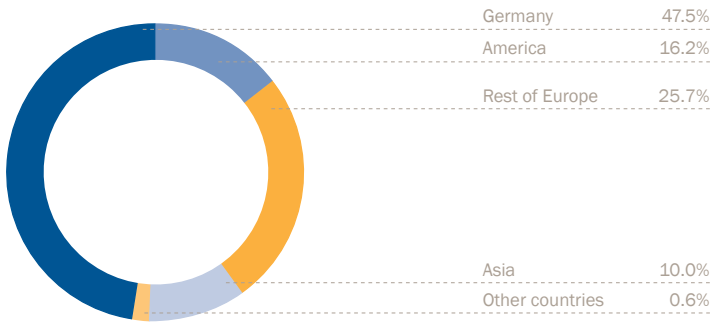
The Financial Performance of the Segments

technotrans bases its reporting on two segments: Technology and Services.

Revenue for the Technology segment dropped by 11.2 percent to € 103.8 (116.9, 117.0) million due to the prevailing economic situation in 2008. Our expectations had initially been based on a scenario of growth for the drupa year. When the hoped-for revival in demand did not materialise after the exhibition and clear signs of a recession emerged in many markets worldwide in the latter part of the year, we were obliged to adjust our plans and scale back our targets accordingly.

The fall in revenue affected products that are routinely supplied to printing press manufacturers, as well as products that are for example supplied directly to end customers as part of larger projects. A glance at markets worldwide reveals a mixed picture: the production locations in Germany and the USA experienced a marked downturn right across the board, as did most of the companies in established industrial nations; the future markets of Asia and South America, on the other hand, for the most part enjoyed healthy growth rates.

REVENUE BY REGION
(%)



The lower revenue level had already dented the earnings of the Technology segment in the course of the financial year. The additional non-recurring factors at the end of the year likewise predominantly affected the Technology segment, as a result of which there was a marked loss of € -4.3 (7.7, 10.1) million. The cost-cutting and profitability-stabilising measures implemented very early on will likewise predominantly affect the Technology segment, and we can therefore assume that a marked improvement on the operating side become apparent in the course of 2009.

SERVICE STABILISES OVERALL
BUSINESS PERFORMANCE

The Services segment generated stable revenue and earnings in the course of the year, despite the inhospitable market environment. For example, revenue as a whole was up 4.4 percent to € 37.9 (36.3, 34.3) million even though the downturn in project business meant that the installations volume as a whole was likewise on the retreat. This positive development was predominantly attributable to the global document solutions business unit. Its success stemmed both from the production of technical documentation on behalf of third parties, and from higher sales of its self-developed docuglobe software.

The result for the segment remained at a stable, healthy level throughout the year, before the non-recurring factors again had a negative impact at year-end. EBIT of € 4.0 (5.9, 5.1) million consequently did not quite reach the prior-year level. The rate of return for the segment was thus ultimately only 10.6 percent.



Financial Position

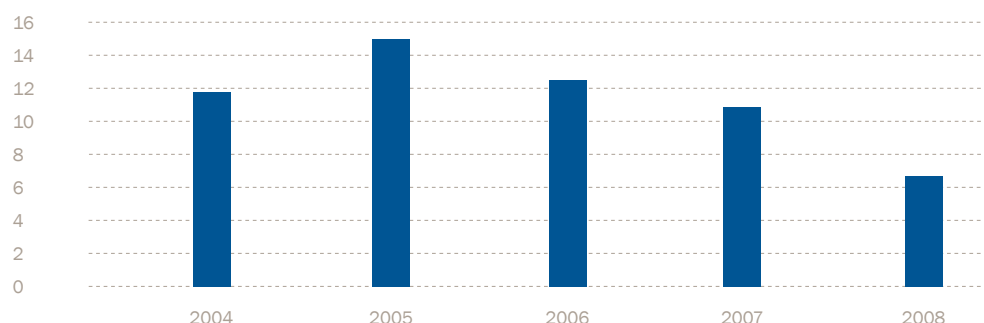
THE PURPOSE OF THE FINANCIAL MANAGEMENT SYSTEM REMAINS TO ENSURE THAT TECHNO-TRANS IS OF ITS OWN ACCORD ABLE TO GENERATE BOTH THE FINANCIAL RESOURCES REQUIRED TO FUND THE ORGANIC GROWTH OF ITS OPERATIONS AND THE INVESTMENTS REQUIRED IN THIS CONNECTION. DESPITE THE CONSIDERABLE RISE IN CAPITAL EXPENDITURE FOR THE NEW BUILDING AND THE LAUNCH OF THE NEW ERP SOFTWARE MYSAP, THIS TARGET WAS LARGELY ACHIEVED IN THE 2008 FINANCIAL YEAR DESPITE THE MORE DIFFICULT ECONOMIC CIRCUMSTANCES. THE ADDITIONAL FINANCING REQUIRED FOR THE SHARE BUY-BACK WAS COVERED BY BORROWED FUNDS.

The Development of Cash Flow

On the basis of a net loss for the year of € -2.9 million (previous year net profit € 9.1 million), the cash flow from operating activities before changes to net current assets totalled € 12.5 million (previous year € 18.1 million). The change in current assets, predominantly due to the higher receivables and lower liabilities at the reporting date, had an overall negative effect of € 3.6 million on cash flow. Cash flows from operating activities thus fell year on year from € 19.6 to € 8.9 million.

Mainly due to much lower income tax payments of € 1.1 million (previous year € 8.6 million), the net cash from operating activities experienced a relatively modest drop from € 10.6 million to € 6.7 million in 2008. While interest income changed only marginally, interest expense was up at € 1.2 million (previous year € 0.6 million) due to the higher level of debt.

CASH FLOW FROM OPERATING ACTIVITIES IN € MILLION

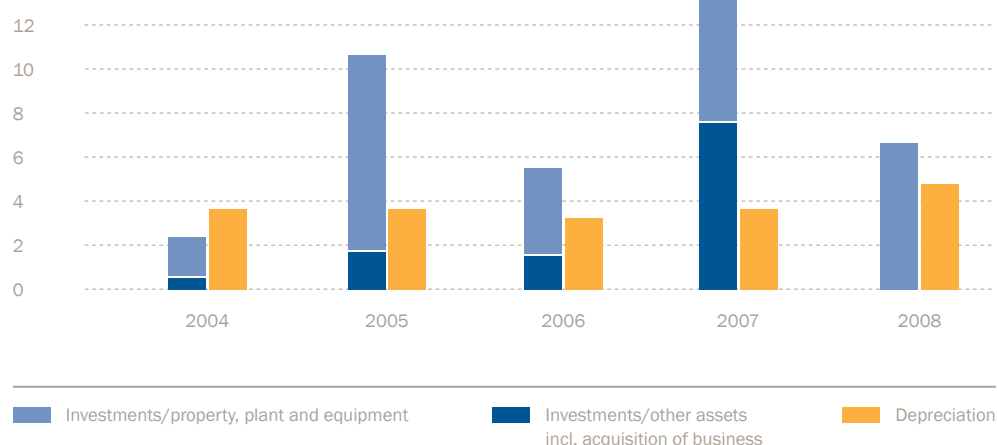


Overall investment in 2008 was again slightly elevated at € 6.4 million (2007: € 11.2 million, 2006: € 4.1 million), in particular due to the new building at the Sassenberg location and the launch of mySAP. Capital expenditure in the previous year had additionally included the corporate acquisition.

The free cash flow, representing net cash from operating activities less the net cash used for investment spending, was slightly positive as expected, at € 0.4 (€ -0.6, 8.2) million for the year as a whole.

INVESTMENT AND DEPRECIATION

IN € MILLION



€ 7.5 MILLION FOR SHARE BUY-BACK

No stock options could be exercised in 2008, as a result of which the company received no contributions from that source (previous year € 1.0 million). € 7.5 million (previous year € 2.5 million) was paid out for the buy-back of treasury shares. The shareholders in addition received € 4.5 million in the form of dividends for the 2007 financial year (previous year € 4.7 million). Financial liabilities amounting to € 1.6 million were repaid and new borrowings of € 9.7 million raised to finance the share buy-back and investment spending.

Cash and cash equivalents at the end of the period was down by € 3.8 million to € 6.9 million (previous year € 10.7 million).

Liabilities

The liabilities at the balance sheet date totalled € 45.8 (41.0, 35.9) million. They comprise current liabilities amounting to € 27.4 (30.1, 24.7) million and non-current liabilities of € 18.4 (10.9, 11.3) million.

The principal changes within the current category related to financial liabilities, trade payables (€ -2.4 million) and prepayments (€ -0.8 million) with both the latter on the retreat as a result of the lower level of revenue. Provisions moved slightly in the opposite direction, rising by € 0.6 million.

Within the non-current category, financial liabilities showed a rise of € 8.9 million at the reporting date mainly as a result of the increased investment volume in the 2007 and 2008 financial years and the buy-back of shares.

At the balance sheet date, technotrans had financial liabilities totalling € 21.1 (12.9, 9.8) million. Only bank overdrafts are exposed to an interest rate risk, and an amount of € 5.7 million was in use at the balance sheet date. The non-current financial liabilities stem principally from investments in intangible assets, from acquisitions of participating interests and from the share buy-back. They are protected in part by land charges. Details of the structure of financial liabilities are provided in the Notes to the Consolidated Financial Statements (Section 11). The net debt (interest-bearing liabilities – cash) at year-end was € 17.5 million (2007: € 6.3 million). Gearing, which is the ratio of net debt to equity, rose from 11.1% to 41.9% within 12 months.

NET DEBT OF € 17.5 MILLION

At the balance sheet date, technotrans had unused (overdraft) borrowing facilities in place for € 8.5 million. In close coordination with predominantly long-standing banking partners, the need for financial resources is being closely monitored to ensure that additional funds are available if required. In the current financial crisis, however, our long-standing business relations with our banks do not offer any guarantee that they will be willing to or able to continue to fill the role of technotrans AG's financing partner to the extent to which we are accustomed. As a listed company, technotrans moreover has access to capital market instruments.

No off-balance-sheet financial instruments are used.

Provisions

Provisions remained at the previous year's level in 2008, amounting to a total of € 14.1 million. € 4.5 million (previous year € 5.1 million) of this total is classified as long-term. The latter amount relates in essence to the provision for a patent dispute (see comments in "Risk report") which is classified as long-term in view of the duration of the proceedings, and also to provisions created for actual and potential obligations in connection with partial retirement. The short-term provisions (€ 9.6 million, previous year € 9.0 million) largely consist of other obligations towards personnel (€ 4.0 million), payments to be made under warranty (€ 4.3 million) and other provisions (€ 1.3 million).

Capital Structure

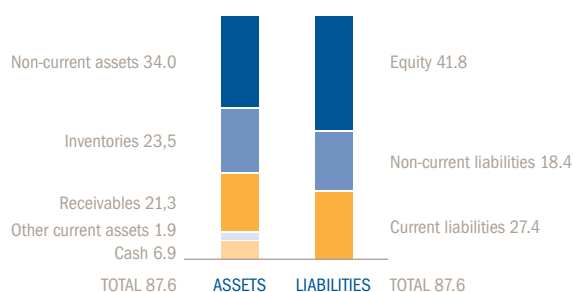
Compared with the prior-year balance sheet date, the balance sheet total for the technotrans Group at December 31, 2008 fell by 10.5 percent to € 87.6 (97.9, 89.9) million. Total equity fell by € 15.1 million, in the first instance as a result of the share buy-back and the much lower accumulated profit (€ 1.8 million, previous year € 11.2 million).

On the basis of the 2007 share buy-back programme and the 2008 shareholder resolution, a further 547,339 treasury shares were acquired in the course of the year at a cost of just under € 7.5 million (for further particulars, see the Notes to the Consolidated Financial Statements, Section 10). The equity ratio, which reflects equity as a proportion of total capital, was a satisfactory 47.7 (58.1, 60.0) percent at the balance sheet date. In view of the net loss for the year, the return on equity was -5.8 (16.4, 19.8) percent and consequently fell short of previous rates of return.

EQUITY RATIO A SATISFACTORY
47.7 PERCENT

BALANCE STRUCTURE

IN € MILLION



The item "Equity from unrealised gains/losses" (€ -9.8 million, previous year € -10.3 million) in the first instance comprises exchange differences resulting from the difference between the exchange rate at the time of acquisition of foreign participating interests and the exchange rate at the balance sheet date. The differences have no effect on income unless these investments are sold.

BALANCE SHEET INDICATORS					
		2008	2007	2006	Method of calculation
Asset structure	in %	63.5	67.2	49.4	Non-current assets/current assets
Net debt	T€	17,517	6,309	-2,440	Interest-bearing financial liabilities – cash
Gearing	in %	41.9	11.1	-4.5	(Interest-bearing liabilities – cash)/equity
Working capital	T€	26,177	28,467	35,523	Current assets – current liabilities
1st-degree liquidity	in %	25.3	35.7	61.1	Cash/current liabilities
2nd-degree liquidity	in %	106.0	104.4	133.6	(Cash + current financial assets)/current liabilities
3rd-degree liquidity	in %	209.6	189.7	238.1	(Cash + current financial assets + inventories)/financial assets
Capital employed	T€	66,162	73,929	66,546	Interest-bearing liabilities + equity
Return on capital employed (ROCE)	in %	-0.1	19.8	24.7	EBIT/average Capital employed

Significant Investment and Financial Plans

technotrans introduced the new ERP software mySAP at its German locations in 2008. The investment in it is now virtually completed. The plans to introduce it at the other group locations worldwide will, in the medium term, improve transparency and standardise numerous processes. The timetable for this roll-out will be adapted flexibly to economic circumstances.

There are no plans to increase capacity in the short and medium term.

The Board of Management intends to remain actively involved in shaping the current process of consolidation in the market for printing press suppliers and will carefully examine any potential acquisitions on a case by case basis to establish whether they fit in well with the existing group technologically or strategically. There were no projects of a sufficiently definite nature at the time of this report's preparation.

As matters stand, technotrans is and will be able to meet both current financial obligations and those financial obligations that it may enter into in the future.



Net Worth

The total assets of € 87.6 (97.9, 89.9) million at the reporting date consist of non-current assets totalling € 34.0 (39.4, 29.7) million and current assets amounting to € 53.6 (58.5, 60.2) million.

The investment in the new building at Sassenberg, which was completed in the first months of the financial year, was a key factor behind the rise in property, plant and equipment of 9.2 percent to € 25.5 million. Intangible assets fell from € 11.3 to € 3.3 million at the end of the year due to amortisation and impairment. The impaired assets related on the one hand to the patents acquired through the takeover of rotoclean, and on the other hand to development expenditure recognised as an intangible asset for the cleaning systems product area, the valuations of which were adjusted in line with the changed short and medium-term market conditions. Expectations in this area were not met, with the result that the plans needed to be adjusted correspondingly. We nevertheless intend to continue developing an interesting market with the cleaning systems product area, in line with our strategy of “more technotrans per printing press”.

SUCCESSFUL REDUCTION IN WORKING CAPITAL

In tandem with the falling volume of business, inventories dropped by 8.5 percent to € 23.5 million. The rise in receivables (€ 21.3 compared with 18.0 million) is predominantly due to the reporting date factor, because it was possible to bill several larger projects in the final weeks of the year. The previous year's income tax rebate of € 2.1 million, which was relatively high due to income tax payments on account, was reduced to a normal level again (€ 0.2 million) in 2008. As a result of investment spending, the share buy-back and the distribution of dividend, cash and cash equivalents dropped to € 6.9 million (previous year € 10.7 million).

Future payment obligations from tenancy and lease agreements entered into totalled € 2.1 (1.9, 2.5) million at the end of the year; they result predominantly from rented business premises and from one-off lease agreements for company vehicles.

No off-balance-sheet financial instruments are used.

Other Intangible Assets

Human assets: The impact of the financial crisis on the real economy and the resulting downturn in revenue in the 2008 financial year meant that the number of employees in the technotrans Group also had to be reduced for the first time in many years. The starting points for these capacity adjustments in the first half of the year were the production location in the USA and the shedding of temporary workers at the German locations, in conjunction with a recruitment freeze. Prompted by the impression of a further deterioration in market conditions, further measures to adjust capacity were taken in the second half of the year, which also involved the announcement of redundancies at Sassenberg in October.

Not all these measures were fully reflected yet in the employee totals at the reporting date of December 31. On January 1, 2009 the group employed a total of 787 persons, 44 or 5.3 percent fewer than at the corresponding point of the previous year (831, 752). The fall in Germany of 6.1 percent to 541 (576, 512) employees was more acute than at the international locations (246, -3.5 percent), however, there was the opposite effect of a further increase in capacity for the notably successful Technical Documentation business unit (global document solutions).

Due to the costs of restructuring, personnel expenditure was temporarily slightly up in 2008 despite the shedding of employees, from € 40.7 to € 41.6 million. The personnel expenditure ratio in relation to revenue was consequently slightly elevated in 2008 at 29.4 (26.6, 26.4) percent. Revenue per capita of € 172 thousand was well down on the figures for recent years (€ 188 thousand, € 209 thousand).

The workforce of technotrans AG and therefore some 70 percent of the group's employees are paid in line with the collectively negotiated agreement for the metalworking industry or on the basis of agreements off the regular pay scale. Various fringe benefits such as bonuses and performance-related pay are dependent on the company's success. On the basis of a company agreement reached in 2005, the collectively negotiated pay increases are linked to the company's performance. Only if the EBIT margin reaches at least ten percent are those back-dated collectively negotiated increases paid out and pay levels as a whole adjusted. If the margin is higher, the employees will also receive a share of the company's earnings over and above that level, in the form of a bonus; if the margin is lower, the pay increase will only be paid out on a one-off basis or postponed. This model means that the employees share directly in the company's success. This hurdle was again not reached in the 2008 financial year, with the result that the payment of collectively negotiated increases was postponed. However, because the company's obligations from the remuneration model must always be reflected in the accounts and is merely a question of delayed cash flow, and particularly bearing in mind that the repeated loss or postponement of pay increases will seriously undermine employee motivation, we will critically re-examine the model. The remuneration of employees at the other international locations is in line with local conditions; management employees are generally given a contract incorporating individual short and long-term incentives.

REMUNERATION MODEL TO BE CRITICALLY REVIEWED

In 2008, the employees were unable to exercise stock options from the scheme launched in 2001 because the performance targets were not reached. 2009 is the final opportunity to exercise options from the 2005 tranche (exercise price € 15.73). Based on the recent performance of the shares, it is unlikely that the employees will be able to use their options in the exercise period after the 2009 Shareholders' Meeting.

MEASURES PAVING THE WAY
FOR ABOVE-AVERAGE FUTURE
SUCCESS

Investor and capital market relations: Our investor relations work is based on the principles of continuity, credibility and transparency. Our aim is always to provide investors with all the information they need to understand our business model and make an investment decision. The Board of Management regards this dissemination of information as one of its primary tasks and attends to it on an ongoing basis. technotrans has a well-established, tight network of relations with the capital market, which we are continually nurturing and developing. Thanks to the changeover to registered shares in October 2008, it will moreover be possible to communicate with shareholders in a much more focused and effective way.

Customer and supplier relations: technotrans' relationship with customers and suppliers alike is characterised by a spirit of partnership. Numerous relationships have evolved over many years, and in some cases stretch back decades. Maintaining an open-handed dialogue with both groups has proved valuable even in difficult times. We give due consideration both to requests and to criticisms, because our aim is to engender a lasting relationship that is fruitful and successful for both parties concerned.

In view of the growing signs of a global economic crisis, the 2008 financial year was particularly challenging for technotrans. Though we traditionally regard ourselves as a growth company, circumstances obliged us to resort to numerous measures designed to adjust to a lower market volume, in order to stabilise and safeguard profitability in an adverse economic climate. This business pattern is mirrored by the financial performance and financial position as described elsewhere in this report. We are largely satisfied with what we achieved at an operating level and will systematically follow through with all the measures that we have initiated, in order to pave the way for above-average success during the coming financial years.

The non-recurring factors that exerted a significant influence on the financial performance during the past year include the impairment of intangible assets at the end of the year. In that instance we adjusted the reference figures for the determination of values in line with the market conditions expected in the short and medium term, with the result that corresponding impairment was necessary.

In conclusion, we are able to establish that technotrans was a soundly financed company at the time of writing this Management Report. The economic situation deteriorated noticeably in 2008 compared with previous years, mainly as a result of the financial crisis.

Report on Post-balance Sheet Date Events

No events of particular significance and in need of reporting occurred after the end of the financial year.



Risk Report

THROUGH ITS BUSINESS PROCESSES THE TECHNOTRANS GROUP IS EXPOSED TO A WIDE RANGE OF RISKS THAT ARE PART AND PARCEL OF ANY ENTREPRENEURIAL ACTIVITY. THE BOARD OF MANAGEMENT OF TECHNOTRANS AG HAS SET UP A SYSTEMATIC, EFFICIENT RISK MANAGEMENT SYSTEM AS CALLED FOR UNDER GERMAN STOCK CORPORATION LAW (SECTION 91 II OF AKTG) TO ASSURE THE GROUP'S LONG-TERM FUTURE AS A GOING CONCERN.

Principles and Strategy with regard to Risk Policy

The group-wide risk management system observes the following risk principles, among others:

- The overriding risk principle at technotrans is to protect the company as a going concern. No action or decision may endanger the company as a going concern.
- Any risks to the company as a going concern are to be reported to the Board of Management without delay.
- Necessary risks are consciously accepted to a certain extent in return for economic success. Risks to income must carry the promise of an appropriate opportunity of a return.
- Risks are to be avoided as far as possible or, insofar as economically advisable, insured against, continually monitored and brought to the attention of the Board of Management, as well as the Supervisory Board if necessary, in the context of regular risk reporting. In the event of residual risks, countermeasures must be taken.

PROMPT NOTIFICATION OF POTENTIAL RISKS

The task of the risk management system is to ensure that that the Board of Management and, if necessary, Supervisory Board are informed of potential residual risks early on. The particular objective is to detect early on all risks that could materially impair the financial position and financial performance of the group.

Risk and Opportunities Management System

The group's systematic approach to risk management aims to safeguard the group as a going concern, protect its financial independence and guard against potential risks. The risk management system is designed to promote the awareness of opportunities and risks among technotrans employees. The deliberate, controlled handling of risks makes it possible to seize opportunities and realise competitive advantages.

The risk management system identifies and communicates developments and trends that could pose a threat to the company as a going concern. It consequently equips the Board of Management to take immediate, appropriate countermeasures to tackle the risks identified. The necessary procedures and rules of communication within individual corporate divisions have been defined and established.

The early warning system is being continually refined and thus provides the basis for the systematic identification, analysis, evaluation, steering, documentation and communication of the various risk types and profiles.

Within its risk management system, the technotrans Group also operates an opportunities management system that enables it to adopt a structured approach in exploiting the ideas that are generated within the company, and incorporate them into corporate processes with the aid of task/technical specifications.

In order to exploit the opportunities open to the company to their full potential, developments are pursued and ideas realised. Certain risks are consciously taken in assessing the prospects of these projects to be positive. However, no risks that could threaten the group as a going concern are taken.

Organisation of the Risk Management System

Organisationally, risk management is integrated into the tasks of group controlling and in addition ensures that reports are submitted on a regular basis to the Board of Management and, if necessary, the Supervisory Board. This organisational structure makes it possible to identify tendencies and risks early on with the aid of group indicators, and thus ensures that the group's Board of Management can immediately implement suitable measures if there is a negative shift.

Group-wide, technotrans has a standardised organisation for risk management. Risks within technotrans AG and its subsidiaries are recorded promptly and non-centrally within the regular risk reports. These include changes to risks already identified, as well as new developments that could lead to the creation of additional risks. The risks are analysed, evaluated based on their probability and the potential loss involved, and matched up with appropriate measures. Residual risks are evaluated again and further measures are earmarked for them.

Risk Categorisation

Identified risks within the technotrans Group are classified using the following categories:

- General External Risks and Market Risks
- Physical and Organisational Risks
- Financial Risks
- Legal Risks
- Strategic Risks
- Other Risks

Taking account of the potential impact of a loss and the probability of risks materialising, risks are categorised as low, medium, high and a threat to the company's future as a going concern. The identified risks that were known to the Board of Management at the time of preparation of the Management Report are explained below.

GENERAL EXTERNAL RISKS AND MARKET RISKS

The financial crisis has had a considerable knock-on effect on economic activity worldwide. A drastic downturn in the investment propensity of printers was experienced within a very short time frame. As a systems supplier to the printing industry, the technotrans Group is affected in particular by the decline in incoming orders for printing press manufacturers. The Board of Management consequently already approved a group-wide cost-cutting programme for savings of around € 8 million in October 2008. This ensured that the company was able to adjust in good time to the changes in the market and to a potentially even lower level of revenue in 2009. On the other hand movements in the principal exchange rates (euro, dollar, yen) have little direct impact on technotrans' sales market.

60% OF REVENUE IN TECHNOLOGY
SEGMENT FROM PRINTING PRESS
MANUFACTURERS

As a systems supplier to printing press manufacturers, these customers are by definition technotrans' most important customer group. In the Technology segment, technotrans generates around 60 percent of its revenue from business with the five biggest printing press manufacturers in the world. It would not be possible to compensate in the short term for the unexpected defection of one of these customers to a competitor, and indeed would be very difficult to do so in the medium term. On the other hand the disappearance of one of these customers from the market would probably have no lasting effect on our business, because it would not represent an overall drop in market volume.

The market launch of new products harbours some risk potential, which we counter by means of careful strategic and operational planning. Close cooperation with our customers and suppliers is one of the key factors in successfully launching new products or product lines. For example, new materials are first tested intensively to verify their ability to withstand the extreme conditions in a printing shop, and products nearing maturity are put through intensive field tests to confirm in advance that they meet the requirements of day-to-day operations. These and other measures enable us to satisfy the exacting demands of the market and thus improve our competitive position. This approach plays a major part in the company's success.

There nevertheless remains a degree of residual risk when bringing new products onto the market. Implementing newly developed products can for example necessitate increased warranty outlay. The provisions for warranties earmarked for this purpose are measured on the basis of statistical experience. There remains the residual risk of the actual costs being higher than expected, despite intensive examination of equipment. Adverse economic developments can moreover considerably delay the successful launch of a product.

Taking account of the potential impact of a loss and the probability of risks materialising, as matters stand technotrans categorises the identified general external risks and market risks as "high".

LAUNCH OF MYSAP IN
EARLY 2008 WILL INCREASE
TRANSPARENCY

PHYSICAL AND ORGANISATIONAL RISKS

Within the framework of its group-wide organisational structures, technotrans operates a complex quality management system. This system assures the high standard of quality that technotrans customers expect, and above all technotrans expects of itself. According to the principle of “quality before speed”, technotrans assures its quality standards by means of complex test methods. The probability of a high quality risk is therefore rated as low.

Along with the international expansion of business activities, the demands on the group’s worldwide IT environment are rising. The ERP software (mySAP) was successfully introduced at the Sassenberg and Gersthofen locations in April 2008. In order to optimise the data basis and data quality throughout the group in future, there are plans to roll it out systematically at the subsidiaries, too, in the medium to long term. Such a complex software changeover routinely entails technical, temporal, project organisational and financial risks, which technotrans counters through targeted project management and the provision of qualified resources. The risk potential for process stability within the group is nevertheless rated overall as a medium risk.

Thank to their long-standing experience, certain employees in the group possess an outstanding level of knowledge comprising knowledge of the markets, technology, customers, competitors and products. The unexpected temporary or permanent loss of one of these colleagues represents a medium risk that we counteract by adopting a strong team emphasis and specifically promoting the sharing of expertise. The risk that technotrans could lose critical expertise is rated as medium, in view of the potentially increased fluctuation in the current market environment.

Taking account of the potential impact of a loss and the probability of risks materialising, technotrans categorises the identified organisational risks as “medium” overall.

FINANCIAL RISKS

Financial risks arise fundamentally as a result of foreign currency and interest rate and liquidity risks.

Exchange rate movements do not directly represent any significant risk potential for technotrans, because there is a clear separation in the company’s business between the eurozone and the US dollar zone in terms of both production and markets. Supplies and deliveries are consequently steered in a largely exchange-rate-neutral way. There is a fairly constant level of reciprocation of goods and services between the production companies, too, giving the company its own natural hedge against exchange rate movements.

EFFECTS OF EXCHANGE RATE
FLUCTUATIONS MAINLY AT POINT
OF TRANSLATION

The participating interests of the technotrans Group outside the eurozone are exposed to translation risks. The revenues and earnings generated, especially in US dollars, may be subject to change as a result of exchange rate fluctuations and correspondingly affect the consolidated result. Exchange rate movements affecting the translation of the equity of companies located outside the eurozone moreover result in changes to the equity of the Group that must be recognised in the accounts.

Interest rate hedging instruments were used in the year under review to hedge against interest rate risks. Please refer to Section 32 of the Notes to the Consolidated Financial Statements for details of the hedged underlying transactions.

Liquidity within the group is steered proactively. The liquidity position of all companies in the group is satisfactory for financing their operating business and as a temporary cushion for adverse developments. The group has adequate financial capacity for its ongoing business operations. In close coordination with predominantly long-standing banking partners, the need for financial resources is being closely monitored to ensure that additional funds are available if required. In the current financial crisis, however, our long-standing business relations with our banks do not offer any guarantee that they will be willing to or able to continue to fill the role of technotrans AG's financing partner to the extent to which we are accustomed. As a listed company, technotrans moreover has access to capital market instruments. If the banks were to withdraw the promised financing unexpectedly and major customers were simultaneously unable to meet their obligations to pay in the usual manner, the liquidity position could temporarily deteriorate sharply.

Acquisitions and investments are essential for the growth of the company in view of their forward-looking nature, but they also entail risks. These risks are steered and reduced through defined procedures and methods (internal approval processes) for such projects. No material risks from acquisition and investing activities are currently identifiable.

Taking account of the potential impact of a loss and the probability of risks materialising, technotrans categorises the identified physical and organisational risks as "medium" overall.

LEGAL RISKS

technotrans has been involved in a patent dispute with a competitor for several years. The most recent development was that technotrans filed a complaint with the Federal Supreme Court against the non-admission of an appeal against the ruling at the second instance of November 14, 2002 and lodged an appeal with the Federal Patents Court against the ruling in the revocation action. A date of April 21, 2009 has now been set for the appeal proceedings. If the competitor were to succeed at the Federal Supreme Court with both proceedings, it could lodge a final and absolute claim for compensation, the level of which would, however, have to be determined in a further lawsuit. Such a compensation claim was lodged with the Düsseldorf district court in May 2005, based on a ruling of the Düsseldorf Higher Regional Court that was not final and absolute. To minimise the risk, a provision amounting to € 3.3 had already been created in the 2002 financial year; for further comments, see Section 12 in the Notes to the Consolidated Financial Statements. At the balance sheet date, the provision still amounted to € 3.7 million, based on the value of the matter in dispute of € 2.5 million at the second instance as well as remaining legal expenses of € 0.5 million. In view of the duration of the proceedings, the provision is classified as long-term and correspondingly compounded.

technotrans intends to conduct each of these legal proceedings with the utmost determination. Any forecast on the outcome of these proceedings would, however, be highly tentative at present. The calculation of the level of the provision is based on plausible assumptions, but the possibility cannot be excluded that the actual amount required in the event of the lawsuit finally being lost could be higher. The likelihood of this residual risk is rated as not probable and it would not be expected to materialise before 2013/14. In the event of it materialising, the economic position of the group could however suffer a temporary, marked deterioration.

Taking account of the potential impact of a loss and the probability of risks materialising, the identified legal risks are categorised as “medium”.

STRATEGIC RISKS

In the context of its worldwide business activities, the technotrans Group is also confronted with strategic risks of a medium and long-term nature.

To further enhance its competitiveness and meet market requirements worldwide, technotrans has steadily expanded its international business activities over the past few years. In planning this process, the potential of each market was evaluated, the legal framework examined and the political situation in the country in question taken into consideration. The establishment of new locations ultimately depended on whether positive results for all these parameters were obtained. Despite every precaution, misplaced assessments or unforeseen occurrences could hamper the future development of the group. It is equally possible that locations can be closed down if there is a permanent change in the original parameters.

ECONOMIC FORECASTS A RISK FACTOR IN CORPORATE PLANNING

In addition to the risks identified in the context of risk management activities, the development of the global economy is a considerable risk factor. As forecasts on economic developments exercise considerable influence on corporate planning and strategy, the possibility cannot be excluded that negative economic developments at variance with the forecasts will have a considerable impact on the economic position of the group. The same of course applies to positive departures from the economic trend, which could temporarily lead to unexpected capacity bottlenecks.

Taking account of the potential impact of a loss and the probability of risks materialising, technotrans categorises the identified strategic risks as “high”.

OTHER RISKS

As a manufacturer of systems and devices, technotrans endeavours to minimise its own negative impact on the environment. Compliance with all the relevant environmental regulations is monitored on a regular basis. As virtually an out-and-out assembly business, the risk potential from our own manufacturing operations must be rated as extremely low. We moreover promote the responsible use of resources by our customers and actively adopt market trends moving in that direction. We therefore perceive no risks to the group in the environmental sphere.

CONCLUSION

There are currently no risks that could endanger the group's existence. The Board of Management is not aware of any potential economic or legal threat to it as a going concern.



Report on Expected Developments

THE FUTURE OF TECHNOTRANS IN THE SHORT AND MEDIUM TERM DEPENDS IN ESSENCE ON HOW THE PRINTING INDUSTRY IN GENERAL FARES, AND HOW EFFECTIVELY AND QUICKLY A GROWTH STRATEGY OF ITS OWN THAT IS MOSTLY INDEPENDENT OF ECONOMIC DEVELOPMENTS CAN BE IMPLEMENTED.

Experience has shown that the development of the printing industry is very closely related to the state of the global economy. Advertising spending by industry represents a very significant portion of print jobs. Rising or falling budgets therefore have a decisive impact on capacity utilisation and consequently on the investment propensity of printers worldwide. That is one of the reasons why the printing industry is considered a bellwether sector, because particularly at times of economic slackness advertising budgets are often among the first areas for cutbacks. This then translates directly into a downturn in orders for new printing presses.

MORE REVISED ECONOMIC
FORECASTS TO COME?

At the start of the 2009 financial year, all the signs are that the global economy is entering a recession. The severity of the economic crisis still remains a matter of guesswork, because growth rates have been downgraded at ever shorter intervals since the third quarter of 2008. According to the latest forecast by the International Monetary Fund, the economy is set for a dramatic downturn in 2009. Growth in the global economy is set to tumble to 0.5 percent this year – the lowest figure since the Second World War. The IMF predicts that industrial nations will slide into their deepest post-war recession, prompting economic output to contract by 2 percent. The IMF expects the downturn in Germany to be even more acute, at -2.5 percent. If the experience of recent weeks and months is anything to go by, this forecast does not necessarily mean that an end to the downward spiral is in sight yet, and the meaningfulness of any plans for the financial year based on this forecast is therefore questionable.

The worldwide reluctance to invest has had a profound impact on the order books of German printing press manufacturers, which between them account for over 60 percent of the world market. According to a survey conducted by the German Engineering Federation (VDMA), orders plunged by more than 50 percent in the final months of 2008 compared with the same period of the previous year. All markets worldwide have been on the retreat, even if the severity of the downturn varies from region to region. In order to adjust their capacities to the lower level, Heidelberger Druckmaschinen AG, manroland AG and Koenig&Bauer AG have had recourse to such measures as redundancies and short-time work in an effort to cut costs.

As technotrans is a systems supplier whose systems and devices are by and large supplied already factory-fitted to new printing presses, it has seen its Technology segment suffer in particular measure from this development. As matters stand, we must expect to see this OEM business likewise slashed by half in the coming months. An additional burden is that some of our customers still have a relatively high level of inventories at the start of 2009; these will first have to be reduced as a priority. We therefore expect that we will not be able to stabilise sales at the new, lower level until these stocks have been

shifted. Overall, therefore, we are preparing for a further substantial downturn in revenue in the Technology segment, at least in the first half of the year.

EMPHASIS ON MEDIUM AND LONG-TERM TARGETS

In view of the extent and speed of the current downturn, the scope for taking corrective measures in the short term is relatively limited. We are of course adhering to our growth strategy of increasing the “technotrans content per printing press” by steadily expanding our product range, with an eye to the company’s medium and long-term development. The need for printing press manufacturers to reduce their capacity and explore every possible avenue for cost reductions could furthermore create potential opportunities by encouraging more intensive outsourcing. This is understandably not the top priority at present, given the need to utilise capacity to the full, but it could become relevant at the start of an economic recovery. We in addition believe there are good prospects for increasing our market shares in these difficult times, because weaker competitors might be pushed to the brink by the crisis. Last but not least, we now have an extensive product range to offer directly to end customers in the guise of printers worldwide. Many of these products are suitable for retrofitting to existing printing presses; they help to handle processes more efficiently and therefore more cost-effectively. These are strong selling points, especially when the customer is reluctant to invest in a new printing press. We will determinedly follow up the opportunities that present themselves, to ensure that technotrans emerges from the crisis in an even stronger position.

The Services segment, which handles installation, maintenance and parts business and also incorporates the Technical Documentation business unit, is likely to play a stabilising role on the overall course of business in 2009. While the volume of installations is equally set to fall in view of the current environment, we are expecting an ageing installed base in the market to provide a positive stimulus. The markets in which we have only recently established our own sales and service subsidiaries should provide extra potential. We will carefully monitor the need to invest in them further, in light of the group-wide priority to stabilise earnings.

IMPRESSIVE GROWTH RATES FOR GDS

The Technical Documentation business unit (global document solutions) is a successful service provider for external customers and is able to tap into additional revenue potential for the segment with its “docuglobe” software. Both areas, Product Support Services and Technical Documentation, will therefore probably have a stabilising effect on overall business progress in an otherwise difficult 2009 financial year.

We still expect that the technotrans Group will achieve organic growth averaging around six percent annually in the medium term. Based on our current scenarios we are expecting revenue to decline in the 2009 financial year, though the extent of this drop cannot be reliably predicted in view of the volatile environment at the start of this year. Our scenarios are based on the one hand on the sales targets of our major customers, and on the other hand on the revenue forecasts of our sales and service companies worldwide. We believe there is considerable uncertainty in the targets for 2009 in our possession at the start of the year, and conclusions for 2010 are not possible. We will therefore monitor them very closely in the course of the year so that we are able to respond without delay whenever variation comes to light. In the present circumstances, our priority is always to be able to respond appropriately to factors affecting our financial performance.

SAFEGUARDING PROFITABILITY TAKES
ABSOLUTE PRIORITY IN 2009

We will step up the cost-cutting programme launched in the 2008 financial year, with a volume of € 8 million annually, in order to adjust to the prevailing level of demand. This programme includes the transfer of the cleaning systems product area from Gersthofen to our Sassenberg location in the early part of the year, measures such as the introduction of short-time and, ultimately, structural adjustments. Our aim is to steer the company in such a way that its operations always show a profit, even in the midst of the toughest economic crisis in its history. In order to maintain our substance for the period after the downturn, we will abstain from making any further redundancies for as long as possible and will adopt a highly restrictive approach when filling posts that have become vacant. The Services segment is currently exempt from these measures, as we expect its earnings at least to remain stable.

With an equity ratio of around 50 percent, technotrans currently has a sound balance sheet structure. We are nevertheless preparing a timely response to external factors such as the squeeze on lending by banks and lower cash flows due to falling revenue, by adopting measures to safeguard our long-term liquidity. technotrans currently has cash and cash equivalents of around € 7 million and open, unused borrowing facilities for around € 8.5 million. This appears to be adequate to tie us over the anticipated lean period of the next few months.

Our dividend policy must likewise yield to the interests of safeguarding the company's substance. For many years, we have distributed approximately half of the consolidated net income to shareholders. As matters stand, there is no guarantee that the financial performance will permit a profit distribution at the end of the 2009 financial year.

All in all, we have prepared well for the challenges that lie before us. Equipped with an awareness of the risks to the possible short-term development and the right package of measures, we will achieve our goal of operating profitability by year-end. Meanwhile we will use the opportunities available to the company for its medium and long-term future. We continue to tailor our actions to technotrans' prospects as a growth company primed for sustained profitability.

Finally, as a formality we would like to point out to our readers that considerable variation between expectations in respect of future developments and actual results is possible due to any aforementioned or other element of uncertainty, or if the assumptions on the basis of which the forecasts are made prove to be incorrect.



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Consolidated Balance Sheet

ASSETS	Note	2008	2007	2006
		€ '000	€ '000	€ '000
Non-current assets				
Property, plant and equipment	1	25,456	23,305	22,126
Goodwill	2	2,459	2,354	2,566
Intangible assets	3	3,343	11,275	3,431
Income tax receivable	7	420	459	501
Financial assets	4	677	639	183
Deferred tax	26	1,668	1,324	896
Total		34,023	39,356	29,703
Current assets				
Inventories	5	23,462	25,648	25,756
Trade receivables	6	21,258	17,959	17,434
Income tax receivable	7	240	2,072	8
Other assets	8	1,701	2,107	1,926
Cash and cash equivalents	9	6,928	10,748	15,049
Total		53,589	58,534	60,173
Total assets		87,612	97,890	89,876

THE FIGURES AT THE BALANCE SHEET DATE OF DECEMBER, 31 OF THE RESPECTIVE YEARS.

EQUITY AND LIABILITIES	Note	2008	2007	2006
		€ '000	€ '000	€ '000
Equity	10			
Issued capital		6,908	6,908	6,762
Capital reserve		40,322	40,322	38,076
Revenue reserve		11,677	11,269	6,969
Equity from unrealised gains/losses		-9,760	-10,318	-7,629
Treasury shares		-9,150	-2,468	0
Accumulated profit/loss		1,819	11,159	9,759
Total		41,816	56,872	53,937
Non-current liabilities				
Financial liabilities	11	13,679	4,762	6,475
Provisions	15	4,545	5,072	3,534
Other liabilities	12	129	116	147
Deferred tax	26	31	1,001	1,133
Total		18,384	10,951	11,289
Current liabilities				
Financial liabilities	11	7,409	8,184	3,298
Trade payables	13	4,831	7,194	5,496
Prepayments received	14	2,914	3,757	3,505
Provisions	15	9,582	8,983	9,337
Income tax payable	16	667	231	1,363
Other liabilities	17	2,009	1,718	1,651
Total		27,412	30,067	24,650
Total equity and liabilities		87,612	97,890	89,876



Consolidated Income Statement

	Note	2008	2007	2006
		€ '000	€ '000	€ '000
Revenue	18	141,677	153,170	151,272
of which Technology		103,840	116,925	117,038
of which Services		37,837	36,245	34,234
Cost of sales	19	- 105,932	- 102,824	- 100,827
Gross profit		35,745	50,346	50,445
Distribution costs	20	- 18,857	- 17,312	- 16,712
Administrative expenses	21	- 13,177	- 12,828	- 13,499
Development costs	22	- 5,189	- 6,302	- 5,106
Other operating income	23	3,044	1,814	2,476
Other operating expenses	24	- 1,604	- 1,832	- 1,938
Earnings before interest and tax (EBIT)		- 38	13,886	15,666
Interest income		232	282	292
Interest expenses		- 1,451	- 840	- 1,080
Net finance costs	25	- 1,219	- 558	- 788
Accounting profit		- 1,257	13,328	14,878
Income tax expense	26	- 1,595	- 4,261	- 4,890
Net profit/net loss for the period		- 2,852	9,067	9,988
Earnings per share (€)	27			
basic		- 0.45	1.33	1.48
diluted		- 0.45	1.32	1.47



Cash Flow Statement

	Note	2008	2007	2006
		€ '000	€ '000	€ '000
Cash flows from operating activities	28			
Net profit/net loss for the period		-2,852	9,067	9,988
Adjustments for:				
Depreciation and amortisation		4,761	4,297	3,128
Impairment loss acc. to IAS 36		7,454	0	1,224
Share-based payment transactions		187	66	204
Income tax expense		1,595	4,261	4,890
Gain (-)/loss (+) on the disposal of property, plant and equipment		38	-219	-38
Foreign exchange gains (-)/losses (+)		74	54	38
Interest income		-232	-282	-292
Interest expenses		1,451	840	1,080
Cash flows from operating activities before working capital changes		12,476	18,084	20,222
Change in:				
receivables		-2,993	242	-1,061
inventories		2,186	2,627	-846
other non-current assets		-38	-407	515
liabilities		-2,624	-330	-1,749
provisions		-135	-657	918
Cash from operating activities		8,872	19,559	17,999
Interest income		206	262	292
Interest expense		-1,245	-606	-658
Income taxes paid		-1,086	-8,590	-5,336
Net cash from operating activities		6,747	10,625	12,297
Cash flows from investing activities	29			
Acquisition of intangible assets and of property, plant and equipment		-6,460	-7,957	-5,280
Acquisitions		0	-4,483	0
Proceeds from the sale of property, plant and equipment		76	1,197	1,184
Net cash used for investing activities		-6,384	-11,243	-4,096
Cash flows from financing activities	30			
Proceeds from injection of equity		0	992	1,272
Buy-back of treasury shares		-7,461	-2,468	0
Cash receipts from the raising of short-term and long-term loans		9,709	6,500	0
Cash payments from the repayment of loans		-1,567	-3,505	-3,333
Distributions to investors		-4,504	-4,733	-3,676
Net cash used in financing activities		-3,823	-3,214	-5,737
Net effect of currency translation in cash and cash equivalents		-360	-469	-185
Net increase in cash and cash equivalents		-3,820	-4,301	2,279
Cash and cash equivalents at start of period		10,748	15,049	12,770
Cash and cash equivalents at end of period	9, 31	6,928	10,748	15,049



Statement of Movements in Equity

(SEE NOTES, SECTION 10)

	Issued capital	Capital reserve	Revenue reserve	Hedging reserve
	€ '000	€ '000	€ '000	€ '000
31/12/2005 / 01/01/2006	6,684	36,882	3,269	-177
Result from items netted directly within equity	0	0	0	125
Net income for the year	0	0	0	0
Overall result for the financial year	0	0	0	125
Distribution of profit	0	0	0	0
Allocation to retained earnings	0	0	3,700	0
Exercise of subscription rights by employees (capital increase from conditional capital)	78	1,194	0	0
31/12/2006 / 01/01/2007	6,762	38,076	6,969	-52
Result from items netted directly within equity	0	0	0	39
Net income for the year	0	0	0	0
Overall result for the financial year	0	0	0	39
Distribution of profit	0	0	0	0
Allocation to retained earnings	0	0	4,300	0
Acquisitions (capital increase from approved capital)	60	1,340	0	0
Exercise of subscription rights by employees (capital increase from conditional capital)	86	906	0	0
Share buy-back	0	0	0	0
31/12/2007 / 01/01/2008	6,908	40,322	11,269	-13
Result from items netted directly within equity	0	0	0	-12
Net loss for the year	0	0	0	0
Overall result for the financial year	0	0	0	-12
Distribution of profit	0	0	0	0
Allocation to retained earnings	0	0	1,000	0
Share buy-back	0	0	0	0
Issuance of treasury shares	0	0	-592	0
31/12/2008	6,908	40,322	11,677	-25

	Reserve for exchange rate differences from the financing of investments	Reserve for share-based payment transactions	Exchange differences	Treasury shares	Accumulated profit/loss	Group equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
	-603	260	-5,009	0	5,626	46,932
	-732	126	-1,619	0	1,521	-579
	0	0	0	0	9,988	9,988
	-732	126	-1,619	0	11,509	9,409
	0	0	0	0	-3,676	-3,676
	0	0	0	0	-3,700	0
	0	0	0	0	0	1,272
	-1,335	386	-6,628	0	9,759	53,937
	-354	41	-2,415	0	1,366	-1,323
	0	0	0	0	9,067	9,067
	-354	41	-2,415	0	10,433	7,744
	0	0	0	0	-4,733	-4,733
	0	0	0	0	-4,300	0
	0	0	0	0	0	1,400
	0	0	0	0	0	992
	0	0	0	-2,468	0	-2,468
	-1,689	427	-9,043	-2,468	11,159	56,872
	962	0	-392	0	-984	-426
	0	0	0	0	-2,852	-2,852
	962	0	-392	0	-3,836	-3,278
	0	0	0	0	-4,504	-4,504
	0	0	0	0	-1,000	0
	0	0	0	-7,461	0	-7,461
	0	0	0	779	0	187
	-727	427	-9,435	-9,150	1,819	41,816



Notes to the Consolidated Financial Statements

SEGMENT REPORT		Technology	Services	Other	Consolidated/ not allocated	Group
BY DIVISION						
		€ '000	€ '000	€ '000	€ '000	€ '000
External revenue	2008	103,840	37,837	0	0	141,677
	2007	116,925	36,245	0	0	153,170
	2006	117,038	34,234	0	0	151,272
Internal revenue	2008	17,524	7,448	0	-24,972	0
	2007	19,323	7,852	0	-27,175	0
	2006	18,860	6,583	0	-25,443	0
Segment result	2008	-4,309	4,021	250	0	-38
	2007	7,662	5,894	330	0	13,886
	2006	10,048	5,123	495	0	15,666
Segment assets	2008	58,704	19,652	0	9,256	87,612
	2007	65,824	17,463	0	14,603	97,890
	2006	55,452	17,970	0	16,454	89,876
Segment liabilities	2008	19,812	4,198	0	21,786	45,796
	2007	22,182	4,640	0	14,196	41,018
	2006	19,102	4,484	0	12,353	35,939
Investments	2008	4,542	1,918	0	0	6,460
	2007	12,888	1,694	0	0	14,582
	2006	4,033	1,247	0	0	5,280
Depreciation and amortisation	2008	3,796	965	0	0	4,761
	2007	3,271	1,026	0	0	4,297
	2006	2,411	717	0	0	3,128
Impairment loss acc. to IAS 36	2008	7,454	0	0	0	7,454
	2007	0	0	0	0	0
	2006	874	350	0	0	1,224
Other non-cash expenses	2008	1,237	259	0	0	1,496
	2007	4,803	2,011	0	0	6,814
	2006	5,418	1,731	0	0	7,149

SEGMENT REPORT BY GEOGRAPHICAL REGION		Germany	Rest of Europe	USA	Asia	Other	Not allocated	Group
		€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
External revenue	2008	67,345	36,476	22,750	14,198	908	0	141,677
	2007	78,039	35,430	25,757	13,149	795	0	153,170
	2006	69,319	38,231	32,034	10,768	920	0	151,272
Segment assets	2008	56,450	7,433	10,378	3,748	347	9,256	87,612
	2007	61,292	6,384	11,629	3,869	113	14,603	97,890
	2006	48,667	7,384	13,534	3,643	194	16,454	89,876
Investments	2008	5,901	231	272	56	0	0	6,460
	2007	13,997	135	312	128	10	0	14,582
	2006	3,357	591	826	343	163	0	5,280

I. APPLICATION OF IFRS – BASIC NOTES

The Consolidated Financial Statements of technotrans AG at December 31, 2008 are prepared in accordance with the International Financial Reporting Standards (IFRS). All standards the application of which is mandatory from January 1, 2008, as adopted by the European Union, were applied.

The Consolidated Financial Statements are based on standard recognition and measurement principles. They are expressed in € thousand.

II. GROUP

a) Reporting entity

In addition to technotrans AG, Sassenberg, the Consolidated Financial Statements include fourteen fully consolidated subsidiaries in which technotrans AG directly or indirectly has a 100 percent interest. The financial year throughout the reporting entity is the calendar year.

The following table shows the reporting entity:

Company	Production/ Sales + Service	Interest	Equity*	Revenue	Profit after tax	Employees, average for year
		in %	€ '000	€ '000	€ '000	
technotrans AG, Sassenberg and Gersthofen (D)	Produktion/ Sales + Service	Parent company	50,059	116,056	-9,875	573
globalprint AG, Sassenberg (D)	–	100	1,389	0	124	–
technotrans graphics limited, Colchester (GB)	Sales + Service	100	3,085	5,834	446	30
technotrans france s.a.r.l., Saint-Maximin and Madrid (F)	Sales + Service	100	1,513	8,452	218	29
technotrans italia s.r.l., Legnano (I)	Sales + Service	100	1,041	3,454	133	15
technotrans scandinavia AB, Stockholm (S)	Sales + Service	100	6,713	69	309	1
technotrans rus OOO, Moscow (RUS)	Sales + Service	100	155	157	-64	3
technotrans america, Inc., Mt. Prospect, Illinois (USA)	Production/ Sales + Serv.	100	3,225	19,846	-320	98
technotrans américa latina Ltda., São Paulo (BR)	Production/ Sales + Serv.	100	-1,102	1,113	-926	7
technotrans printing equipment (Beijing) Co. Ltd., Beijing (RC)	Production/ Sales + Serv.	100	184	1,861	3	21
technotrans china limited., Hong Kong und Shenzhen (RC)	Sales + Service	100	324	1,630	-402	13
technotrans trading (Shanghai) co. Ltd., Shanghai (RC)	Sales + Service	100	1	85	-101	3
technotrans japan k.k., Kobe and Yokohama (J)	Sales + Service	100	-689	4,089	-661	11
technotrans technologies pte ltd., Singapore and Melbourne (SGP)	Sales + Service	100	670	4,405	-147	16
technotrans middle east FZ-LLC, Dubai (V.A.E)	Sales + Service	100	250	543	2	3

* EQUITY, REVENUE AND PROFIT/LOSS AFTER TAX HAVE BEEN CALCULATED IN ACCORDANCE WITH THE REGULATIONS APPLICABLE LOCALLY FOR EACH SUBSIDIARY.

b) Consolidation methods

The Consolidated Financial Statements are based on the group companies' annual financial statements (Commercial Balance Sheet II based on IFRS) prepared in accordance with standard recognition and measurement principles as at December 31, 2008.

Capital consolidation for the subsidiaries is performed according to the purchase method pursuant to IFRS 3. The costs of acquisition of the business combination in each case correspond to the fair values of the technotrans shares issued at the time of acquisition, the cash components paid and the costs directly allocable to the business combination. These costs of acquisition are distributed between the identifiable assets, liabilities and contingent liabilities of the acquiree by their recognition at the respective fair values at the time of acquisition. The remaining positive differences are recognised as goodwill.

All intra-group receivables and liabilities, gains and losses and expenses and income are eliminated as part of the consolidation process.

Assets from intra-group trade which appear under fixed assets and inventories have been adjusted to eliminate any intermediate results. Deferred taxes are stated for consolidation processes affecting income.

c) Recognition and measurement principles

The Consolidated Financial Statements have been prepared on the basis of the cost of acquisition or cost of conversion, with the exception of derivative financial instruments, which were measured at fair value.

The preparation of the Consolidated Financial Statements in accordance with IFRS necessitates making assumptions, estimates and judgments that have an effect on both the recognition and measurement principles to be applied and on the amounts recognised for assets, debts, income and expenditure. These assessments and the associated assumptions are based on past experience and a wide range of other factors that are considered to be plausible in the light of circumstances; they constitute the basis for the amounts stated for assets and liabilities that cannot be deduced directly and clearly from other sources. The actual results may deviate from these assessments.

The assessments and underlying assumptions are examined on a regular basis. If a reassessment results in a difference, that difference is reported in the accounting period in which the reassessment was made if it relates to that period only. It is recorded in the accounting period in which the reassessment was made, as well as in subsequent periods if it also influences the subsequent periods.

Judgments and assessments made by the Board of Management that are subject to a significant degree of uncertainty and bring with them the risk of significant adjustments in future financial years relate in particular to the following matters:

- 1) Assessment of the value of goodwill recognised in the accounts,
- 2) Assessment of the value of intangible assets and
- 3) Recognition and measurement of provisions (patent dispute, cf. Section 15).

The Board of Management has coordinated the development, selection and reporting of such recognition and measurement principles, as well as its judgments and assessments, with the Audit Committee.

The application of a specific IFRS is indicated in the notes to the individual items of the financial statements. The following methods of recognition and measurement were fundamentally applied:

Property, plant and equipment are reported at cost of acquisition or cost of conversion, less depreciation and impairment losses. Retrospective costs of acquisition are capitalised. In the case of self-constructed assets, the cost of conversion is calculated on the basis of prime costs as well as the systematically allocable fixed and variable production overheads, including depreciation. Borrowing costs are not recognised. Maintenance costs are recorded as a direct expense.

Property, plant and equipment are depreciated according to the straight-line method, on the basis of their useful life. The residual value, useful life and method of depreciation are reassessed annually. Components of property, plant and equipment with a significant purchase value in relation to the total value are depreciated separately as appropriate. Where there is a basis for impairment, property, plant and equipment are examined for impairment pursuant to IAS 36.

Insofar as necessary, the carrying amount for property, plant and equipment is adjusted to the recoverable amount. If the circumstances which led to this measure subsequently cease to apply, these reductions for impairment are reversed at most by the net carrying amount that would have applied if no such reductions for impairment had been made. There is no investment property pursuant to IAS 40 (Investment Property).

All reported **goodwill** results from business combinations which were agreed and completed before March 31, 2004. Pursuant to IAS 36, goodwill is to be examined for impairment once a year or if any basis for a reduction for impairment is established, by performing an impairment test. Insofar as necessary, the carrying amount is reduced to the "recoverable amount". Pursuant to IAS 36.124, such a reduction for impairment is not reversed where the circumstances which led to it subsequently cease to apply. Pursuant to IAS 21.47, goodwill is considered as an asset of the subsidiary in question and translated at the closing rate.

Intangible assets, namely concessions and industrial and similar rights and values acquired for consideration, are carried at cost. They are amortised by the straight-line method, according to their useful life. The residual value, useful life and method of depreciation are reassessed annually.

Self-constructed intangible assets – which in the case of technotrans comprise development expenditure recognised as an intangible asset – are recognised at cost. Pursuant to IAS 38.65 ff, these comprise the directly allocable prime costs as well as the production overheads that can be allocated directly to the creation, manufacture and preparation of the asset, where they arise between the start of the development phase and its conclusion. The conditions for capitalisation as laid down in IAS 38.21, 38.22 and 38.57 are met. Amortisation of development expenditure recognised as an intangible asset commences as soon as the asset is available for use. This usually coincides with the start of its commercial use. All self-constructed intangible assets acquired for consideration have a finite useful life.

The notes on property, plant and equipment apply analogously to any necessary reductions for impairment of intangible assets to the “recoverable amount”.

Deferred taxes are created for temporary differences between the amounts in the Consolidated Balance Sheet and the tax base (liability method), in accordance with IAS 12. Deferred tax assets from tax loss carryforwards are in addition recognised where their use is probable. The deferred taxes are measured on the basis of the locally applicable tax rates that apply or have been announced at the balance sheet date.

The **inventories** reported are always recognised at cost of acquisition or cost of conversion, using the weighted average cost method, or at the net realisable value if lower. In accordance with IAS 2, cost of conversion includes the prime costs, as well as allocable fixed and variable production overheads by way of target costing. Finance charges are not capitalised.

The net realisable value is the anticipated sales proceeds less the estimated costs of completion and the costs necessary to make the sale. If the reasons which have led to downward valuation cease to apply, a reversal is made.

Receivables are fundamentally reported at amortised cost, using the effective interest rate method. Provision is made for credit risks in the form of reductions for impairment. Non-current, non-interest-bearing receivables are discounted.

Cash and cash equivalents are reported at face value and converted into euros at the closing rates.

Issued capital (no par value shares) is reported at the nominal amount.

Treasury shares If the company acquires treasury shares, these are offset against equity. The purchase and sale, issuance and retirement of treasury shares are not recognised within income, but as an addition to equity. Differences between the cost of the issued shares and their fair value upon their sale or issuance are offset against the revenue reserve.

Liabilities are fundamentally recognised at amortised cost. Liabilities in foreign currency are translated in accordance with IAS 21.21 and 23 (a). Financial liabilities are not recognised in the Income Statement at fair value. When initially recognised, they are therefore measured at fair value including the transaction costs and subsequently at amortised cost, using the effective interest method.

Provisions are created to cover obligations to third parties if obligations existing at the reporting date are likely to result in a future outflow of resources and the latter amount can reliably be estimated. They are recognised at the likely amount at which settlement will take place.

Provisions for pensions are recognised as a liability pursuant to IAS 19.64 using the Projected Unit Credit Method. Actuarial gains and losses are recognised as income within administrative expenses in the year in which they occur.

Derivative financial instruments are recognised at market value. At technotrans, derivative financial instruments were used exclusively for hedging interest rate risks at December 31, 2008. Where they qualify as cash flow hedges, corresponding adjustments to the market price are recognised within equity, with no effect on income.

Revenues from the sale of goods are recognised in accordance with IAS 18.14 if the significant risks and rewards associated with ownership of the products sold have been transferred to the buyer. Revenues from services are received acc. to IAS 18.20 on the basis of the stage of completion, which is determined on the basis of costs incurred in relation to anticipated costs.

If a contract from a customer involves both the delivery of goods and the provision of services, such as assembly and commissioning, revenue is always realised upon acceptance by the customer.

Interest income and expense is reported on an accrual basis in line with the effective interest method.

Currency translation: The financial statements of all foreign group companies prepared in foreign currency are translated according to the concept of the functional currency (IAS 21). The local currency of the country in which they are based is fundamentally recognised as the functional currency of the companies included in the Consolidated Financial Statements. However, in the case of the Singapore subsidiary the euro is considered to be the functional currency, as its primary economic environment (revenues and expenses) is determined predominantly by the euro.

Business transactions concluded by a group company in a currency other than its functional currency are translated into and reported in the functional currency for the first time at the spot exchange rate on date of the business transaction. At each subsequent balance sheet date, monetary items (cash, receivables and liabilities) that were originally in a currency other than the functional currency are translated at the closing rate; the resulting exchange rate differences are recognised in the Income Statement. Non-monetary items are translated at the historical rate.

The assets and liabilities of foreign subsidiaries are translated at the mean rate at the balance sheet date (closing rate), and included in the Consolidated Financial Statements. Expenses and income are translated at the mean rate for the year. The resulting differences are netted against equity, with no effect on income. Exchange differences compared with prior-year translation are likewise netted within equity, with no effect on income.

Exchange rate differences from the net investment in a foreign business (group company) are reported within equity with no effect on income; they are only recognised in the Income Statement upon disposal of the net investment. The following rates were applied in currency translation:

RATES FOR CURRENCY TRANSLATION	Mean rates for the financial year			Mean rates at balance sheet date		
	2008	2007	2006	31/12/2008	31/12/2007	31/12/2006
USD	1.4708	1.3705	1.2559	1.3917	1.4721	1.3181
JPY	152.4500	161.2500	146.0223	126.1400	164.9300	156.6500
GBP	0.7963	0.6843	0.6818	0.9525	0.7333	0.6714
SEK	9.6152	9.2501	9.2553	10.8700	9.4415	9.0430
CNY	10.2236	10.4178	9.8435	9.4956	10.7524	10.1230
HKD	11.4541	10.6912	9.7560	10.7858	11.4800	10.2484
CHF	1.5874	1.6427	1.5729	1.4850	1.6547	1.6069
BRL	2.6737	2.6690	2.7383	3.2436	2.6130	2.8234
AED	5.4028	5.0345	–	5.1340	5.4115	–
RUB	36.4207	35.0183	–	41.2830	35.9860	–

CHANGES IN RECOGNITION AND MEASUREMENT PRINCIPLES

The Consolidated Financial Statements of technotrans AG at December 31, 2008 include all standards and interpretations adopted by the European Union, the application of which is mandatory from January 1, 2008.

The following standards and interpretations were to be applied for the first time:

STANDARD/INTERPRETATION	Content	Effect for technotrans
IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions	Concerns group-wide share-based payments where the company must acquire shares from third parties or its shareholders.	No instances of application at technotrans
IFRIC 14 – IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction	Concerns the limit for measurement of a defined benefit asset pursuant to IAS 19	No instances of application at technotrans
Amendments to IAS 39 und IFRS 7 – reclassification of financial instruments	Concerns the scope for reclassifying non-derivative financial instruments	No instances of application at technotrans

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have approved further standards and interpretations, the application of which was not yet mandatory in the 2008 financial year.

The following standards and interpretations adopted by the European Union by December 31, 2008 have not yet been observed in these accounts (the numbers in brackets denote the relevant directive of the European Commission):

- IFRS 8: Operative Segments (1347/2007)
- IAS 1: Presentation of Financial Statements (revised 2007) (1274/2008)
- IFRS 2: Amendment to IFRS 2 “Share-based Payment” – Vesting Conditions and Cancellations (1261/2008)
- IAS 23: Borrowing Costs (revised 2007) (1260/2008)
- IFRIC 13: Customer Loyalty Programmes (1262/2008)

The application of IFRS 8 is binding for technotrans for the first time in the 2009 financial year. IFRS 8 introduces the “management approach” to segment reporting. Segment information is accordingly to be based on internal reports that are used by the group's decision-makers for the gauging of performance and the allocation of resources. The primary segment reporting format used in these financial statements already satisfies this requirement.

The application of IAS 1 is binding for the first time in the 2009 financial year. Its observation will result in a change to the presentation of the annual financial statements.

IFRS 2 – The amended standard is to be applied for the first time by technotrans from the 2009 financial year. The amendments to the standard lay down certain definitions in IFRS 2 more precisely. technotrans does not expect it to have any effect on the consolidated financial statements of future financial years.

IAS 23 – The amendments are to be applied for the first time by technotrans from the 2009 financial year. The amended standard removes the option of recognising borrowing costs that are directly attributable to the acquisition, construction or manufacture of a qualifying asset as an expense. technotrans does not expect any material effect on future consolidated financial statements.

IFRIC 13 – Its application is binding for technotrans for the first time from the 2009 financial year. It concerns the accounting of customer loyalty programmes. IFRIC 12 is not expected to have any effect on future consolidated financial statements of technotrans AG.

III. NOTES TO THE CONSOLIDATED BALANCE SHEET

01

Property, plant and equipment

	Property*	Other assets, plant and other equipment	Construction in progress	Property, plant and equipment
	€ '000	€ '000	€ '000	€ '000
Cost at December 31, 2005/January 1, 2006	20,583	12,768	696	34,047
Foreign currency translation differences	-176	-120	-6	-302
Additions	958	2,512	108	3,578
Disposals	-58	-1,163	-80	-1,301
Transfers	0	528	-528	0
Cost at December 31, 2006/January 1, 2007	21,307	14,525	190	36,022
Foreign currency translation differences	-95	-135	-4	-234
Additions	702	2,340	2,011	5,053
Additions from corporate acquisition	0	92	0	92
Disposals	-1,236	-1,926	0	-3,162
Transfers	0	257	-257	0
Cost at December 31, 2007/January 1, 2008	20,678	15,153	1,940	37,771
Foreign currency translation differences	36	-84	2	-46
Additions	2,942	2,124	36	5,102
Disposals	-263	-1,575	0	-1,838
Transfers	1,919	21	-1,940	0
Cost at December 31, 2008	25,312	15,639	38	40,989

* LAND, LAND RIGHTS AND BUILDINGS, INCLUDING BUILDINGS ON LAND OWNED BY OTHERS

The additions to property, plant and equipment refer substantially to the investment in the new building at Sassenberg in 2007 and 2008.

	Property*	Other assets, plant and other equipment	Construction in Progress	Property, plant and equipment
	€ '000	€ '000	€ '000	€ '000
Accumulated depreciation at December 31, 2005/January 1, 2006	4,082	8,625	0	12,707
Foreign currency translation differences	-31	-63	0	-94
Depreciation for the year	681	1,633	0	2,314
Disposals	-24	-1,007	0	-1,031
Accumulated depreciation at December 31, 2006/January 1, 2007	4,708	9,188	0	13,896
Foreign currency translation differences	-16	-20	0	-36
Depreciation for the year	711	2,098	0	2,809
Disposals	-305	-1,898	0	-2,203
Accumulated depreciation at December 31, 2007/January 1, 2008	5,098	9,368	0	14,466
Foreign currency translation differences	3	-70	0	-67
Depreciation for the year	864	1,973	0	2,837
Disposals	-217	-1,486	0	-1,703
Accumulated depreciation at December 31, 2008	5,748	9,785	0	15,533
Residual carrying amounts at December 31, 2006	16,599	5,337	190	22,126
Residual carrying amounts at December 31, 2007	15,580	5,785	1,940	23,305
Residual carrying amounts at December 31, 2008	19,564	5,854	38	25,456

* LAND, LAND RIGHTS AND BUILDINGS, INCLUDING BUILDINGS ON LAND OWNED BY OTHERS

Self-constructed assets totalling € 113 thousand (2007: € 120 thousand, 2006: € 47 thousand) were capitalised in the 2008 financial year. Depreciation is carried out over the following periods:

DEPRECIATION PERIOD

	Years
Buildings	25 to 50
Office furniture	10 to 15
Tools and fixtures	3 to 10
Hardware	3 to 5
Cars	3 to 5

No reversals were applied in the year under review. Land charges totalling € 17,250 thousand (previous year: € 17,250 thousand) have been registered as collateral for long-term loans (cf. Section 11, "Financial liabilities").



Goodwill

	€ '000
Cost at December 31, 2005/January 1, 2006	6,803
Foreign currency translation differences	- 232
Cost at December 31, 2006/January 1, 2007	6,571
Foreign currency translation differences	- 212
Cost at December 31, 2007/January 1, 2008	6,359
Foreign currency translation differences	105
Cost at December 31, 2008	6,464
Accumulated impairment at December 31, 2006	2,781
Impairment loss acc. to IAS 36	1,224
Accumulated impairment at	4,005
Residual carrying amounts at December 31, 2006	2,566
Residual carrying amounts at December 31, 2007	2,354
Residual carrying amounts at December 31, 2008	2,459

The carrying amount for goodwill reported at December 31, 2008 is allocated to the cash-generating unit Print within the Technology segment. It results from the acquisition of BVS Beratung Verkauf Service Grafische Technik GmbH, Stadtbergen (1998), now the Gersthofen plant of technotrans AG, and of Steve Barberi Company, Inc. and Farwest Graphic Technologies LLC, Corona, USA (2001), now merged with technotrans america, Inc., Mt. Prospect.

The cash-generating unit to which goodwill was allocated was subjected to an impairment test pursuant to IAS 36.10 at the end of the 2008 financial year. For this, the carrying amount of a cash generating unit is compared with the recoverable amount. The recoverable amount is the higher of the two amounts of the fair value less proceeds of disposal, and the value in use.

At technotrans, the recoverable amount corresponds to the value in use. The key assumptions made for this value in use were as follows: The starting point for the cash flow forecasts on which goodwill is based was the revenue plans for the 2009 to 2013 financial years that were last updated in December. No separate revenue plans for the cash-generating unit in question were drawn up for subsequent financial years; instead, further average revenue growth rates of 1.0% (market trend for the printing industry) based on external analyses were assumed. It was furthermore assumed that the material, labour and other cost ratios will remain largely unchanged from the actual figures for 2008.

Discounting of the anticipated cash flows is based on a weighted pre-tax cost-of-capital rate of 12.5 percent.



Intangible assets

	Concessions, industrial and similar rights	Development expenditure recognised as an intangible asset	Intangible assets
	€ '000	€ '000	€ '000
Cost at December 31, 2005/January 1, 2006	4,043	4,661	8,704
Foreign currency translation differences	-29	-10	-39
Additions:			
acquired separately	339	0	339
from internal development	0	1,425	1,425
Disposals	-9	0	-9
Cost at December 31, 2007/January 1, 2008	4,344	6,076	10,420
Foreign currency translation differences	-53	-9	-62
Additions:			
acquired separately	1,933	0	1,933
from internal development	670	303	973
from business combination	6,439	0	6,439
Disposals	-640	0	-640
Accumulated amortisation at December 31, 2007/January 1, 2008	12,693	6,370	19,063
Foreign currency translation differences	-14	0	-14
Additions:			
acquired separately	1,078	0	1,078
from internal development	280	0	280
Disposals	-5	0	-5
Cost at December 31, 2008	14,032	6,370	20,402
Accumulated amortisation at December 31, 2005/January 1, 2006	3,597	2,610	6,207
Foreign currency translation differences	-17	-7	-24
Amortisation for the year	310	504	814
Disposals	-8	0	-8
Accumulated amortisation at December 31, 2006/January 1, 2007	3,882	3,107	6,989
Foreign currency translation differences	-40	-8	-48
Amortisation for the year	891	596	1,487
Disposals	-640	0	-640
Accumulated amortisation at December 31, 2007/January 1, 2008	4,093	3,695	7,788
Foreign currency translation differences	-27	0	-27
Amortisation for the year	1,284	640	1,924
Impairment loss acc. to IAS 36	5,419	2,035	7,454
Disposals	-80	0	-80
Accumulated amortisation at December 31, 2008	10,689	6,370	17,059
Residual carrying amounts at December 31, 2006	462	2,969	3,431
Residual carrying amounts at December 31, 2007	8,600	2,675	11,275
Residual carrying amounts at December 31, 2008	3,343	0	3,343

In the 2008 financial year, an impairment test was performed for the intangible assets (patents) acquired in the previous year in the context of the acquisition of rotoclean. This impairment test was necessary because the revenue and earnings realised to date fell well short of expectations due to the prevailing economic situation.

The cash flow forecasts made on the basis of this impairment test in order to determine the value in use are based on a revenue and earnings assessment that promises only moderate growth and profit potential, as matters stand. In view of the anticipated price/cost ratios, no adequate cash flow as a whole can now be expected in the future, with the result that the assets in question were written down by their full value of EUR 5,419 thousand. The impairment loss is shown under the cost of sales.

Due to the changed revenue forecasts, a variable purchase price payment agreed as part of the acquisition of rotoclean and recognised at € 800 thousand in the previous year was remeasured. The remeasurement resulted in the full liquidation of the liability with an effect on earnings.

An impairment test was in addition carried out for the development expenditure recognised as an intangible asset for the financial years 2004 to 2007 (and in particular for the cleaning systems product line), on account of the persistently low order volume in 2008/2009 and the resulting lower revenue and profit expectations for those products.

The cash flow forecasts for this impairment test are based on assumptions that take account of both the current uncertain economic market conditions and the low probability of a noticeable improvement in profit over the remaining useful life. On this basis, an impairment loss equivalent to the residual carrying amount of € 2,035 thousand of the development expenditure recognised as an intangible asset was determined. The impairment loss was recognised as an expense within the cost of sales.

The investment project largely completed in 2008 to switch the company-wide ERP software to mySAP-ERP resulted in further capitalisations of intangible assets of € 746 thousand for licences and external services, and of € 280 thousand for internal implementation costs.

Development expenditure of € 5,189 thousand (2007: € 6,302 thousand, 2006: € 5,106 thousand) has been recognised as an expense in view of its failure to satisfy the criteria of IAS 38.57.

Activities in 2008 focused on a number of projects that led to the presentation of new or updated product lines at the drupa exhibition. These include various products from the ranges of dampening solution circulators and ink roller temperature control units, cleaning systems and filtration systems, which have been optimised from both an economical and an environmental viewpoint.

There are no concessions, industrial and similar rights or development expenditure recognised as an intangible asset with an unlimited useful life. The useful life taken as the basis for the amortisation of software and development expenditure recognised as an intangible asset is three to five years.

In the Income Statement, the amortisation of development expenditure recognised as an intangible asset has been allocated to the cost of sales using the function of expense method, according to the principle of causation. The amortisation of concessions, industrial and similar rights has been allocated to the cost of sales and the distribution costs, administrative expenses and development costs by means of cost centre accounting.



Financial assets

	31/12/2008	31/12/2007	31/12/2006
	€ '000	€ '000	€ '000
Rent deposits	163	148	122
Market value of interest rate caps	0	63	0
Partial retirement bankruptcy cover	447	364	0
Other	67	64	61
	677	639	183

To provide cover in the event of bankruptcy pursuant to Section 8a of German Partial Retirement Law, corresponding funds totalling € 447 thousand were invested as fixed-term deposits and pledged in the employees' favour. The terms reflect the arrangements of each individual contract; the pledgee is obliged to release the credit balances over and above the total amount of its claims to be covered. The furnishing of security takes effect in the even of insolvency of the pledger pursuant to Section 8a of German Partial Retirement Law.

05

Inventories

	31/12/2008	31/12/2007	31/12/2006
	€ '000	€ '000	€ '000
Raw materials and supplies	10,849	11,438	9,620
Work in progress	5,029	3,924	3,436
Finished goods and merchandise	7,584	10,286	12,700
	23,462	25,648	25,756

Of total inventories, € 6,258 thousand (2007: € 6,629 thousand, 2006: € 5,237 thousand) are reported at the fair value less distribution costs. Impairment of inventories totalling € 877 thousand (2007: € 1,213 thousand, 2006: € 638 thousand) was recognised as an expense in the 2008 financial year. In the same period, reversals led to an income of € 45 thousand (2007: € 228 thousand, 2006: € 0 thousand), as higher net realisable values could be assumed than in the previous year.

06

Trade receivables

In the Technology segment, receivables outstanding are owed mainly by major printing press manufacturers.

In the year under review, impairment on receivables totalling € 405 thousand (2007: € 496 thousand, 2006: € 153 thousand) was booked to distribution costs in the Income Statement. There was no default interest invoiced but still outstanding at the balance sheet date. Impairment was applied in order to measure the receivables at fair value. This impairment is based on the one hand on the results of statistical evaluations of past debt defaults and on the other hand on the estimates of the account managers responsible.

The following table provides an overview of impairment of receivables:

IMPAIRMENT OF RECEIVABLES	31/12/2008	31/12/2007	31/12/2006
	€ '000	€ '000	€ '000
Opening level	928	838	1,040
Allocated	405	496	153
Derecognition of receivables	-93	-324	-190
Cash receipts for receivables written off	-88	-53	-89
Exchange differences	-53	-29	-76
Closing level	1,099	928	838

07

Income tax receivable

At December 31, 2008 the corporation tax credit balance of technotrans AG from previous years still amounted to € 573 thousand. This rebate (Section 37 (5) of German Corporation Tax Law) has been capitalised at present value (€ 481 thousand, 2007: € 521 thousand). The rebate will be paid in ten equal annual instalments between 2008 and 2017; the income tax receivable has correspondingly been allocated pro rata to current and non-current assets. The interest for determination of the present value is 3.8 percent.

08

Other assets

	31/12/2008	31/12/2007	31/12/2006
	€ '000	€ '000	€ '000
Financial assets			
Creditors with debit balances	218	137	31
Creditable input tax	399	461	381
Other	18	0	29
Other assets			
Receivables from suppliers	241	461	587
Prepaid expenses	500	799	600
Miscellaneous	325	249	298
	1,701	2,107	1,926

09

Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and cash on hand. This item in addition includes fixed-deposit credit balances with an original term of up to three months. The fair value of cash and cash equivalents corresponds to the carrying amount. There were no marketable securities at the balance sheet date.

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Equity

The development in equity is shown in the Statement of Movements in Equity. The equity of the group totalled € 41,816 thousand at December 31, 2008 (2007: € 56,872 thousand, 2006: € 53,937 thousand).

ISSUED CAPITAL

At December 31, 2008 the issued capital (capital stock) of technotrans AG comprised 6,907,665 issued and 6,271,797 outstanding no par value registered shares.

Each no par value share represents a nominal amount of € 1 of the share capital. All shares carry identical rights. No special rights or preferences are granted to individual shareholders. The same applies to dividend entitlements.

	Shares issued			Shares outstanding		
	2008	2007	2006	2008	2007	2006
Position at January 1	6,907,665	6,761,783	6,683,601	6,765,004	6,761,783	6,683,601
Issued for cash (conditional capital)	0	85,538	78,182	0	85,538	78,182
Issued for contribution in kind (approved capital)	0	60,344	0	0	60,344	0
Issued to employees (as Christmas bonus)	0	0	0	54,132	0	0
Buy-back of treasury shares	0	0	0	- 547,339	- 142,661	0
Position at December 31	6,907,665	6,907,665	6,761,783	6,271,797	6,765,004	6,761,783

APPROVED CAPITAL

The Shareholders' Meeting on May 13, 2005 authorised the Board of Management to raise the share capital by the issue of new shares on one or more occasions by April 30, 2010, against contributions, by up to a total of € 3,300,000, with the approval of the Supervisory Board. 60,344 new shares were issued in 2007 in connection with the rotoclean business combination (capital increase for contribution in kind). Following the issue of these shares, there remains approved capital of € 3,239,656.

CONDITIONAL CAPITAL

The Shareholders' Meeting of May 4, 2001 approved the creation of conditional capital for the issuing of stock options to members of the Board of Management, employees of technotrans AG and the management and employees of subsidiary companies, pursuant to Section 15 of German Stock Corporation Law, with a term of 4 years. The resolution envisages an increase in the share capital of up to € 660,000 through the issue of new shares bearing profit entitlements from the start of the financial year in which they are issued. Following the issue of shares offered under conversion options in previous years, there remains conditional capital of up to € 412,679 for the 99,711 stock options issued and still outstanding. The stock options issued must have been held for at least two years. The exercise period in each year shall be the sixth banking day and the nineteen subsequent banking days following an Ordinary Shareholders' Meeting. The options may be exercised for the last time after a further two years. A stock option may only be exercised if at least one of the two following performance targets has been reached at the time of exercise:

- The value of technotrans shares has risen in percentage terms by an amount equivalent to or higher than the Technology Allshare Performance Index in the period between the issuing and exercising of the stock option (external performance target).

- The consolidated revenue has risen by an average of at least 20 percent per year between the financial year preceding the year in which the stock options were issued (the “base year”) and the financial year preceding the year in which the stock options are exercised, and the consolidated net income in the financial years following the base year and prior to the year in which the stock options are exercised totals at least 6 percent of the cumulative consolidated revenue (internal performance target).

An employee’s stock options may be terminated by the Board of Management in the event of the employee leaving the company. The exercise prices and the movements in the number of stock options held by employees are as follows:

STOCK OPTIONS	2005 tranche	2004 tranche	2003 tranche	2002 tranche	2001 tranche	Weighted average exercise price
Cash exercise price	15.73€	11.65€	6.59€	16.49€	43.55€	€
Options outstanding at December 31, 2004	0	98,514	88,948	91,685	81,795	18.86
Issued	119,130	0	0	0	0	15.73
Exercised	0	0	83,601	0	0	6.59
Terminated	3,138	6,113	951	5,042	0	13.78
Lapsed	0	0	0	0	81,795	43.55
Options outstanding at December 31, 2005	115,992	92,401	4,396	86,643	0	14.56
Issued	0	0	1,853	76,329	0	16.26
Terminated	4,093	2,370	0	3,447	0	15.02
Lapsed	0	0	0	6,867	0	16.49
Options outstanding at December 31, 2006	111,899	90,031	2,543	0	0	13.82
Issued	0	84,555	983	0	0	11.59
Terminated	3,758	390	975	0	0	13.68
Lapsed	0	0	585	0	0	6.59
Options outstanding at December 31, 2007	108,141	5,086	0	0	0	15.55
Issued	0	0	0	0	0	0
Terminated	8,430	600	0	0	0	15.46
Lapsed	0	4,486	0	0	0	11.65
Options outstanding at December 31, 2008	99,711	0	0	0	0	15.73

No stock options were exercised in the period under review. No new stock options were issued in the 2008 financial year. The outstanding 99,711 options have an average term to maturity of five months.

CAPITAL RESERVE

The premium from the past share issues from the issuance of shares under conversion options from conditional capital and from the issuance of ordinary shares from approved capital (capital increase for cash) was paid into the capital reserve. The costs of the share issues were deducted.

Pursuant to Section 150 (4) of German Stock Corporation Law, the capital reserve may only be used to square an accumulated loss (provided retained earnings are not simultaneously liquidated for the payment of dividends) or for a capital increase from company funds.

REVENUE RESERVE

The reported revenue reserve comprises:

	31/12/2008	31/12/2007	31/12/2006
	€ '000	€ '000	€ '000
Legal reserve	233	233	233
Other reserves	11,444	11,036	6,736
	11,677	11,269	6,969

Pursuant to Section 150 (2) of German Stock Corporation Law, allocations to the legal reserve are to be made until the legal reserve and the capital reserve together represent one-tenth of the share capital. No further allocation to the legal reserve was therefore necessary in 2008. Use of the legal reserve to cover losses, implement capital increases from company funds and pay dividends is fundamentally excluded.

Other reserves are funded from accumulated profits by resolution on the appropriation of profits. In accordance with the resolution on the appropriation of profits of the Shareholders' Meeting on May 9, 2008, an amount of € 1,000,000.00 from the accumulated profit of technotrans AG was allocated to the other reserves at December 31, 2007.

The difference of € 592 thousand between the cost of the shares and their fair value at the time of issuance, resulting from the issuance of treasury shares, was offset against the revenue reserve.

Pursuant to Section 272 (4) of German Commercial Code, an amount of € 2,321 thousand of the other revenue reserves may only be liquidated if the treasury shares are put back into circulation, sold or retired or the value of the treasury shares falls further below cost.

EQUITY FROM UNREALISED GAINS/LOSSES

	31/12/2008	31/12/2007	31/12/2006
	€ '000	€ '000	€ '000
Hedging reserve	-25	-13	-52
Reserve for exchange rate differences from financing of investment	-727	-1,688	-1,335
Reserve for share-based payment transactions	427	427	386
Exchange differences	-9,435	-9,043	-6,628
	-9,760	-10,317	-7,629

Pursuant to IAS 39, the negative market value of the interest rate swaps implemented was recognised in the hedging reserve, following deduction of deferred tax assets (cf. Section 32 "Financial instruments"). In the 2008 financial year, a loss of € 17 thousand (2007: gain of € 65 thousand, 2006: gain of € 203 thousand) was recognised within equity with no effect on income. In return, deferred tax of € 5 thousand (2007: € 26 thousand, 2006: € 78 thousand) was booked with no effect on income.

technotrans scandinavia AB and globalprint AG extended loans to technotrans america, inc. and technotrans AG extended loans to technotrans japan k.k., technotrans américa latina ltda. and technotrans china limited, which are to be regarded as net investment in foreign operations. Pursuant to IAS 21.32 and IAS 12.61, the accumulated translation differences up to the balance sheet date and any taxes on these are netted directly within equity. In the 2008 financial year, currency translation gains of € 1,265 thousand (2007: loss of € 508 thousand, 2006: loss of € 938 thousand) were netted directly within equity; the taxes on these amounts in return netted within equity amount to € 303 thousand (2007: € 148 thousand, 2006: € 309 thousand).

IFRS 2 stipulates that the issuance of stock options be recognised in the Income Statement. At technotrans, the stock options granted to the employees under the stock options scheme are affected by this standard (cf. Section 10, Conditional capital). Because the vesting period for the stock options granted in previous years has already expired and no new stock options were granted, no further expense was reported within equity with an income effect in the 2008 financial year (2007: € 66 thousand, 2006: € 204 thousand). In previous years, income tax of € 26 thousand in 2007 and € 78 thousand in 2006 had been booked for this purpose.

The exchange differences include differences from the translation of the subsidiaries' equity to be consolidated at the historical rate and at the rate on the balance sheet date. Exchange differences from the translation of accumulated profits for previous years are reported in the Statement of Movements in Equity, under accumulated profit.

TREASURY SHARES

At the Shareholders' Meeting on May 9, 2008 the shareholders authorised the Board of Management to buy back treasury shares in accordance with Section 71 (1) No. 8 of German Stock Corporation Law. This scope of this authorisation is for the buying back of a proportion of up to € 690,000.00 of the share capital (690,000 no par value shares, corresponding to 9.98% of the share capital at the time of the resolution) and is valid until October 31, 2009. During the period January to December 2008, a further 547,339 ordinary shares were bought back and deducted from equity at their cost (including incidental costs) of € 7,461 thousand, pursuant to IAS 32.33. The buy-back is in line with the strategic objectives of the company. In the 2008 financial year, 54,132 no par value shares with a fair value of € 187 thousand were issued to employees by way of a Christmas bonus. At the reporting date of December 31, 2008 the total treasury shares amounted to 635,868 ordinary shares. They represent 9.2% of the share capital.

ACCUMULATED PROFIT

A dividend of € 0.70 per share was distributed for the 2007 financial year. The amount distributed totalled € 4,504 thousand (2007: € 4,733 thousand, 2006: € 3,676 thousand) for 6,433,736 dividend-bearing shares.

The accumulated loss of technotrans AG for the financial year 2008 of € 9,554,834.90 will be carried forward. A dividend for 2008 will not be distributed.

CAPITAL MANAGEMENT

At December 31, 2008 the equity ratio was 47.7%. One of the most important financial objectives for technotrans AG is to safeguard its liquidity and creditworthiness, and increase the long-term value of the group. To achieve this objective, it implements various measures in order to reduce capital costs and optimise the capital structure, alongside practising effective risk management. To that end, indicators such as the equity ratio, working capital and return on capital employed (ROCE) in particular are continually monitored in a methodical and process-oriented manner. On the earnings side, the Board of Management steers the group with a target EBIT margin of > 10%. A sound capital structure provides technotrans with the stability that serves as the basis for a business model focusing on sustainability, and thus in the long term meets both the requirements of customer and supplier relations and serves the needs of the employees and shareholders.

There were no material changes to capital management in 2008 compared with previous reporting periods.



Financial liabilities

	31/12/2008	31/12/2007	31/12/2006
	€ '000	€ '000	€ '000
Current financial liabilities	7,409	8,184	3,298
Non-current financial liabilities	13,679	4,762	6,475
	21,088	12,946	9,773

There were no hedged liabilities at the balance sheet date. Interest rate hedges exist only in the case of financial liabilities.

TERMS TO MATURITY OF FINANCIAL LIABILITIES	up to 1 year	1 to 5 years	up to 5 years	Total	Interest p.a.	Collateral
	€ '000	€ '000	€ '000	€ '000	in %	
CHF fixed rate credit	500	155	0	655	4.95%	Land charge
€ fixed rate credit	591	2,398	195	3,184	nom. 3.50%	Land charge
€ fixed rate credit	0	2,412	0	2,412	nom. 3.85%	Land charge
€ fixed rate credit	0	704	740	1,444	nom. 4.40%	Land charge
€ fixed rate credit	0	2,000	0	2,000	3.10%	None
Variable € credit	575	575	0	1,150	6-month EURIBOR cover via interest rate swap (fixed rate: 5.43%)	Land charge
Variable € credit	0	2,500	0	2,500	3-month EURIBOR cover via interest rate cap (max. 3.5%)	Land charge
Variable € credit	0	2,000	0	2,000	6-month EURIBOR cover via interest rate cap (max. 4.5%)	Land charge
Variable € credit	2,000	0	0	2,000	3-month EURIBOR (currently 4.78%)	None
Variable € credit	3,000	0	0	3,000	3-month EURIBOR (currently 4.44%)	None
Bank overdrafts	743	0	0	743	EONIA + 1.25% – 8.5%	None
Total	7,409	12,744	935	21,088		

A substantial portion of financial liabilities is collateralised by land charges totalling € 10,750 thousand on the company premises in Sassenberg, and € 6,500 thousand on the company premises in Gersthofen. One loan with an original countervalue of € 4,000 thousand has been financed in Swiss francs. This resulted in an exchange-rate loss of € 30 thousand (2007: exchange-rate gain of € 16 thousand, 2006: exchange-rate gain of € 54 thousand) in the 2008 financial year.

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Other liabilities

The other non-current liabilities comprise largely liabilities to employees.

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Trade payables

All trade payables have a term of up to one year. They relate predominantly to technotrans AG and technotrans america, Inc.

	31/12/2008	31/12/2007	31/12/2006
	€ '000	€ '000	€ '000
Trade payables	4,589	6,486	5,007
Outstanding purchase invoices	242	708	489
	4,831	7,194	5,496

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Prepayments received

Prepayments received originate in the main from project business for technotrans AG and technotrans america, Inc. They are used for financing the finished goods included in the inventories but from which no revenue has yet been realised.



Provisions

	Obligations to personnel	Payments to be made under warranty	Other provisions	Provision for patent proceedings	Provisions for pensions	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Opening level at January 1, 2008	4,544	3,624	2,207	3,480	200	14,055
Exchange rate movements	15	19	- 18	0	0	16
Used	2,144	2,485	1,006	31	3	5,669
Reversed	133	161	1,188	0	27	1,509
Allocated	2,399	3,287	1,301	237	10	7,234
Closing level at December 31, 2008	4,681	4,284	1,296	3,686	180	14,127
Long-term provisions	679	0	0	3,686	180	4,545
Short-term provisions	4,002	4,284	1,296	0	0	9,582

The obligations to personnel consist largely of gratuities, bonuses and performance-related pay for employees, as well as time credits. It is in the first instance uncertain when these obligations will have to be met. On the basis of the "Collectively Negotiated Employment Bridge", technotrans AG employees who have passed their 57th birthday can assert their right to take out a partial retirement employment contract. 5 employees were in partial retirement at December 12, 2008. The obligations from existing and potential partial retirement employment contracts were measured on the basis of an actuarial appraisal and the provision amounts to € 622 thousand (2007: € 559 thousand, 2006: € 0 thousand). Please refer to Section 4 with regard to bankruptcy cover.

Provisions for warranties are created for current statutory, contractual and constructive warranty obligations towards third parties. The provisions were measured taking experience as the starting point, incorporating the circumstances at the balance sheet date.

The other provisions comprise costs for the preparation of the annual accounts, commission payments and other costs. The factor of uncertainty both in this case and for payments to be made under warranty is principally the amount in question.

A competitor filed patent proceedings in 2000 (value of the matter in dispute € 2.5 million), but these were rejected at the first instance in March 2001. The court of appeal subsequently admitted the complaint in October 2002. technotrans has appealed to the Federal Supreme Court regarding the non-admissibility of this ruling, in which matter a decision is still pending. technotrans moreover lodged a

revocation action against the enforcement of the competitor's patent with the Federal Patents Court, which was rejected in July 2004. This ruling is not final and absolute, as technotrans has lodged an appeal with the Federal Supreme Court, in which matter the decision is likewise pending. The Federal Supreme Court commissioned a report by an independent expert, which was completed on October 14, 2006. The expert arrives at different findings with regard to certain technical matters and is therefore in conflict with the appraisal submitted by technotrans. A date of April 21, 2009 has been set for the hearing in the appeal proceedings at the Federal Supreme Court.

Whereas the aforementioned patent proceedings fundamentally focused primarily on forbearance and on the establishment of an obligation to pay damages, in May 2005 the competitor in addition instituted legal proceedings with the Düsseldorf district court for prospective damages (payout of the profit earned by the infringing party) amounting to € 32.7 million. technotrans submitted a statement of defence to the court within the required deadline, in January 2006. By court ruling dated April 28, 2006 these proceedings were suspended "in response to concurrent petitions by the parties until the ruling by the Federal Supreme Court on the appeal against non-admissibility lodged by technotrans AG". A ruling in the damages proceedings is not expected before 2010.

technotrans has analysed the wide range of scenarios that could arise as a result of the legal dispute and the level of damages. On the basis of these analyses and in accordance with IAS 37.40, an amount of € 2.5 million for a possible claim for compensation and an amount of € 0.5 million for legal expenses remain set aside, as the competitor's claim for compensation as set forth in its lawsuit is deemed to have only slight prospects of success. A conclusion to the proceedings (in the final instance) is not expected before 2014. Since 2006, the "patent dispute" provision has been reported under non-current liabilities, including an interest component which amounted to € 206 thousand in the 2008 financial year (2007: € 198 thousand, 2006: € 282 thousand).

As is evident from the level of the compensation being claimed and the considerable complexity of all pending proceedings, the assessment of the level of the provision required is a matter of considerable uncertainty. The assumptions made are considered to be reasonable in the circumstances, even though an incorrect assessment in the event of the proceedings taking an unforeseen direction by the time the final instance is reached could result in a higher or lower compensation payment.

A direct pension pledge has been made to four employees of the former BVS Beratung Verkauf Service Grafische Technik GmbH. The "defined benefit obligation" (DBO) for purposes of calculating the provisions for pensions was determined on the basis of an actuarial report, using the 2005 G reference tables published by Prof. Dr. Klaus Heubeck. The calculation was based on an interest rate of 6.25 percent (previous year: 5.25 percent) and a pension trend of 2.0 percent (previous year: 2.0 percent). The development in pay levels and employee fluctuation were not taken into account, as those eligible for pensions have since left the company. The interest costs for the DBO in 2008 amount to € 10 thousand (previous year: € 9 thousand), and the actuarial gain to € 27 thousand (previous year: € 6 thousand gain). All expenses are recognised within administrative expenses.

Three of the pension obligations are backed by capital-forming life assurance policies, which constitute non-qualified insurance policies pursuant to IAS 19.7. Their fair value is € 66 thousand (2007: € 63 thousand, 2006: € 61 thousand) and is reported under financial assets (Section 4). The anticipated return on these policies is 4 percent p.a. The actual income in the 2008 financial year was € 3 thousand.

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Income tax payable

In the year under review, income tax payable relates substantially to technotrans AG.

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Other liabilities

	31/12/2008	31/12/2007	31/12/2006
	€ '000	€ '000	€ '000
Operating taxes	445	409	373
Liabilities in respect of social insurance	190	180	168
Sales tax	702	709	583
Debtors with credit balances	228	108	218
Current liabilities from derivative financial instruments	36	4	59
Other	408	308	250
	2,009	1,718	1,651

IV. NOTES TO THE CONSOLIDATED INCOME STATEMENT

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Revenue

Revenue is recognised if the risks and rewards associated with ownership of the products sold have been transferred to the buyer. This is fundamentally the case when the goods have been dispatched (INCOTERMS: "ex works"). Where an acceptance procedure has been agreed with the customer, the revenue is fundamentally not realised until the confirmation of acceptance has been received.

Revenue is shown broken down by division and region in the segment report.

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Cost of sales

The cost of sales comprises the cost of traded products and the cost price of merchandise sold. In accordance with IAS 2, it includes both costs which can be directly allocated, such as cost of materials and cost of labour, and also overheads, including pro rata depreciation and amortisation on property, plant and equipment used for production and on intangible assets. The costs of the field service are likewise reported under cost of sales. Other costs of sales comprise substantially warranty costs and translation costs.

With regard to the impairment loss in 2008, please refer to Section 3.

	2008	2007	2006
	€ '000	€ '000	€ '000
Cost of materials	62,581	69,581	67,906
Cost of labour	22,440	21,682	21,040
Impairment loss acc. to IAS 36	7,454	0	1,224
Subcontractors, personnel leasing	5,113	5,072	4,649
Travel expenses	2,987	2,895	2,906
Depreciation and amortisation	2,098	2,233	1,111
Operating requirements	1,298	1,167	1,269
Other	1,961	194	722
	105,932	102,824	100,827



Distribution costs

The distribution costs include costs for the Distribution Department and for in-house services, and also the costs of advertising and logistics. This item also includes sales-related expenditure for commissions and valuation allowances on receivables.

	2008	2007	2006
	€ '000	€ '000	€ '000
Cost of labour	10,031	9,540	9,517
Logistics costs	3,549	3,524	3,299
Promotional and exhibition costs	1,837	1,364	1,321
Travel expenses	1,155	1,077	1,068
Reductions for impairment of receivables	405	496	153
Depreciation and amortisation	335	260	218
Other	1,545	1,051	1,136
	18,857	17,312	16,712

The rise in exhibition costs in 2008 is mainly attributable to the directly allocable costs for the drupa, the largest exhibition in the world for the printing industry, which takes place only once every four years. The other distribution costs for the financial year consist primarily of expenses for commissions, rent and entertainment expenses.



Administrative expenses

The administrative expenses comprise personnel and material costs for management and administration, insofar as not charged to other cost centres as internal services.

	2008	2007	2006
	€ '000	€ '000	€ '000
Cost of labour	6,448	6,909	6,775
Depreciation and amortisation	2,173	1,596	1,648
Consultancy, audits	1,404	1,238	1,936
IT costs	1,155	918	1,049
Other	1,997	2,167	2,091
	13,177	12,828	13,499

In the 2008 financial year, the fees for the auditors recorded as an expense pursuant to Section 319 Para.1 Sentences 1, 2 of German Commercial Code amounted to € 416 thousand (2007: € 280 thousand, 2006: € 253 thousand).

FEES FOR	2008	2007	2006
	€ '000	€ '000	€ '000
Auditing of the financial statements	298	226	240
Tax consultancy services	91	35	13
Other services	27	19	0
	416	280	253

The fees for the auditors of the Consolidated Financial Statements, KPMG AG Wirtschaftsprüfungsgesellschaft and its subsidiaries, include fees and expenses for the auditing of the Consolidated Financial Statements and the auditing of the annual financial statements of technotrans AG. The rise in 2008 is mainly due to the increased number of subsidiaries of KPMG AG Wirtschaftsprüfungsgesellschaft.

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Research and development costs

No research costs were incurred. Development costs are charged as ongoing expenses until the criteria of IAS 38.57 are satisfied cumulatively. From that point on, development costs are recognised as an intangible asset (cf. Section 3 "Intangible assets").

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Other operating income

	2008	2007	2006
	€ '000	€ '000	€ '000
Foreign currency gains	908	948	1,288
Derecognition of a conditional purchase price liability	800	0	0
Reversal of provisions	419	32	188
Income unrelated to the accounting period	239	138	156
Personnel-related revenue	108	37	67
Insurance payments	49	15	39
Book profits on the disposal of assets	29	237	103
Other	492	407	635
	3,044	1,814	2,476

Reversals of provisions were only reported under other operating income where they were not directly allocable to the functional areas under the cost of sales classification method.

In connection with the patent acquisition in 2007, a conditional purchase price component that envisaged subsequent payment of a purchase price of up to € 2,000 thousand in the years 2007 to 2010 was agreed. The liability consequently recognised at December 31, 2007 is assessed as highly unlikely in view of the current market trend and was therefore liquidated with an income effect.

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Other operating expenses

	2008	2007	2006
	€ '000	€ '000	€ '000
Foreign currency losses	982	1,002	1,327
Other operating taxes	162	155	184
Expenses unrelated to the accounting period	83	107	96
Book losses on the disposal of assets	67	18	65
Other	310	550	266
	1,604	1,832	1,938

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Net finance costs

	2008	2007	2006
	€ '000	€ '000	€ '000
Interest income	232	282	292
Interest expenses	-1,451	-840	-1,080
Net finance costs	-1,219	-558	-788

Interest income of € 232 thousand predominantly from bank credit balances was earned in 2008. Interest income of € 26 thousand (2007: € 20 thousand) from the compounding of the corporation tax credit balance was in addition recognised.

The interest expenses comprise mainly interest charged on the group's financial liabilities. Expenses amounting to € 206 thousand (2007: € 198 thousand) from the compounding of the provision for the patent dispute are also included.

No borrowing costs were capitalised in the reporting period.



Income tax expense

	2008	2007	2006
	€ '000	€ '000	€ '000
Actual income tax expense			
Tax expense for the period	-2,875	-5,308	-5,952
Tax rebates unrelated to the accounting period	-31	-8	716
Total	-2,906	-5,316	-5,236
Deferred tax			
Deferred tax expense	-327	-395	-618
Deferred tax income	1,639	1,184	964
Changes to deferred tax resulting from tax rate changes	-1	266	0
Total	1,311	1,055	346
Income tax expense	-1,595	-4,261	-4,890

Income tax expense includes corporation income tax and trade earnings tax for technotrans AG, and also comparable taxes on income for the foreign companies. Other operating taxes are included in other operating expenses. The actual income tax expense, resulting from items debited or credited directly to equity (exchange differences from the financing of investments), amounts to income of € 303 thousand (2007: expense of € 122 thousand; 2006: expense of € 231 thousand).

The actual income tax expense was reduced by € 62 thousand through the use of previously unused tax losses or temporary differences (2007: € 276 thousand; 2006: € 153 thousand).

The deferred tax is attributable to temporally divergent valuations in the companies' tax balance sheets and the Consolidated Balance Sheet in accordance with the balance sheet liability method.

The reported deferred tax assets also include tax relief claims where it is anticipated that existing tax loss carryforwards will be used in subsequent years. The deferred tax is calculated on the basis of the tax rates applicable or expected at the time of realisation in the individual countries concerned.

The applicable domestic tax rate of 29.63 percent (previous year 38.51 percent) calculated for the year under review is based on a corporation tax rate of 15.0 percent (previous year: 25.0 percent), a solidarity surcharge of 5.5 percent (previous year: 5.5 percent) and an effective trade earnings tax rate of 13.8 percent (previous year: 16.48 percent).

The following capitalised deferred tax assets and liabilities relate to recognition and measurement differences for the individual items on the Balance Sheet and to loss carryforwards which can be used in future.

DEFERRED TAX	2008		2007		2006	
	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000
Non-current assets	552	7	88	804	127	1,148
Inventories	589	247	550	337	572	284
Receivables	39	0	16	110	9	8
Provisions	282	104	309	100	186	12
Liabilities	4	24	13	20	12	19
Loss carryforwards	542	0	712	0	296	0
Cash flow hedging	11	0	6	0	32	0
Total	2,019	382	1,694	1,371	1,234	1,471
Offsetting	351	351	370	370	338	338
	1,668	31	1,324	1,001	896	1,133

The deferred tax assets from inventories in essence stem from the elimination of intercompany profits, and the deferred tax assets from non-current assets result largely from temporary differences for intangible assets purchased.

There are tax loss carryforwards amounting to € 10,254 thousand for 2008. Deferred taxes amounting to € 542 thousand were recognised as an asset an amount of € 1,538 thousand in agreement with IAS 12.34. No deferred tax assets were recognised on the remaining loss carryforwards of € 8,716 thousand and on deductible temporary differences of € 6,770 thousand. The loss carryforwards may be carried forward for 20 years in the USA (€ 4,371 thousand), for seven years in Japan (€ 1,040 thousand), for five years in China (€ 749 thousand) and for an unlimited period in other cases

The following table reconciles the theoretical tax expense with the actual income tax expense.

	2008	2007	2006
	€ '000	€ '000	€ '000
Applicable tax rate	29.63%	38.51%	38.51%
Consolidated earnings before taxes on income	-1,258	13,328	14,878
Theoretical tax expense	373	-5,133	-5,730
Reduction for impairment (-) or reversal of reductions for impairment (+) on deferred tax assets on tax loss carryforwards	-142	416	296
Expense from the non-recognition of deferred tax assets on tax losses occurring in the financial year and temporary differences	-806	-240	-172
Tax effect:			
from the use of deferred taxes on temporary differences and from tax loss carryforwards following reduction for impairment	18	276	414
of non-deductibility of business expenses and tax-exempt income	-822	242	-491
Differences from foreign and deferred tax	-184	-80	77
Capitalisation of the corporation tax credit balance pursuant to Section 37 of German Corporation Tax Law as a consequence of SE Introductory Legislation	0	0	636
Changes to deferred tax resulting from tax rate changes	-1	266	0
Other taxes not relating to the period	-31	-8	80
Actual and deferred income tax expense	-1,595	-4,261	-4,890
Effective income tax rate	-126.8%	32.0%	32.9%



Earnings per share

The figure for basic earnings per share is obtained by dividing the net profit for the period by the weighted average number of ordinary shares outstanding in the financial year:

	2008	2007	2006	
Net profit for the period	in € '000	– 2,852	9,067	9,988
Average number of ordinary shares outstanding in the year		6,369,270	6,842,926	6,731,143
Basic earnings per share	in €	– 0.45	1.33	1.48

The subscription rights from the 2005 tranche issued on the basis of the existing stock options plan (cf. Section 10 "Equity") have no dilutive effect pursuant to IAS 33.46, as the exercise price of the options issued of € 15.73 (2005) is above the average share price of € 10.39 for the year under review.

In previous years, the subscription rights issued had a dilutive effect. On this basis, the diluted earnings are the net profit for the period divided by the average weighted number of ordinary shares outstanding in the year plus the number of potentially dilutive ordinary shares:

		2008	2007	2006
Net profit for the period	in € '000	-2,852	9,067	9,988
Average number of ordinary shares outstanding in the year		6,369,270	6,888,483	6,805,272
Diluted earnings per share	in €	-0.45	1.32	1.47

V. NOTES TO THE SEGMENT REPORT

Segment information is presented according to both division and geographical region. Segmentation according to the Technology and Services Divisions is the primary reporting format and is performed in agreement with the internal reporting structure of the technotrans Group.

The Segment Report itself is presented at the start of the Notes to the Consolidated Financial Statements.

The delivery prices for transactions between the segments are generally agreed on the same basis as transactions between a group company and a third party.

The Segment Report provides an analysis of earnings figures, assets and liabilities and of other key values. The segment information comprises both directly allocable amounts and amounts that can reasonably be split. The assets and liabilities are distributed among those segments, the corresponding expenses and income for which likewise influence the segment result. The assets of € 9,256 thousand not allocated to the individual areas therefore refer to cash and cash equivalents (€ 6,928 thousand), current and non-current income tax receivable (€ 660 thousand) and deferred tax assets (€ 1,668 thousand). The unallocated liabilities of € 21,786 thousand relate to current and non-current amounts owed to banks (€ 21,088 thousand), income tax payable (€ 667 thousand) and deferred tax liabilities (€ 31 thousand).

Non-cash expenses comprise the allocations to the provisions and also to the reductions for impairment on receivables respectively without counterclaim (offsetting) for availment.

In the Segment Report by regions, the external revenue per segment is based on the location of the customer, and the distribution of operating assets and investment is based on the location of the asset.

No reconciliation between the segment and consolidated data is required, as the figures in the segment information coincide with those in the Income Statement, Balance Sheet and Cash Flow Statement. The result for the segments corresponds to the earnings before interest and taxes (EBIT) in the Income Statement.

The allocation of segment revenue and segment results was changed during the 2008 financial year along with the introduction of the mySAP system. In future there will be no inter-segment revenue for the Services segment from the Technology segment generated by Technical Documentation services on behalf of the Technology segment's products. The Services segment consequently reports only external revenue for the global document solutions business unit and for the product support services. The prior-year figures for the segment revenue and the results for the segments have been adjusted accordingly.

VI. NOTES TO THE CASH FLOW STATEMENT

The Cash Flow Statement is structured according to cash flows from operating activities, investing activities and financing activities.

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Cash flows from operating activities

The cash flows from operating activities (net cash) amounted to € 6,747 thousand (2007: € 10,625, 2006: € 12,297 thousand) in the past financial year. This includes cash from operating activities amounting to € 8,872 thousand (2007: € 19,559 thousand, 2006: € 17,999 thousand) as well as interest income tax collected and paid amounting to € -2,125 thousand (2007: € -8,934 thousand, 2006: € -5,702 thousand). The change in working capital in 2008 resulted overall in a negative cash flow contribution.

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Cash flows from investing activities

The cash flows from investing activities comprise the acquisition of fixed assets (property, plant and equipment € 5,102 thousand and intangible assets € 1,358 thousand). The investment volume for the year under review was unchanged from the target level for 2008.



Cash flows from financing activities

Financial resources were boosted by the raising of new short-term and long-term loans amounting to € 9,709 thousand. The funds raised were in the first instance for financing overall investment in 2008 (€ 6,460 thousand) and to cover liquidity requirements for the share buy-back. Repayments (after adjustment for exchange rate differences) totalling € 1,567 thousand on short-term and long-term loans were made during the year under review. These include scheduled repayments to both German and foreign banks. No repayments of liabilities from credit were made ahead of schedule.

The distribution of dividend for the 2007 financial year also necessitated further outlay. The cash flows from financing activities resulted in a net cash outflow of € 3,823 thousand.



Cash and cash equivalents at end of period

Cash comprises cash on hand, demand deposits and fixed-term deposits with a term of less than three months.

VII. OTHER PARTICULARS



Financial instruments

The financial instruments (financial assets and liabilities) are allocated to the following categories:

	Section	31/12/2008	31/12/2007	31/12/2006
		€ '000	€ '000	€ '000
Financial assets measured at fair value with an income effect and classified as such when initially recognised				
• Market value of interest rate caps	8	10	63	0
Held-to-maturity investments				
• Reinsurance for pensions	4	66	63	61
Loans and receivables				
• Non-current income tax receivable	7	420	459	501
• Rent deposits	4	163	148	122
• Partial retirement bankruptcy cover	4	447	364	0
• Trade receivables	6	21,258	17,959	17,434
• Current income tax receivable	7	240	2,072	8
• Creditors with debit balances	8	218	137	31
• Input tax receivable	8	399	461	381
• Cash and cash equivalents	9	6,928	10,748	15,049
		30,073	32,348	33,526
Financial liabilities measured at residual carrying amount				
• Financial liabilities	11	21,088	12,946	9,773
• Other non-current liabilities	12	129	116	147
• Trade payables	13	4,831	7,194	5,496
• Income tax payable	16	667	231	1,363
• Other current liabilities	17	2,009	1,718	1,651
		28,724	22,205	18,430

NATURE AND EXTENT OF RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The credit risk is the risk that one party to a financial instrument will cause a loss for the other party as a result of not meeting its obligations. The market risk is based on the fact that the fair value or future cash flows from a financial instrument fluctuate as a result of changes in the market prices. The market risk assumes a more specific form in interest rate risks and exchange rate risks. The liquidity risk denotes the risk of crystallising difficulties in fulfilling financial obligations, e.g. the risk of being unable to prolong loans or secure new loans to repay loans due.

CREDIT RISKS

The credit risk with regard to financial assets measured at fair value and with an income effect is limited to the carrying amount reported. The change in the carrying amount in the period under review is not attributable to a change in the credit risk, but is rather a consequence of interest rate changes on the capital, money and credit markets. In order to assess this statement, the rating of transaction partners was used; this remained unchanged or changed only insignificantly in the period under review.

A substantial part of the credit risk for technotrans relates to the risk of defaulting on trade receivables and theoretically also the risk of the banks with which technotrans has credit balances declaring bankruptcy. There are credit risks equivalent to the carrying amounts shown; no security or claims against credit insurers exist.

The bad debt risk entails a concentration of risk because the major printing press manufacturers worldwide account for a substantial portion of technotrans' receivables. technotrans has enjoyed a partnership based on trust with these customers for many years, and no significant bad debt losses have arisen from these receivables from customers over the past three years.

In the case of new customers, technotrans endeavours to limit the bad debt risk by obtaining credit information and monitoring credit limits with IT assistance. Here too there exists a degree of credit risk because customers operate largely within the printing sector.

In addition to observing credit limits, technotrans regularly agrees retention of title until goods or services have been paid for in full. technotrans does not usually demand security from customers.

The breakdown by region, customer group and age structure of credit risks from trade receivables is as follows:

	31/12/2008	31/12/2007	31/12/2006
	€ '000	€ '000	€ '000
By region			
Germany	11,714	9,511	7,120
Other eurozone countries	4,761	3,702	3,934
Rest of Europe	833	878	990
North America	2,377	2,264	3,325
South America	31	152	4
Asia & Middle East	1,542	1,452	2,061
Total	21,258	17,959	17,434
By customer group			
OEM (major printing press manufacturers)	12,906	11,018	10,488
End customers	8,352	6,941	6,946
Total	21,258	17,959	17,434
Age structure of trade receivables (no impairment)			
Carrying amount	21,258	17,959	17,434
of which: neither impaired nor overdue	12,929	11,029	9,216
of which: not impaired and			
Overdue by up to 30 days	4,629	3,698	3,738
Overdue by between 31 and 60 days	1,448	1,144	1,822
Overdue by between 61 and 90 days	485	450	569
Overdue by more than 90 days	1,767	1,638	2,089

With regard to the trade receivables that are not impaired but overdue, there is no indication at the balance sheet date that the debtors will not meet their obligations to pay.

LIQUIDITY RISK

technotrans manages the available liquidity with the goal of always being in a position to meet its payment obligations. No formalised liquidity plan is required for this purpose. Continuing credit facilities amounting to € 8.5 million (2007: € 11.1 million, 2006: € 15.4 million) existed at the balance sheet date.

The following table shows the contractual due dates of financial liabilities, including any interest payments.

	Carrying amount	Contractual/ expected payment	Due within				
			6 months	6 – 12 months	1 – 2 years	2 – 5 years	over 5 years
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
At December 31, 2008:							
Financial liabilities	21,088	23,228	6,839	1,255	8,500	5,563	1,071
Other non-current liabilities	129	129	0	0	129	0	0
Trade payables	4,831	4,831	4,780	51	0	0	0
Income tax payable	667	667	0	667	0	0	0
Other current liabilities	2,009	2,009	1,541	468	0	0	0
Total	28,724	30,864	13,160	2,441	8,629	5,563	1,071
At December 31, 2007:							
Financial liabilities	12,946	14,706	1,171	3,081	3,989	6,212	253
Other non-current liabilities	116	116	n/a	n/a	25	91	n/a
Trade payables	7,194	7,194	5,648	1,546	n/a	n/a	n/a
Income tax payable	231	231	n/a	231	n/a	n/a	n/a
Other current liabilities	1,718	1,718	1,351	367	n/a	n/a	n/a
Total	22,205	23,965	8,170	5,225	4,014	6,303	253
At December 31, 2006:							
Financial liabilities	9,773	10,864	1,737	1,962	1,829	4,565	769
Other non-current liabilities	147	147	n/a	n/a	31	116	n/a
Trade payables	5,496	5,496	3,516	1,980	n/a	n/a	n/a
Income tax payable	1,363	1,363	n/a	1,363	n/a	n/a	n/a
Other current liabilities	1,651	1,651	1,229	422	n/a	n/a	n/a
Total	18,430	19,521	6,482	5,729	1,860	4,681	769

MARKET RISKS

At technotrans, only the fair values of the interest rate caps agreed (carrying amount and fair value € 10 thousand) and of the fixed-interest financial liabilities (carrying amount € 9,695 thousand) are fundamentally exposed to an interest rate risk. Potential interest rate fluctuations only affect the carrying amount in the case of interest rate caps. technotrans pursues the objective of only being exposed to interest rate risks to a limited degree. Long-term, variable-rate loans are therefore hedged by the use of interest rate swaps or interest rate caps, which are not needed in the case of short-term loans.

The trade receivables as well as cash and cash equivalents are exposed to foreign currency risks. At December 31, 2008 the trade receivables were denominated for the most part in euros; other noteworthy components were denominated in US dollars (USD 3.3 million, equivalent to € 2.4 million) and Sterling (GBP 0.8 million, equivalent to € 0.8 million). At December 31, 2007 there were foreign-currency receivables of USD 3.3 million (€ 2.3 million) and GBP 0.6 million (€ 0.9 million), and at December 31, 2006 of USD 4.4 million (€ 3.3 million) and GBP 0.7 million (€ 1.0 million).

Bank credit balances are held predominantly in euros. At December 31, 2008 the group held significant foreign-currency accounts in US dollars (USD 1.6 million, equivalent to € 1.2 million) and Sterling (GBP 1.6 million, equivalent to € 1.7 million). The foreign currency amounts quoted are held essentially by the local national companies within the group. At December 31, 2007 there were foreign-currency credit balances of USD 2.9 million (€ 2.0 million) and GBP 1.4 million (€ 2.0 million), and at December 31, 2006 of USD 1.2 million (€ 0.9 million) and GBP 1.6 million (€ 2.4 million).

Financial liabilities are denominated predominantly in euros. At December 31, 2008 only an amount of € 0.7 million had been raised in Swiss francs (CHF 1.0 million) (2007: CHF 1.7 million (€ 1.1 million), 2006: CHF 2.5 million (€ 1.6 million)). A degree of foreign currency risk was taken on when this loan was raised in 2000 because the aim at that time was to reduce the interest burden. Foreign exchange gains were accrued in the 2005 to 2007 financial years due to the weakness of the Swiss franc, but a foreign exchange loss in 2008.

Foreign currency risks are limited within the technotrans Group by the fact that production takes place in both the euro and US dollar zones, and that the currency of production usually corresponds to the currency in which the customer is invoiced. There is a further natural compensatory mechanism for exchange rate fluctuations in the fact that the production companies supply each other with products, thus acting as sales companies in their respective home countries. Where significant discrepancies occur, this exchange risk is usually hedged against by means of derivative financial instruments. There were no currency hedging transactions at December 31, 2008.

SENSITIVITY ANALYSIS

A 10% appreciation in the euro compared with the principal foreign-exchange closing rates throughout the group would have had the following effects on equity and profit after tax, assuming that all other variables, and in particular interest rates remain unchanged:

	Effect on equity	Effect on profit after tax
	€ '000	€ '000
At December 31, 2008		
USD	293	-29
GBP	280	41
At December 31, 2007		
USD	306	33
GBP	320	36
At December 31, 2006		
USD	308	-70
GBP	313	39

The figures reflect the impact on the period under review of changes in both the closing rate and the average rate, in each case based on a 10% change compared with the translation rates applied in the respective consolidated financial statements.

A corresponding weakening of the euro would have had the opposite effect.

HEDGING INSTRUMENTS

At the balance sheet date, there existed the following derivative financial instruments for hedging against the interest rate risk for variable interest-bearing loans denominated in euros (cf. Section 11); including these derivative financial instruments, the financial assets and financial liabilities are not exposed to any significant interest rate risk.

	Nominal amount	Repaid	Balance	Fixed rate	Variable interest	Maturity	Market price
	€ '000	€ '000	€ '000	% p.a.			€ '000
Interest rate swap	5,750	4,600	1,150	5.43	6-month EURIBOR	Dec. 2010	-36
Interest rate cap	2,500	0	2,500	3.5	3-month EURIBOR	Mar. 2010	3
Interest rate cap	2,000	400	1,600	4.5	6-month EURIBOR	Sep. 2012	7

The market prices are obtained from the measurement of the outstanding items, disregarding any anticyclical trends in value from the positions. The market prices were calculated by major German banks on the basis of discounted cash flows.

INTEREST RATE SWAP

The nominal amount or principal amount, terms, interest payment dates, interest rate adjustment dates, due dates and currencies of the hedged item and hedging instrument are the same. The efficiency of the hedge pursuant to IAS 39.88 (b) is high, reaching almost 100 percent. The requirements of IAS 39.88 are moreover satisfied.

The interest rate swap is recognised as a cash flow hedge at the market price; measurement gains and losses from changes in the market price are recognised in the hedging reserve, under equity, with no effect on income. The fair value of the hedging instruments at the balance sheet date is recognised at € 36 thousand under the current "Other liabilities" (Section 17). The underlying loan transactions are measured at amortised cost, using the effective interest method.

The deferred tax on the negative market prices of € 11 thousand was netted against the hedging reserve with no effect on income, with the result that the amount remaining in the hedging reserve was reduced to € 25 thousand.

Interest expense of € 6 thousand (2007: € 47 thousand, 2006: € 157 thousand) from current swap transactions was recognised as an expense in the past financial year.

INTEREST RATE CAPS

The interest rate caps do not qualify as cash flow hedges because they have been concluded for a fixed term, whereas the hedged loans (underlying transactions) allow early repayments, which technotrans intends to make subject to how the capital market is developing. These financial instruments are consequently recognised at fair value with an income effect. Measurement gains and losses are recognised in the Income Statement, at the amount of € 28 thousand in the 2008 financial year (loss).

The fair value of the interest rate caps of € 10 thousand is recognised under other assets (Section 8).

The maturities at the balance sheet date are as follows:

	Maturity up to 1 year	Maturity 1 to 5 years	Maturity up to 5 years	Total amount
	€ '000	€ '000	€ '000	€ '000
Interest rate swap	575	575	0	1,150
Interest rate cap	400	3,700	0	4,100

Hedging transactions are concluded only with banks with the highest credit rating. There exist binding rules on the use of such derivative financial instruments, in the form of scopes of action, spheres of responsibility and internal guidelines. There is a theoretical credit risk only in the event of the market price being positive. As the hedging transactions are concluded exclusively with banks with a top-class credit rating, it is improbable that these financial instruments carry a credit risk.

Compared to the carrying amounts, the financial assets and financial liabilities are attributed the following fair values:

	31/12/2008		31/12/2007		31/12/2006	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Financial assets	677	677	639	639	183	183
Trade receivables	21,258	21,258	17,959	17,959	17,434	17,434
Income tax receivables	660	660	2,531	2,531	509	509
Other assets	1,701	1,701	1,308	1,308	1,326	1,326
Cash and cash equivalents	6,928	6,928	10,748	10,748	15,049	15,049
Financial liabilities (non-current)	-13,679	-13,132	-4,762	-4,739	-6,475	-6,262
Other liabilities (non-current)	-129	-129	-116	-116	-147	-147
Financial liabilities (current)	-7,409	-7,942	-8,184	-8,189	-3,298	-3,506
Trade payables	-4,831	-4,831	-7,194	-7,194	-5,496	-5,496
Income tax payables	-667	-667	-231	-231	-1,363	-1,363
Other liabilities (current)	-2,009	-2,009	-1,718	-1,718	-1,651	-1,651
Total	2,500	2,514	10,980	10,998	-3,381	-3,376
Gains (+) or losses (-) not entered		14		18		5

The carrying amounts for the financial instruments (for example, cash and cash equivalents, trade receivables and payables, income tax payable and other receivables and liabilities) fundamentally reflect their fair values. For receivables with a maturity of up to one year, their nominal value less the reductions for impairment performed provide the most reliable estimate of the fair value. The fair value of receivables with a maturity of over one year is indicated by their discounted cash flows.

The financial liabilities are an exception, because differences exist between the carrying amounts and fair values. The fair value of interest-bearing liabilities is indicated by the discounted cash flows from repayments and interest payments. The fair values of derivative financial liabilities were calculated by a major German bank on the basis of discounted cash flows.



The current reference interest rates of banks at the balance sheet date were requested and used in determining fair values. An appropriate risk premium was added. Discount rates of between 3.2 percent (CHF fixed rate credit) and 5.07 percent (€ fixed rate credit) were used for the current and non-current financial liabilities.

Potential liabilities and other financial commitments

	31/12/2008			31/12/2007	31/12/2006
	up to 1 year	1 to 5 years	Total	Total	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
Tenancy and operating lease agreements	716	1,421	2,137	1,862	2,545
Maintenance agreements	447	62	509	560	328
Ordering commitments	0	0	0	929	56
Conditional purchase price of rotoclean	0	2,000	2,000	1,167	0
Partial retirement obligations	0	245	245	280	0
Other	5	0	5	31	56
Total	1,168	3,728	4,896	4,829	2,985

Potential liabilities, contingencies and other financial commitments are measured at their nominal amount; amounts in foreign currency were measured at the closing rate.

The future obligations from tenancy and lease agreements relate primarily to tenancy obligations for the business premises of subsidiaries. The expenditure for tenancy and lease agreements (minimum lease payments) amounted to € 1,271 thousand (2007: € 1,225 thousand, 2006: € 825 thousand) in the year under review. technotrans has not concluded any lease agreements that constitute finance leases pursuant to IAS 17.

The maintenance agreements relate in the main to the ERP data processing system.

In connection with the acquisition of the rotoclean company, a conditional purchase price component of up to € 2,000 thousand was agreed, the final level of which is dependent on the revenue generated by rotoclean products in the years 2007 to 2010. The potential payment, which is however not probable, amounts to € 2,000 thousand.

The partial retirement obligations account for a component amount in respect of potential claimants of partial retirement. technotrans expects only a low uptake probability.



Personnel expenses

	2008	2007	2006
	€ '000	€ '000	€ '000
Wages and salaries	34,804	32,897	32,977
Share-based payments	0	66	204
Christmas bonus	187	180	180
Social insurance	5,829	6,327	5,959
Partial retirement entitlements	63	559	0
Expenses for retirement benefits and maintenance payments	745	712	593
Personnel expenses	41,628	40,741	39,913

The item wages and salaries also includes payments made in connection with the termination of employment of € 1,141 thousand (2007: € 233 thousand, 2006: € 513 thousand).

Social insurance comprises expenditure for defined contribution plans (employer contributions to the compulsory state pension scheme) totalling € 2,167 thousand (2007: € 2,168 thousand, 2006: € 1,849 thousand).

Share-based payments in the previous years relate exclusively to those that are offset by equity instruments. In the reporting period 54,132 (2007: 10,384, 2006: 7,589) ordinary shares in technotrans AG were distributed to employees, by way of a Christmas bonus; these shares had previously been acquired on the market under the share buy-back arrangements. At the time of their issuance, the total fair value of these shares was € 187 thousand (2007: € 180 thousand, 2006: € 180 thousand).



Total employees, yearly average

	2008	2007	2006
Average number of employees	823	814	724
of which in Germany	573	560	491
of which abroad	250	254	233
Technicians/skilled workers	565	554	493
Academic background	164	185	147
Trainees	51	43	39
Other	43	32	45



Related parties

“Related parties” include the members of the Board of Management and Supervisory Board of technotrans AG, as well as their close family members.

The members of the Supervisory Board receive remuneration comprising a fixed and a variable component, in addition to reimbursement of their expenses. The level of the variable remuneration component is based on the consolidated net income declared in the Consolidated Financial Statements. Both the fixed and the variable remuneration component are higher for the Chairman and Vice Chairman of the Supervisory Board than for the remaining members. Membership of the committees formed by the Supervisory Board in accordance with the Articles of Incorporation is likewise remunerated. The members of the Supervisory Board do not receive any stock options for their activities as non-executive directors.

The members of the Board of Management receive cash remuneration, stock options under the technotrans AG stock options plan and certain non-cash benefits for their activities. The overall structure and the level of the cash remuneration are laid down by the Supervisory Board’s Personnel Committee.

The cash remuneration comprises a fixed basic salary and a variable remuneration component. The level of the variable remuneration is dependent on the attainment of the overall company target of “consolidated net income according to IFRS”. No employer’s pension commitment has been made towards the members of the Board of Management, nor have loans been granted to them or surety obligations accepted on their behalf.

PAYMENTS TO MEMBERS OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD	2008	2007	2006
	€ '000	€ '000	€ '000
Board of Management			
Regular payments:			
of which fixed	540	582	585
of which variable	0	661	857
Termination benefits	0	0	483
Share-based payments	0	2	5
Total	540	1.245	1.930
Supervisory Board			
Regular payments:			
of which fixed	78	75	69
of which variable	0	138	141
Share-based payments	0	0	0
Total	78	213	210

The regular payments to the Board of Management (fixed) include payments by the company for defined contribution plans totalling € 37 thousand (2007: € 46 thousand, 2006: € 37 thousand).

The Shareholders' Meeting of May 5, 2006 resolved that the disclosure of the remuneration of each individual member of the Board of Management pursuant to Section 314 (1) No. 6 a) Sentences 5 to 9 of German Commercial Code shall not be made for five years.

In addition to the total remuneration stated for the Supervisory Board, the employees' representatives on the Supervisory Board receive remuneration in their capacity as employees, on the basis of their contracts of employment, as well as share-based payments.

The members of the Board of Management and Supervisory Board are listed separately in the section "Corporate Bodies".



Corporate Governance

The Board of Management and Supervisory Board submitted the Declaration of Conformity pursuant to Section 161 of German Stock Corporation Law for 2008 in September 2008 and provided permanent access to it by shareholders and interested parties on the company's website (www.technotrans.de).



Events occurring after the balance sheet date

The date for release of the annual financial statements by the Board of Management pursuant to IAS 10.17 is March 5, 2009. These Consolidated Financial Statements are subject to approval by the Supervisory Board (Section 171 (2) of German Stock Corporation Law) or the Shareholders' Meeting (Section 173 (1) of German Stock Corporation Law).

In February 2009 a date of April 21 was set for the hearing at the Federal Supreme Court in the appeal proceedings on the patent revocation action.

No further events of particular significance affecting the financial performance, financial position or net worth of the company occurred after the end of the 2008 financial year.

Directors' holdings (Board of Management and Supervisory Board members)

	Shares			Options		
	31/12/08	31/12/07	31/12/06	31/12/08	31/12/07	31/12/06
Board of Management						
Henry Brickenkamp	40,000	3,600	1,100	0	0	0
Dirk Engel	5,200	670	370	600	600	600
John A. Stacey	14,600	14,600	14,600	1,050	1,050	2,100
Supervisory Board						
Klaus Beike	370	–	–	195	–	–
Manfred Bender	0	0	0	0	0	0
Dr. Norbert Bröcker	250	250	–	0	0	–
Andreas Harig	68,016*	68,016	62,920	600	600	1,200
Heinz Harling	64,854	64,854	63,804	0	1,050	2,100
Matthias Laudick	807	–	–	300	–	–
Hubert Oberscheidt	67,533*	67,533	62,917	600	600	1,200
Joachim Simmroß	16,000*	15,500	10,000	0	0	0
Joachim Voss	0	0	0	0	0	0
Family members						
Marian Harling	1,000	1,000	1,000	0	0	0
Catherine Griggs	36	36	36	0	0	0
Nicola Green	49	49	49	0	0	0
Britta Simmroß	3,000*	3,000	3,000	0	0	0
Stephan Simmroß	6,000*	6,000	6,000	0	0	0
Sabine Simmroß	3,672*	3,672	2,000	0	0	0
Helen Stacey	24	24	24	0	0	0

*HELD AT MAY 9, 2008 (SHAREHOLDERS' MEETING)

The options held at December 31, 2008 each had a fair value of € 2.95 at the time of their granting.



Disclosures of interests reported pursuant to Section 21 (1) or (1a) of German Securities Trading Law

	Reported development			Disclosures on attribution
	Threshold value*	Date on which exceeded or undercut	New interest in voting power	
Reporting party	in %	Date	in %	
Sterling Strategic Value Limited, British Virgin Islands	< 3	26/06/2008	2.49	Herr Tito Tettamanti, England, Gritlot Limited, Douglas, Isle of Man
Orange European Participations N.V., Amsterdam, The Netherlands	> 5	24/06/2008	5.01	Kempen Capital Management N.V., Amsterdam, The Netherlands
Kairos Investment Management Limited, London, United Kingdom	< 3	19/05/2008	2.75	Kairos Fund Limited Ltd, George Town, Grand Cayman, Cayman Islands
technotrans AG, Sassenberg	> 5	12/03/2008	5.02	–
Gartmore Investment Management plc, London, UK	< 3	27/02/2008	2.99	Nationwide Mutual Insurance Company, Columbus, USA; Nationwide Corporation, Columbus, USA; Gartmore Global Asset Management Trust, Columbus, USA; Nationwide Asset Management Holdings Limited, London, Großbritannien; Gartmore Group Limited, London, Großbritannien
Royce & Associates LLC, New York, USA	> 5	04/01/2008	5.29	Legg Mason Inc., Baltimore, USA
Objectif Small Caps Euro, Paris, France	> 3	06/11/2007	3.94	Lazard Frères Gestion SAS, Paris, Frankreich
FPM Funds SICAV, Luxembourg	< 5	18/04/2006	4.49	Deutsche Bank, Frankfurt
WestLB, Düsseldorf	< 5	18/11/2005	4.94	–
Merrill Lynch Investment Managers Group Limited, London, UK	> 5	27/04/2005	5.17	–

* EXCEEDED (>) OR UNDERCUT (<)



Corporate Bodies

Board of Management

DIPL. WIRTSCH.-ING. HENRY BRICKENKAMP

Spokesman of the Board of Management (since May 9, 2008)

Sales Director since July 2005, deputy Board member from July 2006 and then full Board member since March 2007, with responsibility for the areas Sales and Services, Development, Design, Quality Management and the product areas

DIPL.-KFM. DIRK ENGEL

Finance Director

Head of Group Accounts and Controlling since April 2004, Finance Director since August 2006, with responsibility for the functional areas Accounts, Controlling, Materials Management and Production, IT Management, Personnel and Investor Relations

JOHN ANDREW STACEY

Board member

Managing Director of technotrans graphics Ltd., Colchester, Great Britain; in addition Member of the Board of Management since January 2000 with responsibility for the international sales and service companies

DIPL.-ING. HEINZ HARLING

Chairman of the Board of Management (until May 9, 2008)

Joined the company in 1980 as Sales Director, becoming Managing Director of technotrans gmbh in 1988, Chairman of the Board since December 1997, with responsibility for Corporate Development and strategic tasks

NON-EXECUTIVE DIRECTORSHIPS:

Member of the Advisory Board of Westfalia Automotive Holding GmbH

Member of the Supervisory Board of Gämmerler AG

Supervisory Board

KLAUS BEIKE

technotrans AG, Sassenberg (employees' representative, member of the Supervisory Board since May 9, 2008)

MANFRED BENDER

Chairman of the Board of Management of Pfeiffer Vacuum Technology AG, Aßlar

DR. NORBERT BRÖCKER

Partner in Hoffmann Liebs Fritsch & Partner, Düsseldorf

DIPL.-ING. HEINZ HARLING

Chairman of the Supervisory Board of technotrans AG (since May 9, 2008)

Chairman of the Board of Management of technotrans AG (until May 9, 2008)

Member of the Advisory Board of Westfalia Automotive Holding GmbH

Member of the Supervisory Board of Gämmerler AG

MATTHIAS LAUDICK

technotrans AG, Sassenberg (employees' representative, member of the Supervisory Board since May 9, 2008)

DIPL.-KFM. JOACHIM VOSS

Deputy Chairman of the Supervisory Board

Managing Director, WestLB AG

DIPL.-KFM. JOACHIM SIMMROSS

Chairman of the Supervisory Board of technotrans AG (until May 9, 2008)

Member of the Supervisory Board of AIXTRON AG

Member of the Supervisory Board of Commerz Unternehmensbeteiligungs-Aktiengesellschaft

Member of the Advisory Board of WeHaCo Unternehmensbeteiligungsgesellschaft mbH

Member of the Advisory Board of BAG Health Care GmbH

Member of the Advisory Board of HANNOVER Finanz GmbH

Member of the Advisory Board of Astyx GmbH

DIPL.-ING. ANDREAS HARIG

Head of the Product Division of technotrans AG (member of the Supervisory Board until May 9, 2008)

HUBERT OBERSCHEIDT

Service Manager of technotrans AG (member of the Supervisory Board until May 9, 2008)



Responsibility Statement

Responsibility Statement pursuant to Section 37y No. 1 of German Securities Trading Law in conjunction with Sections 297 Para. 2 third sentence and 315 Para. 1 sixth sentence of German Commercial Code:

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the 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.

Sassenberg, March 5, 2009



Henry Brickenkamp



Dirk Engel



John A. Stacey



Independent Auditors' Report

We have audited the consolidated financial statements prepared by technotrans AG – comprising the balance sheet, income statement, statement of movements in equity, cash flow statement and notes – as well as the group management report for the financial year from January 1 to December 31, 2008. The preparation and the content of the group management report in accordance with IFRS, as applicable within the EU, as well as in accordance with the supplementary requirements under commercial law pursuant to Section 315a, Para. 1 of German Commercial Code, are the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements and group management report on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of German Commercial Code, observing the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that the audit be planned and performed such that it can be assessed with reasonable assurance whether the representation of the financial position and financial performance as reflected in the consolidated financial statements in keeping with the applicable accounting standards, as well as in the management report, contains any material misstatements and irregularities. Knowledge of the business activities and the economic and legal environment of the group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal accounting controls system and the evidence supporting the amounts and disclosures in the consolidated financial statements and group management report are examined predominantly on a test basis within the framework of the audit. The audit includes assessing the individual financial statements included in the consolidated financial statements, the definition of the group, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, formed on the basis of our audit, the consolidated financial statements are in accordance with IFRS, as applicable within the EU, as well as with the supplementary requirements under commercial law pursuant to Section 315a Para. 1 of German Commercial Code and, on the basis of those requirements, give a true and fair view of the financial position and financial performance of the Group. The group management report is in agreement with the consolidated financial statements, on the whole provides a suitable understanding of the group's position and suitably presents the risks of future development.

Bielefeld, March 5, 2009

KPMG AG

Wirtschaftsprüfungsgesellschaft

(formerly KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft)



Hunke



Droste



Report of the Supervisory Board

The Supervisory Board of the company again regularly advised the Board of Management on the running of the company and monitored its activities in the 2008 financial year, in accordance with legal requirements and the articles of incorporation. We were involved directly and at an early stage in all decisions that were of substantial significance to the company.

The Board of Management regularly briefed us orally and in writing, both promptly and comprehensively, on the situation of the company and its subsidiaries. Deviations in business progress from the plans and targets were explained to us in detail and the strategic direction of the company was coordinated with us. In addition to myself, other Supervisory Board members maintained regular contact with the Board of Management, both outside the context of meetings and after the end of the financial year, in order to become acquainted with the current progress of business and to support the Board of Management in an advisory capacity. In addition, I held separate discussions with the Board of Management on the prospects for and future direction of the divisions. I was informed in a timely manner by the Spokesman of the Board of Management of important occurrences that are of material significance for evaluating the situation, progress and management of the company.

During the 2008 financial year the Supervisory Board considered the economic position and operational and strategic development of the company and its divisions at length in five meetings, which took place on March 10, May 8 and 9, September 17 and December 12, 2008, on the basis of the written and oral reports by the Board of Management. The Supervisory Board was informed of and discussed significant business occurrences within the company, as well as its strategy and the implementation thereof, and also its approach to risk management. The economic development of the company and of its subsidiaries was discussed in depth. All members of the Supervisory Board and Board of Management were present at all meetings.

The Supervisory Board approved those transactions which require its approval in accordance with the legal requirements and the articles of incorporation. These include decisions and measures which are of fundamental significance for the financial position and financial performance of the company.

Important topics in 2008 were:

- The financial statements for 2007
- The strategic positioning and development of the company's divisions
- The composition of the Supervisory Board, subsequent to the representation of employees to comply with the One-Third Representation Act
- The composition of the Board of Management and the distribution of tasks
- The resolutions and agenda items for the Shareholders' Meeting, including the changeover to registered shares
- The economic development of the company in light of the deepening recession and the measures to safeguard earnings
- Budgeting for the 2009 financial year, encompassing revenue, cost, earnings, investment and personnel targets, as well as rough targets for subsequent years
- The patent dispute with a competitor
- Aspects of risk management, compliance and corporate governance.

The members of the Supervisory Board are sufficiently independent and have sufficient time to act as non-executive directors. No conflicts of interest arose during the period under review. Pursuant to Section 5.6 of the German Corporate Governance Code, the Supervisory Board conducted an efficiency audit by means of a structured approach. It reached the conclusion that the Supervisory Board exercises its role efficiently, though it is to be noted that this examination regularly suggests details that could be improved upon.

To enable it to fulfil its duties more efficiently, the Supervisory Board formed two committees, the Audit Committee (members: Joachim Voss, Manfred Bender and Heinz Harling) and the Personnel Committee (members: Heinz Harling, Dr. Norbert Bröcker and Joachim Voss). A nominating committee was also appointed, to propose suitable candidates for Supervisory Board elections. The work of this committee was suspended in 2008.

The Audit Committee met on three occasions, in the presence of the auditors and the members of the Board of Management, and concerned itself with matters relating to the annual financial statements, the presentation of the accounts, controlling and risk management, fiscal matters, compliance, assuring the independence of the auditors, commissioning the auditors with the audit task, identifying the priority areas for the audit, and agreeing the fee. The interim reports to be published were discussed by the members of this committee.

The Committee for Board of Management Affairs met four times and dealt in particular with the medium-term development of the Management Board and with drawing up the contracts and agreeing the remuneration of the members of the Board of Management. Following my retirement from the Board of Management, this committee proposed the appointment of Henry Brickenkamp as Spokesman of the Board of Management. The plenary meeting of the Supervisory Board unanimously approved this proposal. In good time before the expiry of their contracts, the committee proposed their renewal for Messrs. Brickenkamp, Engel and Stacey; the plenary meeting likewise agreed with these proposals.

The composition of the Supervisory Board changed for two reasons in 2008. The German plants held elections for the two employees' representatives in April, because technotrans had reached a size which required a Supervisory Board with one-third employee representation. The shareholders' representatives consequently needed to be re-elected at this year's Shareholders' Meeting. Our long-standing Supervisory Board Chairman, Joachim Simmroß, volunteered to stand down in order to make way for my election to the Supervisory Board. Having held a management position in the company for over 20 years, I had offered to assist with its further development by working on the Supervisory Board in future. The Supervisory Board took up this offer and I was duly elected by a large majority, with my knowledge of the industry and the company one of the main reasons put forward to the Shareholders' Meeting. Manfred Bender, Dr. Norbert Bröcker and Joachim Voss were likewise re-elected to the Supervisory Board at that Shareholders' Meeting. At the constituent meeting of the Supervisory Board following the Shareholders' Meeting, the employees' representatives, Klaus Beike and Matthias Laudick, were welcomed as new members of the Supervisory Board; the Supervisory Board then proceeded to elect me as its Chairman.

The Supervisory Board and Board of Management thanked Mr Simmroß for over ten years of critically constructive support and involvement, initially in his capacity as member of the Advisory Council and then, following the initial public offering in 1998, as Chairman of the Supervisory Board of technotrans AG. We likewise thanked Messrs. Harig and Oberscheidt for their intensive involvement over this lengthy period, as members of the management buy-out team and major shareholders.

The audit reports and documents for the accounts were sent to all Supervisory Board members in good time. They were discussed in depth by the Audit Committee and at the Supervisory Board meeting on March 9, 2009. The firm of auditors, represented by the two independent auditors appointed to carry out the task, attended both meetings. They reported on the principal findings of their audit and were available to answer further questions and provide supplementary information. The financial statements of the company and group for the 2008 financial year have both been granted an unqualified audit certificate. Following our own examination of the annual financial statements, the consolidated financial statements, the management report for the parent company and the management report for the group, we approved the findings of the audit and signed off the annual and consolidated financial statements at the meeting on March 9, 2008. The annual financial statements are thus established.

The Supervisory Board would like to thank the Board of Management and all employees of the Group for their commendable dedication. By pulling together, they showed great commitment in handling the development of the company in the past financial year of 2008, a period which was dominated by economic difficulties. Our particular thanks are due to the employees' representatives, who yet again cooperated constructively and openly with the company's corporate bodies, and to the shareholders, many of who have now been involved in technotrans AG for quite a number of years.

On behalf of the Supervisory Board



Heinz Harling

CHAIRMAN OF THE SUPERVISORY BOARD



The Success Story

- 1970** Founding of the company
- 1973** Initial contacts with the audio media and printing industry
- 1977** Production of the first dampening solution equipment
- 1981** Development of a separate product line for dampening solution preparation systems
- 1987** Launch of the first ink temperature control systems
- 1990** Management Buy-out
 - technotrans graphics ltd. is founded in Colchester, Great Britain
 - Launch of the new system component concept for ancillary equipment on printing presses
 - technotrans is one of the world's three largest suppliers of dampening solution preparation systems
- 1992** technotrans becomes original equipment supplier for the Heidelberg Speedmaster and MAN-Roland 700 presses
- 1993** technotrans france s.a.r.l. is founded
- 1995** technotrans america inc. is established in Atlanta, Georgia, USA
- 1997** Transformation into a stock corporation
 - Founding of technotrans printing equipment (Beijing) Co. Ltd., People's Republic of China
- 1998** Takeover of BVS Grafische Technik GmbH, which is renamed technotrans systems GmbH
 - Initial public offering
- 1999** Founding of technotrans technologies pte. ltd. in Singapore
 - Founding of the subsidiary technotrans italia s.r.l. in Milan
 - Merger with the subsidiary technotrans systems GmbH to form technotrans AG
- 2000** Takeover of the American company Ryco Graphic Manufacturing, Inc. (Chicago) and merger with technotrans america inc.
- 2001** Takeover of the American Steve Barberi Company Inc. and its subsidiary, Farwest Graphic Technologies LLC, of Corona, near Los Angeles, California, USA, renamed technotrans america west, inc.
 - Takeover of the Electroforming Division of Toolex International N.V., which now operates as technotrans scandinavia AB, Tåby, Sweden
 - Establishment of technotrans japan k.k., Kobe, Japan, as a sales and service company
 - Establishment of technotrans china ltd., Hong Kong, as a sales and service company

- 2002** Transfer of activities from Atlanta to the principal American location in Chicago
- 2003** Consolidation of international production capacities and relocation of assembly from technotrans graphics Ltd., Colchester, Great Britain, to Sassenberg.
- 2004** Start of development work on the new cleaning systems product area and decision to extend the plant near Augsburg
Opening a further sales and service office in Yokohama, Japan
- 2005** Constuction of new production plant at Gersthofen, near Augsburg and thus doubling the capacity in the South of Germany
Integration of the Micro Technologies segment into the company's Technology Division
- 2006** Merger of the two American production locations in Chicago
Establishment of the subsidiary in Brazil
Opening of a further sales and service office in Madrid, Spain
- 2007** Entry into the new product area of cleaning systems, with the first of the context.c blanket cleaners installed at end customers
Establishment of the subsidiary in Dubai (UAE)
Establishment of the subsidiary in Moscow (Russia)
Opening of a further sales and service office in Melbourne, Australia
Opening of a further sales and service office in Shanghai, China
- 2008** Two employees' representatives are elected to the Supervisory Board (One-Third Employee Representation Act)
Extensive cost-cutting measures are implemented in response to the economic crisis, including the transfer of the cleaning systems product area to Sassenberg



Corporate Calendar 2009/2010

Annual Report 2008	March 10, 2009
Analyst Meeting and Annual Press Conference	March 10, 2009
Interim Report 1-3/2009	May 5, 2009
Shareholders' Meeting	May 8, 2009
Interim Report 1-6/2009	August 11, 2009
Interim Report 1-9/2009	November 6, 2009
Annual Report 2009	March 9, 2010

Concept and Design

cyclos design GmbH, Münster

Rasch Druckerei und Verlag GmbH & Co. KG, Bramsche

printed with Heidelberg Speedmaster SM 102-10P6

with the following technotrans equipment:

beta.C 480G: dampening solution circulation, ink

roller temperature control system, alcosmart AZR,

beta.PS-C2-10/50: pump station, glycol cooling

and 2 x washstar

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