ANNUAL
REPORT
2012

SOLUTIONS

MARKETS IN SIGHT & INSIGHT FACTS

technotrans

CONTENTS

MARKETS IN SIGHT

Print Solutions	14
Laser Industry	22
Industrial System Solutions	28
Service Solutions	36
Social Responsibility	42

INSIGHT FACTS

Information for Shareholders	50
Group Management Report	56
Financial Statement	96
Further Information	152

>>

KEY DATA
Please turn over

THE COMPANY

The technotrans Group is a technology and service company that concentrates successfully on applications derived from its core skill of liquid technology. With 20 locations and more than 750 employees, the technotrans Group enjoys a presence in all major markets worldwide. Over many years, technotrans has concertedly been exploring new segments and areas of application for its core skills of temperature control, filtration and separation, measuring and metering technology as well as process control. Its strategy focuses on sustained, profit-driven development.

technotrans' business is divided into two segments: Technology and Services. The Technology segment generates around two-thirds of total revenue. As a leading systems supplier, in this area of activity the company develops and sells a wide range of systems and equipment for controlling and monitoring processes that involve liquid technology. Its largest clients are still the world's leading printing press manufacturers, which equip their printing presses ex works with technotrans equipment. In addition, the company is specifically unlocking new applications that open up new markets for its core skills, thus guaranteeing its sustained future growth. With the takeover of Termotek AG (2011) and a majority interest in KLH Kältetechnik GmbH (2013), the technotrans Group has extended its exposure in the growth market for laser applications.

The Technology segment is complemented by the Services segment. technotrans' activities are rounded off by an extensive range of services. These include providing customer support for the installation, maintenance and operation of systems. Activities in the field of Technical Documentation are another key area of activity for the company, with its practical software solutions, services and translations used by a diverse portfolio of customers from many different sectors.

KEY DATA OF THE TECHNOTRANS GROUP (IFRS)

		2012	**2011**	**2010**	**2009**	**2008**
Earnings						
Revenue	€ '000	**90,662**	97,265	85,887	82,210	141,677
Technology	€ '000	**53,733**	61,673	51,388	48,808	103,840
Services	€ '000	**36,929**	35,592	34,499	33,402	37,837
Gross profit	€ '000	**31,652**	30,779	25,457	16,657	35,745
EBITDA[1]	€ '000	**8,319**	7,980	6,585	–4,284	12,177
Earnings before interest and tax (EBIT)	€ '000	**5,357**	4,787	3,036	–11,929	–38
Net profit for the period	€ '000	**3,094**	3,019	1,517	–10,347	–2,852
as % of revenue	%	**3.4**	3.1	1.8	–12.6	–2.0
Net profit per share (IFRS)	€	**0.48**	0.47	0.24	–1.65	–0.45
Dividend per share	€	**0.12***	0	0	0	0
Balance sheet						
Issued capital	€ '000	**6,908**	6,908	6,908	6,908	6,908
Equity	€ '000	**40,865**	37,291	33,884	31,287	41,816
Equity ratio	%	**63.2**	55.5	50.0	45.2	47.7
Return on equity	%	**7.9**	8.5	4.7	–29.6	–5.8
Balance sheet total	€ '000	**64,705**	67,215	67,779	69,242	87,612
Net debt[2]	€ '000	**–8,462**	4,890	5,895	12,374	18,705
Working Capital[3]	€ '000	**27,087**	18,527	17,126	7,847	26,177
ROCE[4]	%	**10.1**	8.9	5.7	–21.3	–0.1
Employees						
Numer of employees (average)		**646**	659	620	676	823
Personal expenses	€ '000	**32,651**	33,224	30,843	31,975	41,628
as % of revenue	%	**36.0**	34.2	35.9	38.9	29.4
Revenue per employee	€ '000	**140**	148	139	122	172
Cashflow						
Cashflow[5]	€ '000	**10,979**	5,868	7,418	3,640	6,747
Free Cash flow[6]	€ '000	**13,172**	3,606	6,287	2,435	363
Shares						
Number of shares at end of period		**6,455,404**	6,432,775	6,340,035	6,311,415	6,271,797
Share price (max)	€	**7.20**	7.51	7.25	6.10	17.09
Share price (min)	€	**4.10**	4.01	4.40	2.97	3.54

[1] EBITDA = EBIT + depreciation on intangible and tangible assets
[2] Net debt = financial liabilities + non-current provisions – cash and cash equivalents
[3] Working Capital = current assets – current liabilities
[4] ROCE = EBIT/Capital employed
[5] Cash flow = cash from operating activities acc. to cash flow statement
[6] Free Cash flow = cash from operating activities + cash used for investments acc. to cash flow statement

*Proposal to the Shareholder Meeting

MARKETS IN SIGHT

PROJECTS 2012

NEW PROJECTS 2012

CONTENT

PAGE 14

DIGITAL / FLEXOGRAPHIC PRINTING

PRINT SOLUTIONS

PAGE 22

LASER / COOLING TECHNOLOGY

LASER INDUSTRY

PAGE 28

SPRAY LUBRICATION / E-MOBILITY

INDUSTRIAL SOLUTIONS

PAGE 36

SERVICE / GDS-SPRACHENWELT

SERVICE SOLUTIONS

PAGE 42

GLOBAL COMPACT / FRIEDENSDORF

SOCIAL RESPONSIBILITY

WE ARE
SPECIALISTS
FOR

TEMPERATURE CONTROL. FLUID CONDITIONING. INK AND FLUID TECHNOLOGY. SERVICE SOLUTIONS.

AND MORE

WE ARE

TEMPERA-TURE CONTROL

WE CREATE HOT AND COLD WITH GERMAN PRECISION.

WE **ARE**

FLUID CONDITIO-NING

WE MAKE LIQUIDS THE WAY THEY SHOULD BE. EVERY DAY.

WE ARE

INK AND FLUID TECHNO-LOGY

WE LEAVE A LASTING IMPRESSION WHEREVER WE ARE.

WE ARE

SERVICE SOLU-TIONS

WE HELP YOU OUT.

EVERY TIME. EVERYWHERE.

WITH EVERYTHING.

FROM MAXIMUM TO MINIMUM

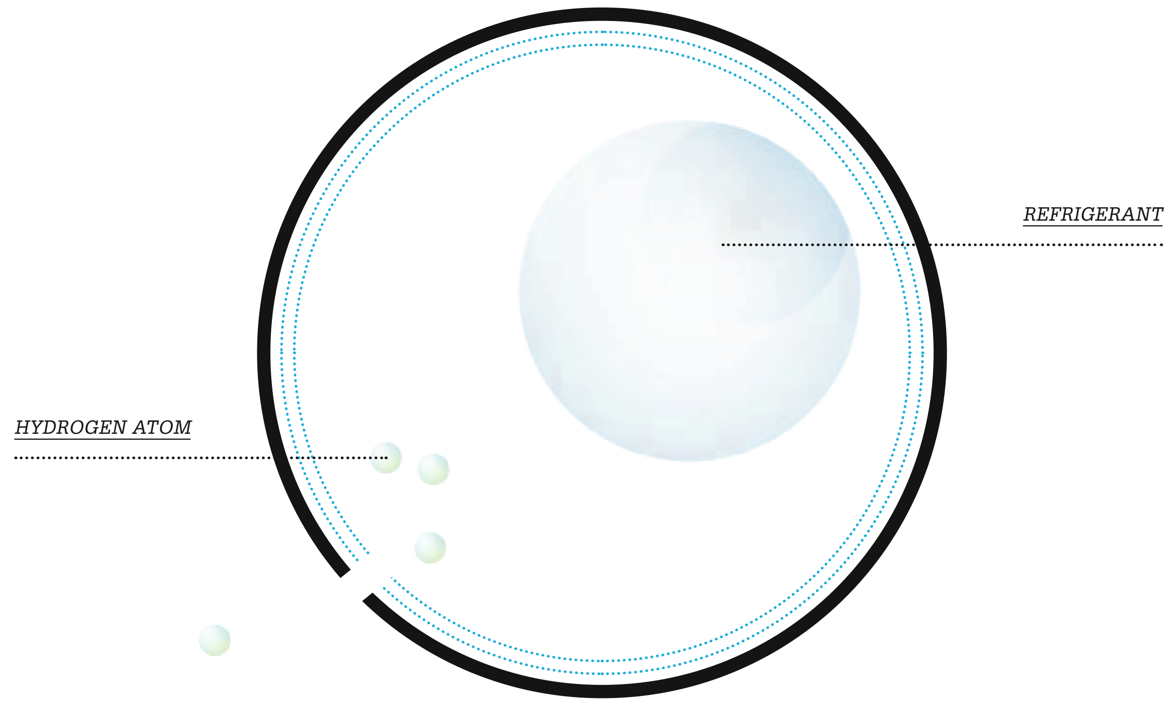
TECHNOTRANS 2012
WORLD IN FIGURES

1,062 DIFFERENT VERSIONS

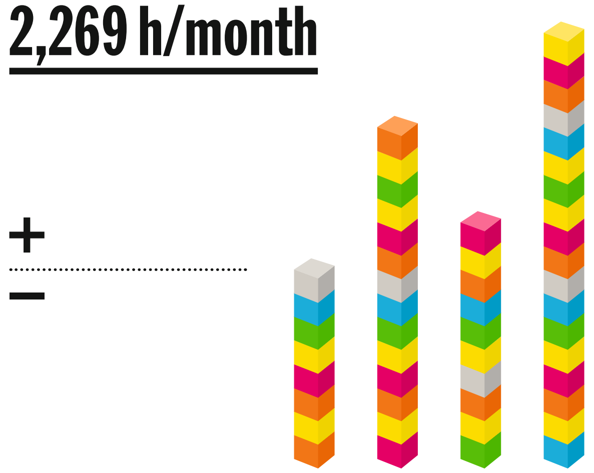
WERE MADE BY TECHNOTRANS IN 2012 FOR 16 PRODUCT LINES.
This confirms the growing trend towards customisation at our customers. In return, we need to continually optimise our production processes. At technotrans, we use modular components in a variety of ways in order to fulfil individual customer preferences.

0,000000000106 metres

is the size of a hydrogen atom, the smallest in the periodic table. That is why we use hydrogen to check the tightness of our refrigerant circuits. If hydrogen cannot leak out, refrigerant won't either. That provides lasting protection for both the environment and the equipment we supply.



2,269 h/month



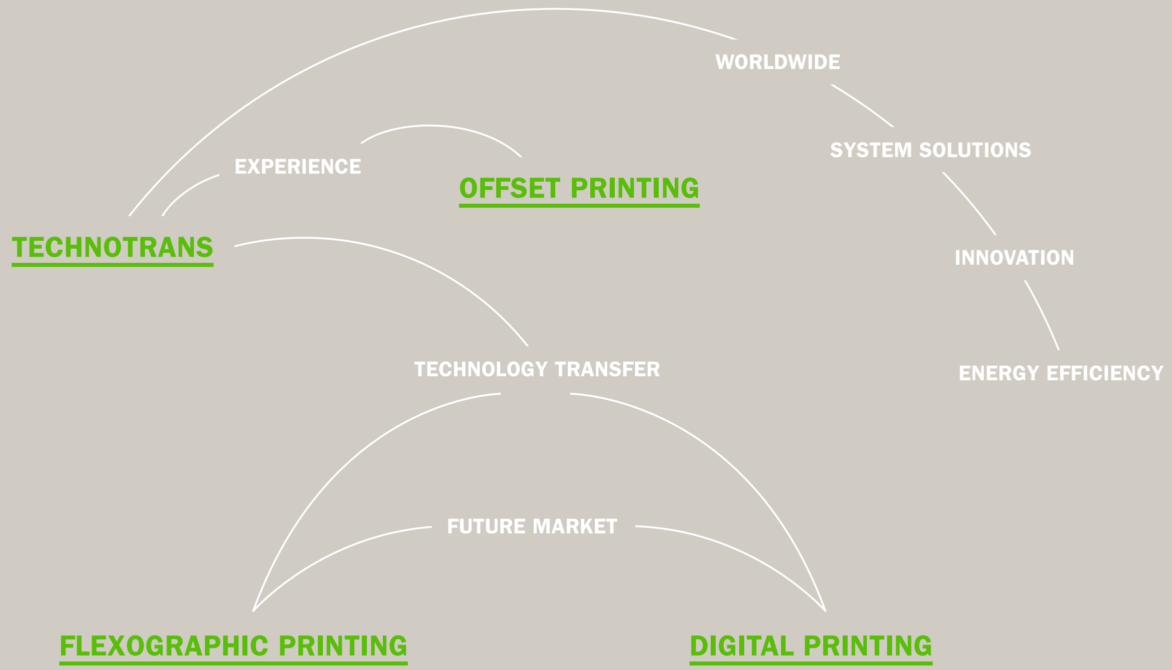
That is the difference in the average monthly volume of work that technotrans accommodated in 2012, in response to market requirements. That basically means we are able to respond very flexibly to changing production situations. Whether we need to handle production peaks or contracting levels. And always exclusively by internal measures.

2,500 m²

of office and production area went into use at Taicang, China, in 2012. This is where KLH and technotrans have pooled their expertise and capacity in order to supply local customers with products made in the country. That reduces structural costs and boosts efficiency.

PRINT SOLUTIONS

THANKS TO ITS CONTINUING DEVELOPMENT, THE PRINTING INDUSTRY REMAINS AN EXCITING AND PROMISING MARKET FOR TECHNOTRANS, AND ONE IN WHICH WE CAN MAKE THE MOST OF OUR EXPERTISE. SERVING THE WORLD WITH NEW TECHNOLOGIES AND IDEAS "MADE IN GERMANY".



NAME

RALPH PERNIZSAK

POSITION

HEAD OF TEMPERATURE CONTROL BUSINESS UNIT

Digital printing is increasingly dominating the printing industry. That makes it an exciting area of activity for technotrans, too. Ralph Pernizsak, Head of the Temperature Control Business Unit at technotrans, explains why in our interview.

technotrans enjoys a strong reputation as a system partner in offset printing. Why have other printing methods previously not played a part in your business model?

Until now, our expertise and technology have barely featured other printing methods because standards of efficiency in digital printing, for example, were lagging way behind offset printing. But over the past few years we've noticed that digital printing is catching up. That now makes it an interesting area for us, too, because we can bring our core skills into play there, often through a straightforward transfer of technology.

Many dubbed drupa 2012 the "digital printing show". Was that the starting point for addressing this topic?

No. It isn't entirely new ground for us. For instance we've been supplying the Kodak Nexpress and Miyakoshi for quite some time. We've therefore been observing developments for a while now, and have become actively involved. Here is a good example: two years ago we unveiled a colour copier with water cooling at the Hunkeler Innovationdays. People found it amusing that you could take cooled drinks out of the output tray, but few of them realised its full implications. This year, a manufacturer launched a very similar cooling system with a view to improving performance. Unfortunately it was hidden inside the machine, so not sufficiently apparent.

So what has been your perception with regard to drupa?

From our point of view drupa definitely provided visitors with business models to launch on-demand, customisation and life-cycle management for packaging and commercial printing. Many ideas made the jump from theory to practice and appeared in innovative equipment that opens the door to new, exciting opportunities. Thanks to our long-standing experience, everyone knows technotrans to be an expert partner for cooling. As well as having the technical knowledge, there is also our worldwide network – in other words, customers can depend on our reliability and concentrate on creating new innovations.

What enabled technotrans to qualify as a new partner to Hewlett-Packard?

I think our comprehensive range and versatility were the main advantages. Especially in digital printing, the innovation cycles are much shorter than in the offset industry, so you have to respond flexibly. We achieved that with our uncomplicated plug & play solution for Hewlett-Packard. Of course, it also helps if customers and purchasers are familiar with technotrans from other areas and are convinced of our technology.

As well as digital printing, you have also ventured into flexographic printing.

It's a similar case to digital printing. The basic task is the same: efficient temperature control. Obviously we need to adapt our technology, but the key aspects are familiar territory. There is moreover huge growth potential in the packaging market, which is all about forward-looking technology. We naturally want to be a part of it.

Does that mean offset printing is becoming less important to technotrans?

Not at all. technotrans is the world market leader in that area and a long-standing system partner. It is our core business. It is healthy, and thrives on stable customer relationships. That market, too, will naturally continue to see innovations and changes. And we are perfectly positioned as a partner that defines the benchmark technologies.

Thank you for the interview.


WORLDWIDE SERVICE
DIGITAL PRINT
REDUCED RUNNING COSTS
ENERGY EFFICIENT
HIGH SYSTEM AVAILABILITY INCREASES PRODUCTIVITY
POSTERS
MAGAZINES
BROCHURES
FOLDERS
ENHANCED PROFITABILITY
LAY-FLAT BOOKS

BUILDING THE FUTURE THROUGH INNOVATION

PROJECTS 2012

PRINT SOLUTIONS

The prospects for the printing industry are widely perceived as no better than modest. Particularly so for offset printing. But those players that are the technology leaders in their field, like technotrans, are focusing on innovations and new markets. We were again able to demonstrate in 2012 that success is achievable. With products that reflect our wealth of experience and expertise – that is what makes us a full-liner offering custom-made solutions.

DIGITAL PRINTING

COOL WITH TECHNOTRANS

Thanks to new technologies and advances, digital printing is the perfect basis for new business models for printing and communications service providers. The new Hewlett-Packard Indigo 10000, which was unveiled at the drupa, raised the bar even higher. It also demonstrated that digital printing on an industrial scale is a rapidly growing market segment.

With its expertise and services, technotrans is the ideal partner for Hewlett-Packard and other manufacturers wishing to share in the success of digital printing. Thanks to its high market share in the offset sector and its good global connections with printers, technotrans is ideally placed to access this area. Its advantages include the worldwide service network, with the technical expertise it can offer, and its reliable, high-quality temperature control systems.

Our technology ensures that the refrigeration control reflects output requirements, paving the way for permanent energy efficiency and increased productivity. Printers and HP, too, need no longer concern themselves with the cooling technology. Our renowned close relations with customers and worldwide service arrangements based on service contracts make us the full-line partner for system-specific products. For Hewlett-Packard and other companies in the print solutions area.

FLEXOGRAPHIC PRINTING

PRETTY FLEXIBLE

Flexographic printing is used for printing plastic films, for instance. With the move away from boxes or cans as the preferred form of packaging for many types of consumer goods, flexographic printing is a genuine growth segment which technotrans is addressing very successfully. Flexographic printing presses basically work like a stamp: blanket cylinders apply ink to a web of film that is secured permanently by an impression cylinder for maximum precision.

But even here there are drawbacks: temperature control of the central impression cylinder is often imprecise, impacting print quality and reducing energy efficiency. In addition, the lack of interaction with the other press components makes the whole system less user-friendly. Inking units on flexographic printing presses consume a lot of energy because of the compressed air drive, the need for frequent diaphragm changes reduces press availability, and high ink losses during changeovers result in high costs. We are aiming to find a lasting solution to this constellation of problems for a renowned flexographic printing OEM.

Accurate temperature control of the central impression cylinder significantly increases print quality, for instance, while precise adjustment of various parameters that can even take place during operation improves energy efficiency. Integration of cylinder temperature control into the press control system moreover allows the press to be permanently monitored. With regard to the ink supply, too, technology transfer is helping us to cut energy consumption and costs, as well as improve press availability. Developments in this area have not yet reached the end of the road and still offer ample scope.

TECHNOLOGY TRANSFER TO
NEW MARKETS

€435
BILLION 2015

The anticipated volume of printing business worldwide in 2015 according to industry experts. They expect the share of digital printing to rise sharply by 2015 from a current 20 % of the advertising printing market.

22.5m
TONS 2016

The world market for flexible packaging will reach this volume by 2016. This development is being driven mainly by the advantages that this type of packaging offers: it protects the contents better and helps them keep for longer.

DIGITAL PRINTING
DIGITAL FUTURE AS AN ALL-IN PACKAGE

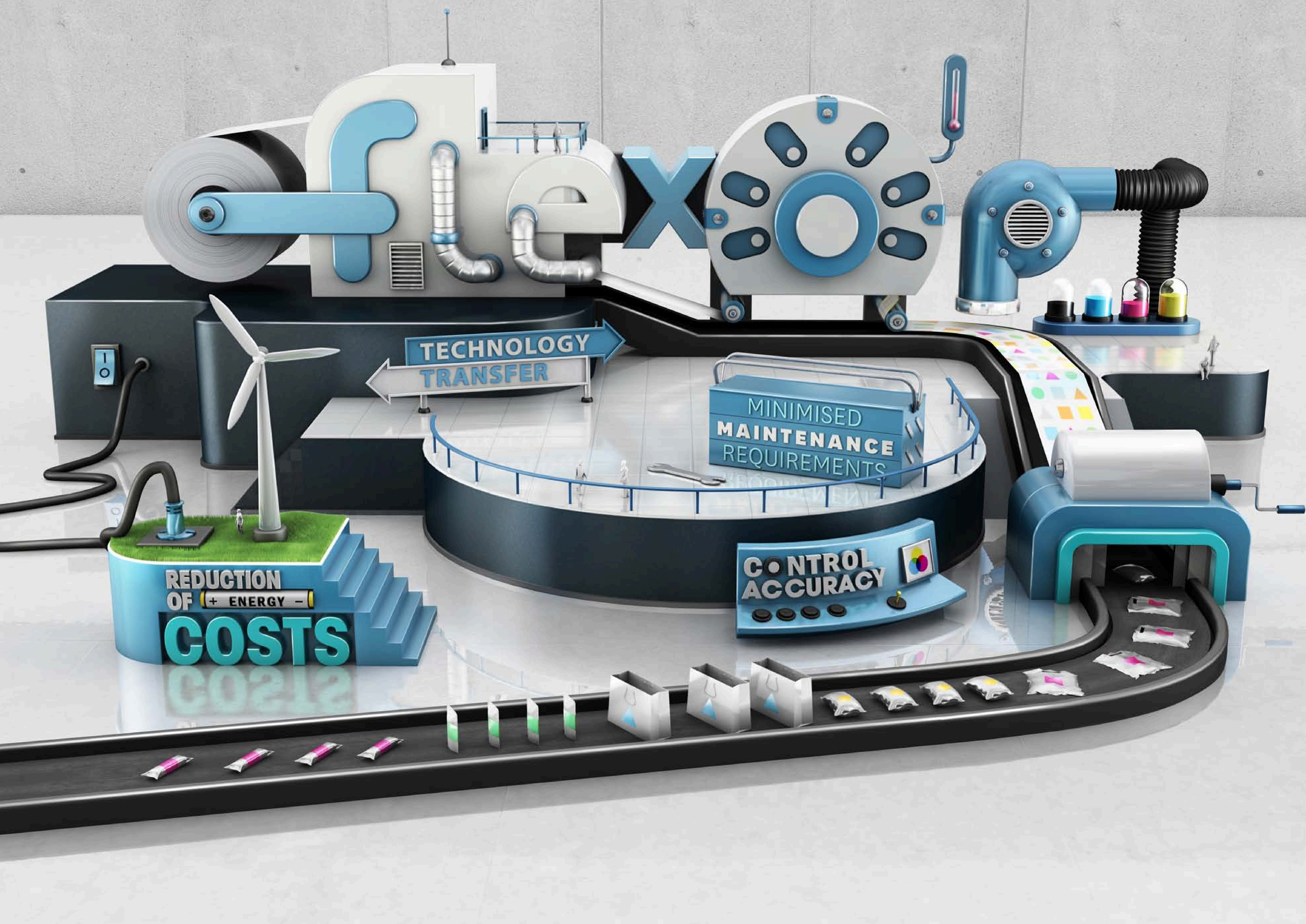
FLEXOGRAPHIC PRINTING
TECHNOTRANS BECOMING EVEN MORE FLEXIBLE.

HP INDIGO 10000
The new flagship version from the renowned printer manufacturer redefines the benchmark for digital printing. Featuring technology from the systems supplier technotrans. Ready for the tasks of tomorrow.

THE FUTURE OF FLEXO

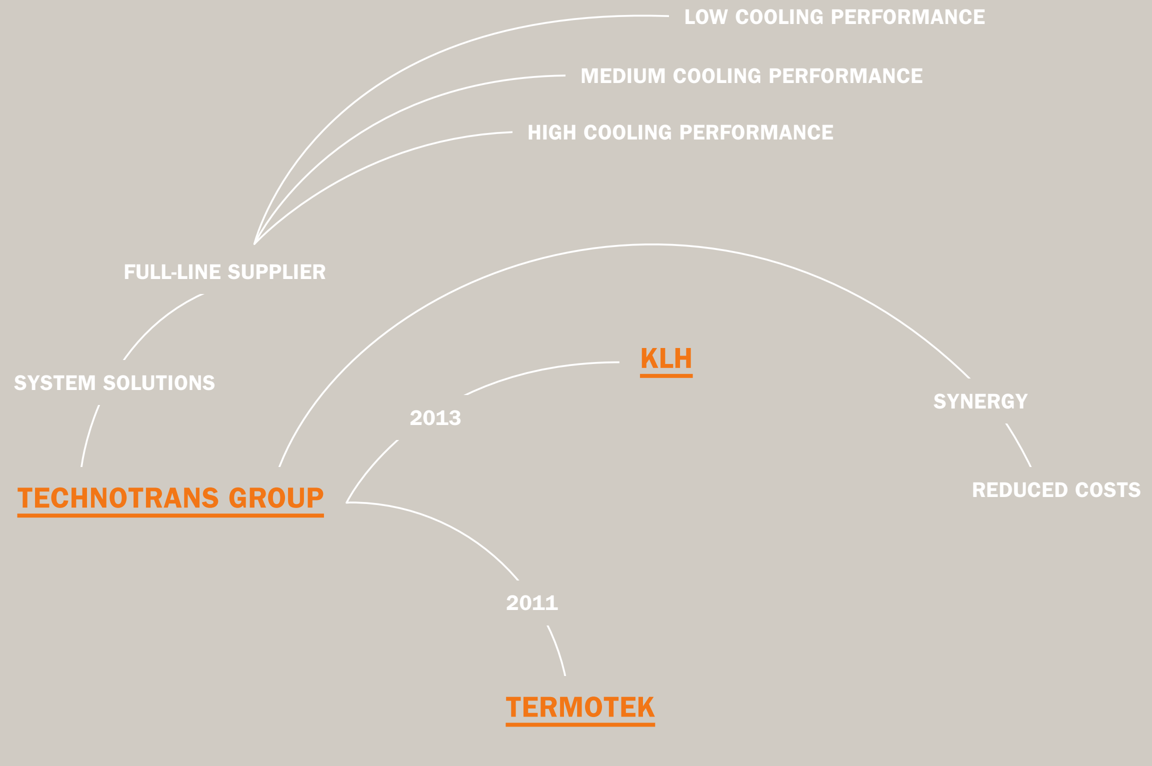
FLEXIBLE PACKAGING ACCOUNTS FOR A STEADILY GROWING SHARE OF THE PACKAGING INDUSTRY. THERE ARE MANY REASONS FOR THIS TREND

As well as affording better protection and longevity, it improves product costs and visibility. This sector is correspondingly primed for growth. Whereas worldwide revenue for this industry was $ 58.3 billion in 2011, a study forecasts that revenue will reach $ 71.3 billion by 2016. Over half of that revenue will be achieved in Asia, with India and China the principal sources. Yet it will be no easy ride, because dwindling resources, environmental constraints and costs call for a major green engineering effort. Not only is technotrans known for its pioneering concepts for offset printing; it has already been practising green engineering for a long time. In other words, we are perfectly prepared for developing tomorrow's innovative solutions.


flexo
TECHNOLOGY
TRANSFER
MINIMISED
MAINTENANCE
REQUIREMENTS
CONTROL
ACCURACY
REDUCTION
OF
+ ENERGY –
COSTS

LASER INDUSTRY

TECHNOTRANS HAS ACHIEVED ITS GOAL: WE ARE A FULL-LINE SUPPLIER OF LASER COOLING. WITH THE TAKEOVER OF KLH KÄLTETECHNIK, WE CAN NOW MEET VIRTUALLY ANY CUSTOMER REQUEST. WITH INNOVATIVE IDEAS, A PERFECTED APPROACH AND INDIVIDUAL BACKUP. ANYWHERE IN THE WORLD.



With the takeover of KLH Kältetechnik, the technotrans Group has demonstrated its status as a full-line supplier in the field of laser technology and unlocked fresh scope for competing in the international arena. Daniel Selck, Managing Director of KLH, explains the reasons in this interview.

Mr Selck, KLH focuses very much on cooling systems for laser machining. How did you get into that area?

Laser technology is an application area that calls for technically sophisticated, high-quality cooling solutions. KLH is at home in that environment, in which it can offer a range of innovative, high-performance products.

From its beginnings in the small town of Bad Doberan, your company has branched out all the way to Asia. Isn't that unusual for a mid-cap business?

Not really. We in effect followed our customers. The Trumpf company's move was just the tipping point. Once this manufacturer of laser technology decided to set up operations in Asia, it simply made sense for KLH to follow suit. On the one hand we didn't want to miss out on contracts to suppliers over there, and on the other hand it provided us with a gateway to fresh business. It was important for us not simply to relocate everything; we wanted to set up new locations that would enlarge our network and enable us to respond efficiently to customer requirements. As a result, all parties benefited from the new constellation.

How did your initial contact with technotrans come about?

It was rather a bumpy ride at first. Back in 2000/2001 we contacted technotrans because we were interested in becoming one of its producers. That all came to nothing, and remarkably our paths never crossed in the market for many years thereafter. Growing globalisation meant our customers, too, were becoming more demanding and by 2010 many of them were asking KLH to expand its international service. That prompted us to ask technotrans whether it could provide support for our customers in Japan through its network. The successful partnership was then gradually extended to China, India and Brazil, and everything went perfectly smoothly and to the full satisfaction of KLH's customers.

What persuaded you to take your association with technotrans to the next level, leading to its majority stake?

There were several important factors. Increasing customisation in the marketplace is driving the trend towards smaller unit quantities, while the technological standards are becoming ever tougher. The growing demands that this places on the research and development side can be addressed better by a corporate alliance, because it has deeper resources and a stronger team. The international sales and service network is obviously a real bonus, too. As is the group's financial strength when it comes to funding future investment projects. All in all, that provides certainty for our customers and builds a lasting bond between them and us.

What are your plans following the sale of KLH?

I'm definitely too young to retire! Anyway, KLH is still a very exciting part of my life, among other things because I am still involved as an investor: along with my sister I still have a 35 % interest. In my role of Managing Director I'm especially eager now to make KLH a success within the group, and to develop the company further.

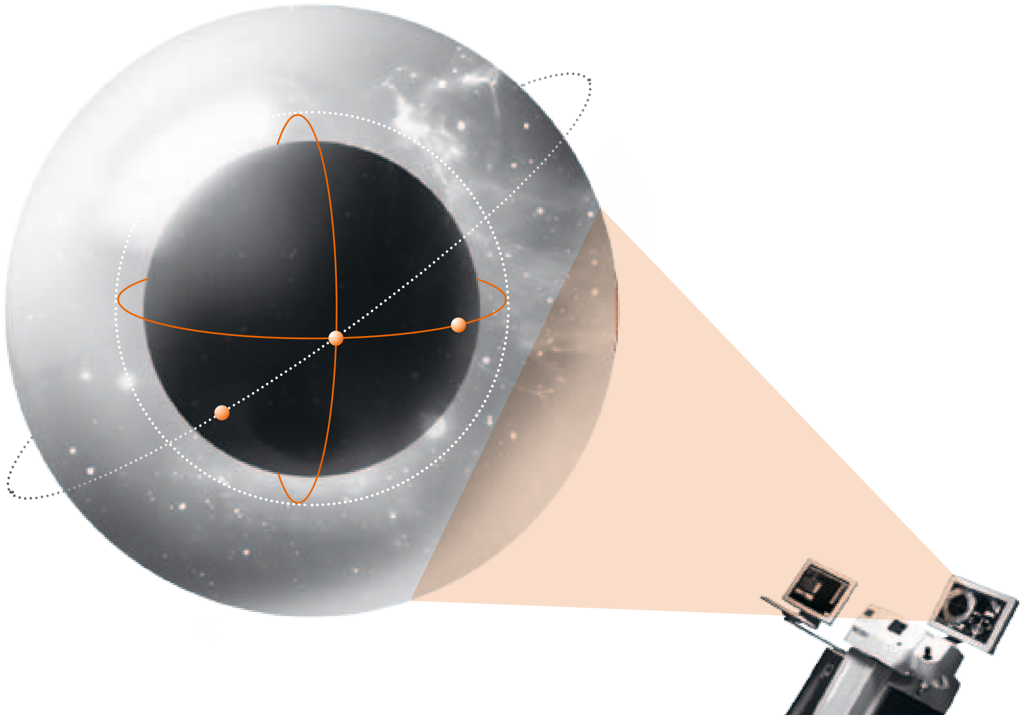
Thank you for your time.

NAME

DANIEL SELCK

POSITION

MANAGING DIRECTOR OF KLH KÄLTETECHNIK GMBH



PHOTONICS ARE COMING

THE LASER MARKET FULLY MAINTAINED ITS POSITIVE DEVELOPMENT IN 2012.

In Germany, it achieved an average growth rate of 10 % on the one hand thanks to steady domestic demand and on the other hand by virtue of good exports, which actually rose by 20 %. Even if growth is expected to be lower in 2013, the market will remain mobile. Incoming orders, production processes and exports are all adapting to growing customisation and the changes that this is necessitating. Meanwhile it is becoming increasingly important to work the Asian market consistently. The forecasts for 2013 reflect this very emphatically. Industrial production and plant investment are both set to rise by 3.5 % globally, but the growth rates in Asia will be 6 % and 5 % respectively.

KLH

A WEALTH OF EXPERTISE IN LASERS. EQUIPPED FOR THE FUTURE

440

VOLUMEN %

is the volume growth of the market for laser systems since 1993. Over the same period, the market for machinery has expanded by 80 %. Lasers occupy an increasingly important place in production technology. That explains why they now account for about 13 % of the market volume for machine tools.

TERMOTEK

IN PARTNERSHIP WITH TECHNOTRANS SINCE 2011.

40x

YEARS

is how long the world's leading exhibition for lasers, the "LASER World of Photonics", has been going as of 2013. In 2011, it attracted more than 1,075 exhibitors and 27,490 visitors from 80 countries as a forum for discussing and showcasing the shape of things to come. Termotek of course will be at this anniversary-year event.

HOW TO VENTURE SUCCESSFULLY INTO NEW MARKETS.

PROJECTS 2012

LASER INDUSTRY

The expanding laser market has very rapidly developed into a highly promising mainstay for technotrans. Its progress has featured not just the successful takeover of Termotek, but also the acquisition of KLH. With this line-up we are now in a position to supply any cooling performance, anywhere in the world.

TERMOTEK

A REFRESHING SUCCESS STORY

Just two years on from its takeover, Termotek can boast an array of achievements that show how right technotrans was to seize this opportunity to extend its core skills in the field of laser technology. Of the many smaller projects undertaken, two in particular stand out.

Following 18 months of collaboration between technotrans america, Termotek and a renowned laser manufacturer within the Novartis Group in the USA, an order was placed for cooling systems for a new femtosecond laser. With a value running into the millions, it will bolster Termotek's earnings for some time to come. This innovative laser, used in the treatment of cataracts, is noted for its very high precision, efficient operation and versatility of use. The cooling technology for this innovative unit is supplied by Termotek. One particular challenge needed to be met in configuring it: as the laser is also used in very hot climates in premises without air conditioning, the cooling performance needs to be exceptionally high. At the same time, the cooling unit must make optimum use of the available space inside the laser. Termotek was able to build on its experience in working with other customers for medical applications. Another advantage is our service and logistics network in the field, which ensures that customers benefit from swift and efficient deliveries and service arrangements.

The second project with which Termotek has been very successful for some time is in the field of laser sintering of sand. A very high-calibre cooling system was developed in collaboration with the market and technology leader. In this instance it was especially important to use the available space economically because the innovative laser sintering system has a compact, user-friendly design. It is perfect for the production of smaller batches of sand cores and moulds without the need for additional tools. It operates very precisely and cost-effectively.

For Termotek, this partnership is a good opportunity to keep broadening its own core skills and exploit fresh opportunities for synergy.

We believe our healthy progress in the laser industry area will continue, in particular thanks to our new position as a full-line supplier covering all areas: we can now give customers precisely the products they need, whatever the scale of the order.

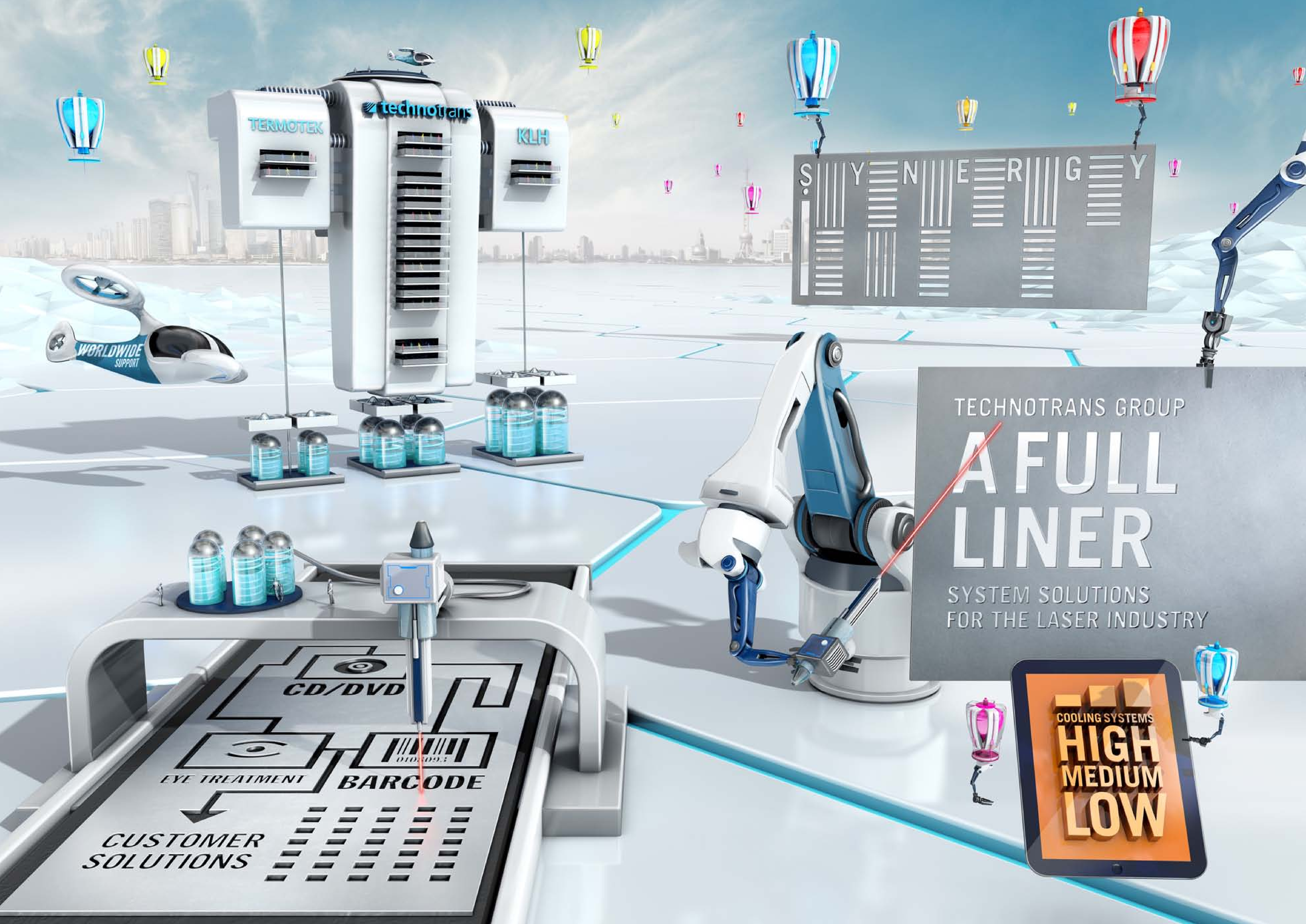
KLH

COOL OPERATOR

Following on from the takeover of Termotek in 2011, technotrans rounds off its portfolio of laser cooling systems with acquiring KLH Kältetechnik in 2013. This international supplier of custom solutions for major clients enjoys good contacts with customers, especially in China, perfectly extending the reach of our group network. The advantages are obvious: as in the print area, technotrans is now also a full-line provider of system solutions for lasers.

And we are ideally placed to benefit from synergy in the purchasing, production, sales and service areas. Reduced costs, more innovation and comprehensive service are all features of a compelling concept that seeks to use resources more efficiently, make structures leaner and focus more strongly on customer requirements.

The extended range of services comprising customer-specific concepts alongside system solutions enables technotrans to deploy its renowned strengths such as local support worldwide, efficient technology transfer and local production in expanding this area of business.



TERMOTEK
technotrans
KLH
WORLDWIDE
SUPPORT
SYNERGY
TECHNOTRANS GROUP
A FULL LINER
SYSTEM SOLUTIONS
FOR THE LASER INDUSTRY
CD/DVD
EYE TREATMENT
BARCODE
CUSTOMER
SOLUTIONS
COOLING SYSTEMS
HIGH
MEDIUM
LOW

INDUSTRIAL SYSTEM SOLUTIONS

WHERE IS THERE STILL SCOPE FOR TECHNOTRANS TO DEPLOY ITS CORE SKILLS? WHICH MARKETS MIGHT OFFER US INTERESTING PROSPECTS? IN WHICH DIRECTION IS OUR GROUP HEADING? THESE ARE THE QUESTIONS THAT MATTER TO EVERYONE AT TECHNOTRANS. BECAUSE WE THINK A GOOD IDEA DOESN'T CARE WHO THOUGHT OF IT FIRST.

NAME

CHRISTIAN WALCZYK

POSITION

HEAD OF TECHNOTRANS INDUSTRIAL SYSTEM SOLUTIONS

Technotrans is venturing down new paths with the industrial system solutions area. It sets out on this journey equipped with the knowledge and experience that have been acquired over many years, by many people, making our company distinctive and prepared to succeed. In this interview, Christian Walczyk reveals what it all involves.

What is "industrial system solutions" at technotrans all about?

industrial system solutions is an innovative business unit that was set up at technotrans in 2010. Our aim is to sound out new applications for technotrans' core skills in various different industries. It has worked very well so far.

How do you come up with these new ideas?

There are various ways. On the one hand we obviously hold brainstorming sessions within our area, usually across the various disciplines. On the other hand everyone in the group is encouraged to identify new ideas for expanding our range of activities. We naturally check the feasibility and usefulness of all ideas before proceeding any further.

How do you make contact with potential customers?

We take the classic approach to canvassing. That involves exhibiting at various shows as a means of getting to know potential partners and customers so that we can present our ideas to them. We also practise cold calling; in other words, if we have an idea that we believe in, we contact the new customers which we think are most likely to take it up.

What then happens to such projects?

It all starts with a customer application that we can improve on with our core skills. We then start development work, build a prototype that we test exhaustively with the customer, and once everything is working smoothly we give it the production go-ahead. That actually sounds quicker than it is. From the initial idea to the finished product usually takes two to three years.

What did that involve for spray lubrication, for example?

In that instance we knew that the market volume for forming technology is around € 3.2 billion, roughly the same as the sheet-fed offset market. And the market structure is very similar, with OEM customers located mainly in Germany and Japan. We were also aware of the problems encountered with conventional spray lubrication technology.

So what did you do next?

We considered how to increase precision while cutting oil consumption. Our expertise in spray dampening systems stood us in good stead there. In other words, we took our tried-and-tested components, such as our high-frequency valves, and ultimately found a system solution that can easily be incorporated into production lines at customers. It is attracting plenty of interest both from end customers and from press manufacturers, for example.

Where's the connection with printing presses?

At first glance it isn't obvious, but ultimately it is irrelevant where our technology is used. And liquid technology is our core skill. The key thing is that it does the job.

Have any other new horizons opened up?

e-mobility is another big topic for us. As well as supplying original equipment for the Siemens trams, we are involved in potential follow-on contracts. We're obviously also talking to other players in this area. Then we are preparing projects involving equipment manufacturers and suppliers of battery technology.

Keep up the good work, then!


SPRAY
LUBRICATION
SPRAY.XACT
VERY PRECISE
ACCURATE SPRAY
APPLICATION
LOWER OIL CONSUMPTION
FORMING AND STAMPING TECHNOLOGY
AIRLESS PRINCIPLE
MIST-FREE SPRAYING
AIR

KNOWLEDGE NEEDS TO BE CONTINUALLY REINTERPRETED

PROJECTS 2012

INDUSTRIAL SYSTEM SOLUTIONS

In 2009 technotrans started to establish a foothold in new markets with its long-established technical expertise. With this approach starting to produce dividends in 2011, we continued to pursue it in 2012. The result is projects that rank as pioneering not just in their individual industries, but for technotrans too.

SPRAY LUBRICATION

TECHNOTRANS INTO OIL

What do you do next when you have 30 years of technological experience and 25,000 installed spray systems in the graphic arts industry? You use that basis to promote innovations in new industries. That is what technotrans has done very impressively with its “spray.xact”, a system for precision spray lubrication for forming and stamping technology. Existing solutions run on compressed air, making them costly and contaminating the equipment and the ambient air with spray mist. The only solution is then to install elaborate extractor systems. A problem that is alien to the “spray.xact”.

The easy-to-integrate, modular system does not rely on compressed air for the spraying process, significantly lowering its power consumption and reducing the level of contamination. No extractor is needed. Added to this, it delivers the oil with reliable precision. All valves can be constantly adjusted via a central control, so economical metering of the oil eliminates oil losses.

Various companies were so impressed with the “spray.xact” during the test phase that technotrans already received a number of orders. The presentation at Euroblech 2012 was also a resounding success for us as a newcomer to this industry. Potential customers were thrilled not just with the above advantages, but also with its user and operator-friendly design concept.

SIEMENS

ON THE MOVE WITH SIEMENS

Electric mobility and energy stores are the watchwords of the new millennium. They are becoming increasingly important especially in the domain of public transport. The Siemens mobility project in Doha, Qatar, illustrates this particularly well. An 11.5 km tram network served by 19 trams is set to open from 2016 and operate without the need for any external energy sources. Siemens has developed a pioneering energy system based on the Avenia trams. It draws power from two sources. On the one hand there are batteries that are recharged slowly while the trams are out of service, and dispense their power equally slowly. On the other hand there are capacitors that cover peak demand. They are recharged very quickly at stops, and also store energy recovered from the brakes. However, the heat that these processes generate reduces the performance and operating life of the capacitors, so it needs to be dissipated effectively. To address the problem, Siemens chose technotrans as its specialist for cooling systems. Finding the solution was a challenge for us, because it took our company into entirely new territory and involved a completely new application for our technology.

Siemens was impressed with the results on many different levels. Over and above the sophisticated but highly efficient technology, it enjoys the benefits of technotrans’ worldwide sales and service network, which makes maintaining the system a much easier affair. It was also an important step for us as a company: as well as exploring the new market of energy stores, we were able to raise our profile as an environmentally aware leading player for sustainability and ecology.

ACTIVELY EMBRACING GREEN ENGINEERING

E-MOBILITY AND SPRAY.XACT

A NEW TAKE ON CORE SKILLS.

FUTURE: E-MOBILITY PROJECT

technotrans products now sunning themselves up top. The cooling system on the tramcar roofs is designed to achieve its full performance when service life of the other components starts to wane.

SPRAY LUBRICATION: SPRAY.XACT

Perfect for out and about: spray.xact mobile. Its design principle means it can be used flexibly wherever needed, keeping processes efficient, smooth and free from contamination.

PUTTING ENERGY INTO SAVING ENERGY

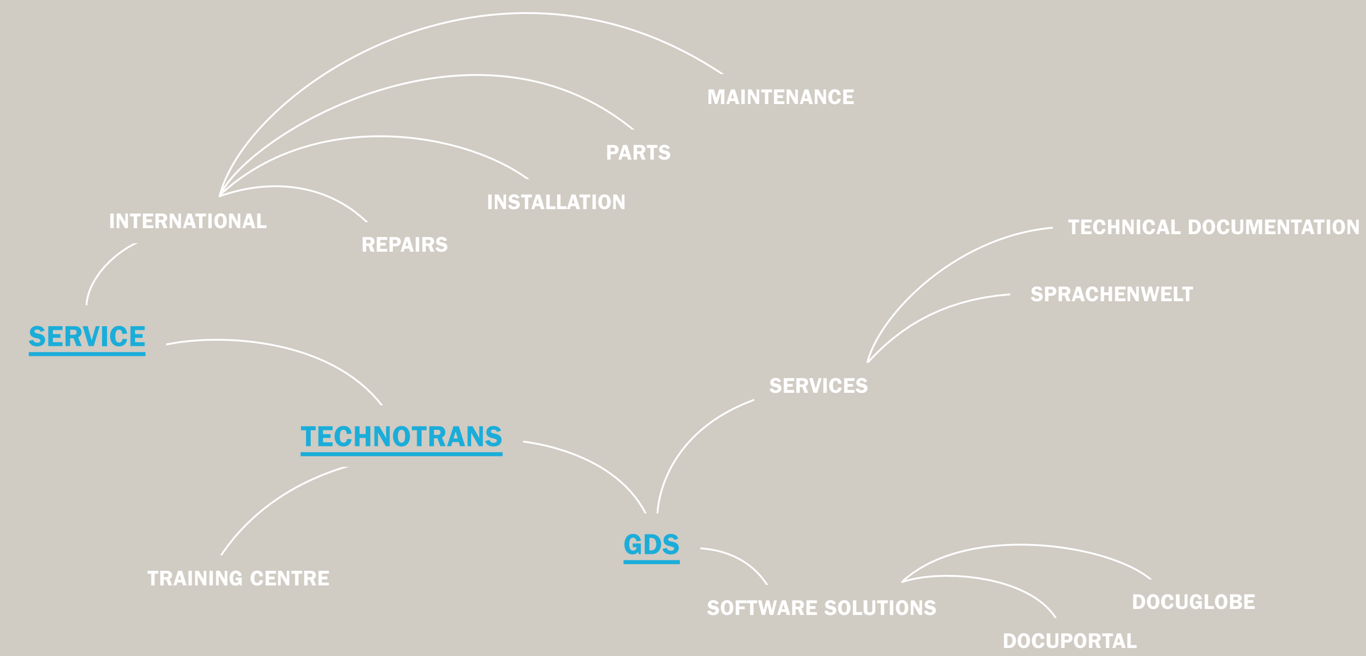
GREEN ENGINEERING HAS BEEN A BUZZWORD IN THE CORPORATE WORLD FOR SOME TIME.

But in many areas it has now evolved into a clearly defined task that involves the will to innovate and the dedication to plan ahead. Companies are working hard to improve their “green fingerprint". technotrans is no exception. Wherever we can, we are improving our production, environmental management and logistics. Our customers, too, benefit from such products as the beta.c eco+, which represents a clear leap forward in terms of energy efficiency. By using special components, we have been able to realise significant energy savings compared with conventional technology: consumption during production has been reduced by 55 %, and when a printing press is stationary, e.g. between jobs, the saving can be as high as 70 %. Our customers benefit from lower costs, and less energy is used. We will continue to look for such solutions, because this is still the dawning of green engineering and everyone needs to do their part.


TECHNOLOGY
OF THE FUTURE
WORLDWIDE
SUPPORT
FROM OWN SERVICE NETWORK
Maximum
Reliability

SERVICE SOLUTIONS

MANY CUSTOMERS INCREASINGLY WANT EFFECTIVE SERVICE ARRANGEMENTS, NATURALLY ALWAYS TO PROFESSIONAL STANDARDS. THOSE WHO HAVE AN INTERNATIONAL AND VERSATILE SERVICE NETWORK, LIKE THE TECHNOTRANS GROUP, ARE AT A REAL ADVANTAGE IN TERMS OF CUSTOMER LOYALTY.



The changes that our group is experiencing are also impacting the service solutions that technotrans is able to offer its customers. To guarantee consistently high quality, this area too is witnessing a steady stream of improvements. Head of Service Hendirk Niestert explains the ramifications in this interview.

Mr Niestert, the technotrans Group is making inroads into new areas. What challenges does this entail for the Service area?

The challenge is clearly about how to adapt our skills to the new areas of the company. It's basically about fine-tuning our processes so that we are able to respond to new industries and situations. That is where technotrans' international outlook and good infrastructure are a genuine advantage, because they inform and teach us a lot about local markets and their requirements. The familiar effective partnership with OEMs is just as big an advantage because of the important insights it brings us. That experience helps us to adapt perfectly to new situations.

So does that mean there have been no real changes for you? Is there no difference between a printing press and e.g. a laser machining centre?

On the face of the matter, there obviously are differences. But for us, that difference is more minor because we remain within our core skill. To pick up on the example you used, both involve cooling and maximising plant availability for sensitive processes, and that's something we can handle. Obviously we are stepping up our engineers' training to prepare them for new situations. That's why we have set up a dedicated refrigeration technology training centre in Sassenberg, for example.

Has the takeover of Termotek and KLH created extra potential?

Definitely. We mainly perform repairs and supply parts for Termotek's smaller-scale equipment. We have set up local service hubs worldwide to provide optimum service. These enable us to help customers directly and swiftly if problems arise. For KLH's large cooling units, OEM customers can draw on the advantages offered by technotrans' network for installation and maintenance tasks.

What future challenges do you expect your area to encounter?

Just like our products, customer service has to reflect individual customer requirements. For us, that means that we actively involve customers in the development of services. Personal, direct support is the order of the day, because you need more than simply formulaic customer service if you aim to compete with the best.

What are the implications of that for service solutions?

Like other areas of the company, we too regard innovation as a key aspect. Ideally we always need to be one step ahead of our customers' requirements. In other words, we provide ongoing training for employees and are continually broadening our processes and structures so as to retain a competitive edge in future, too.

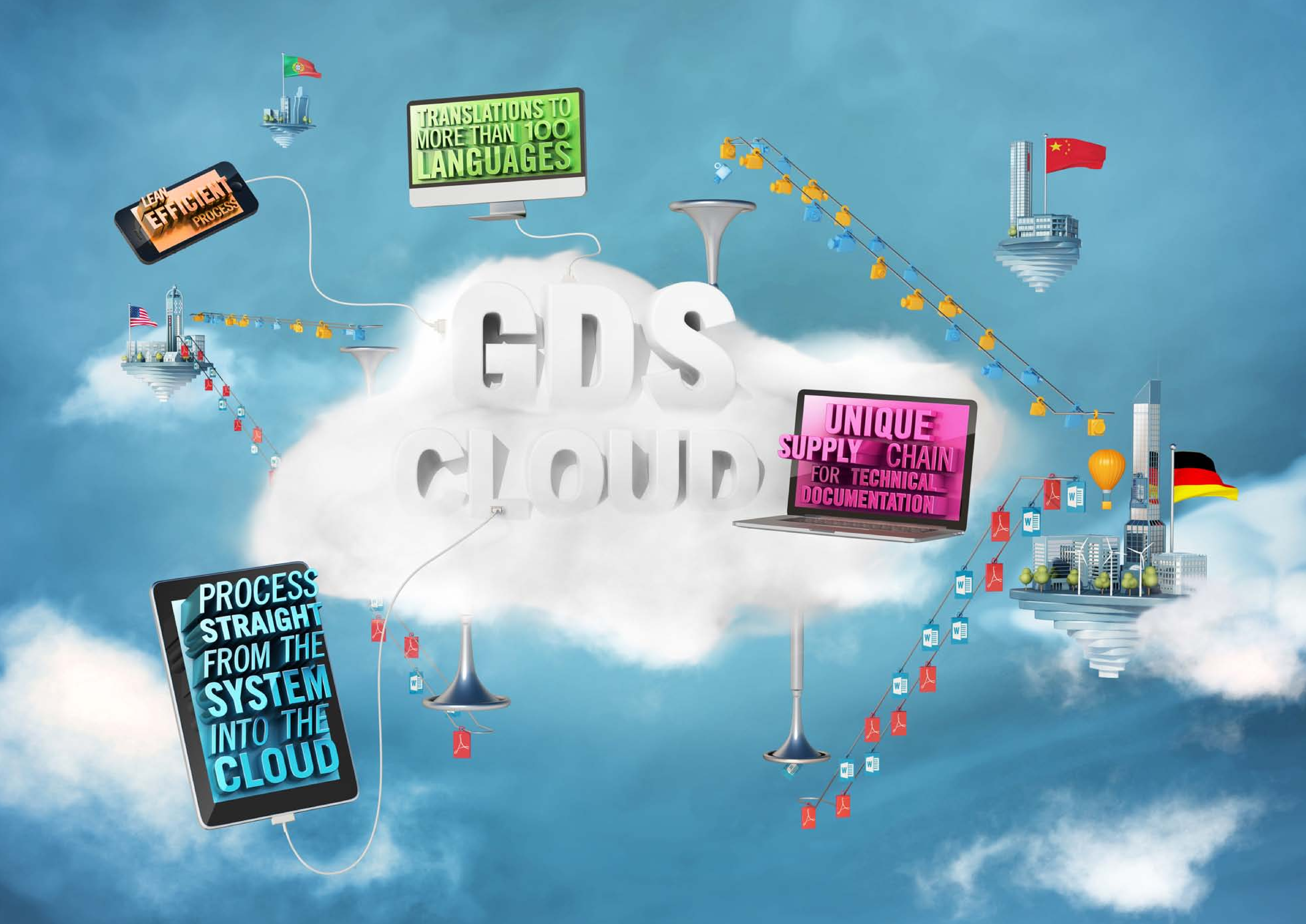
Finally, what was your most memorable project this year?

I'd have to say logistics. We have put a lot of effort into improving matters for our customers. That involved not just modification of our facilities, but also in-depth staff training to qualify as "known consignor" within our area. Thanks to that status, there are now no restrictions on our ability to respond flexibly and swiftly, e.g. if parts need to be dispatched by air freight.

Thank you for the interview.

NAME
HENDIRK NIESTERT

POSITION
HEAD OF TECHNOTRANS SERVICE SOLUTIONS


LEAN EFFICIENT PROCESS
TRANSLATIONS TO MORE THAN 100 LANGUAGES
GDS CLOUD
UNIQUE SUPPLY CHAIN FOR TECHNICAL DOCUMENTATION
PROCESS STRAIGHT FROM THE SYSTEM INTO THE CLOUD

INTERNATIONAL SERVICE QUALITY

THE TECHNOTRANS GROUP IS AT HOME ALL OVER THE WORLD.
And knows its way round wherever it is in the world. That means we are always there for our customers when they need us. Our international service network provides all-round support and individual solutions. As well as technical backup, parts supplies and training courses, we offer consultancy on how to optimise processes. That gives our customers the reassurance that everything will run properly, because they know they can rely on us. All the more reason to keep optimising and adjusting our service arrangements in line with what helps our customers.

GDS-SPRACHENWELT
우리는 모든 언어를 구사합니다. 특히 고객의 언어는 더욱 더.

GDS-SPRACHENWELT
WE SPEAK EVERY LANGUAGE. ABOVE ALL THAT OF OUR CUSTOMERS.

eROCKIT ROCKS
The eRockit, the first human-hybrid, is developing into a real success story. And gds is a big contributor. Excellence all round.

No.8 VERSION

No international service provider can afford to stand still. gds AG knows that as well as anyone. It therefore unveiled Version 8 of its successful docuglobe editing system in 2012. docuglobe has already been used to optimise the processes involved in compiling and managing technical documentation at more than 300 companies, where it is used by over 1,500 people. The latest version accomplishes a notable balancing act: how to handle the growing content and quality requirements even more cost-effectively through efficient processes. The new version has met with a positive response from all quarters.

ALWAYS AT THE READY: PERFECT INTERNATIONAL SERVICE

PROJECTS 2012
SERVICE SOLUTIONS

Gds AG made further progress along its successful path this year. A new version of its docuglobe software, various awards and the takeover of Sprachenwelt GmbH reflect how this area of technotrans is equally capable of seizing opportunities effectively; thanks to its steady development, its future prospects are excellent.

GDS-SPRACHENWELT

PERFECT INTERNATIONAL UNDERSTANDING
Companies that operate on a global scale need global expertise in every area. That includes technical documentation in particular, as well as business and legal texts. gds AG has been providing such services to its customers very successfully for many years. In light of this, the takeover of Sprachenwelt GmbH marks an important step towards becoming even better – to the benefit of both the customer and our entrepreneurial success.

gds-Sprachenwelt GmbH specialises in specialist translations of texts in a variety of areas, and focuses on medicine and marketing as well as technical documentation. And it translates into all languages. The international team at locations in Hünfeld in Germany and Zurich in Switzerland brings together certified native-speaker translators with specialist qualifications, capable of covering all areas competently. By way of a quality guarantee, Sprachenwelt GmbH is accredited to DIN EN 15038 and DIN EN ISO 9001 and undergoes regular checks to verify compliance with those standards. By additionally using translation memory systems, it enjoys maximum flexibility in meeting each individual customer's needs. This approach has already won it contracts for leading companies such as BMW, HP and Siemens.

The newly acquired company now allows gds AG to offer services that previously had to be outsourced. Customers benefit in a whole range of ways. For example, the direct interface between gds-Sprachenwelt GmbH's services and the docuglobe software significantly boosts user-friendliness and process reliability. One advantage here is that many docuglobe customers already submit translation jobs at the push of a button from their familiar content management system, capitalising on the benefits of cloud computing. They receive the end product back from gds-Sprachenwelt GmbH just as smoothly. Another plus point is the time and money saved by handling translation jobs internally. All these factors are a sound basis on which to develop new potential and capitalise on it.

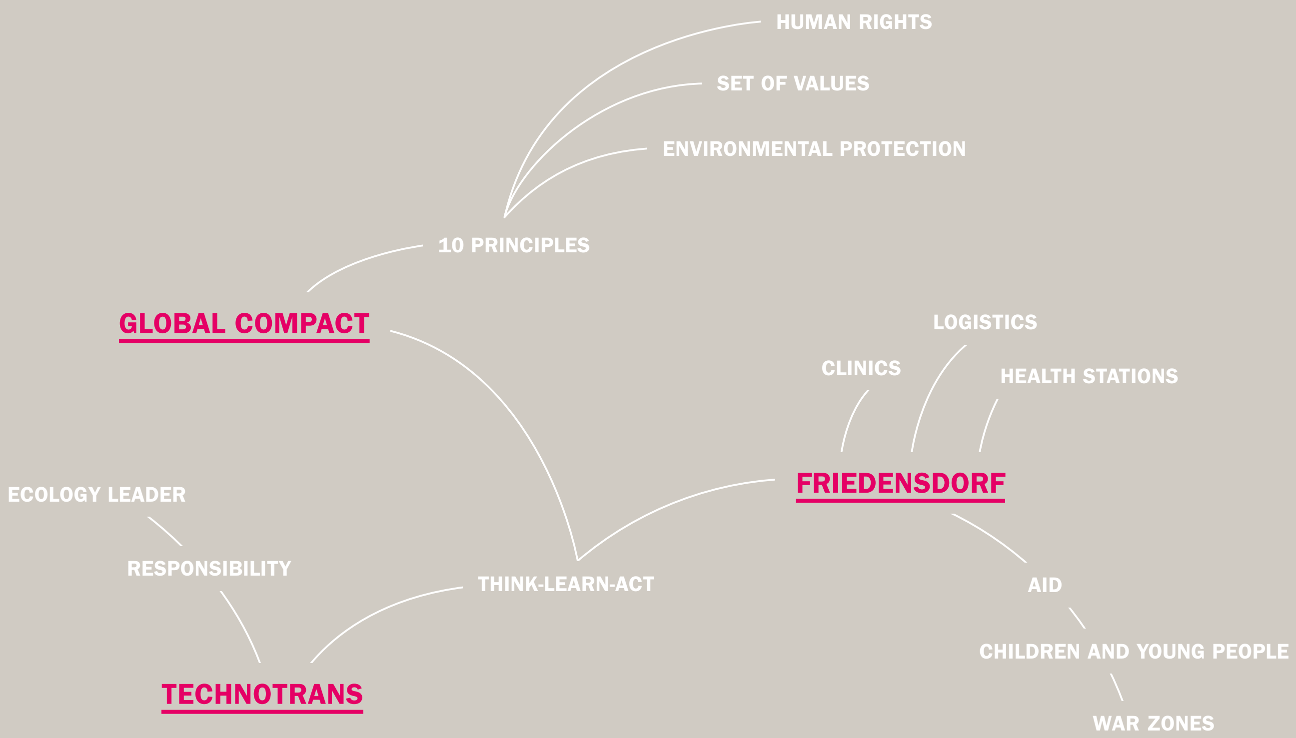
eROCKIT

BREAKING NEW GROUND WITH THE eROCKIT
Anyone wanting to sell their product successfully on the international stage will appreciate the importance of being understood correctly wherever you are. Berlin-based eROCKIT GmbH fully appreciates that. Its eROCKIT, the first human-hybrid bike, has been a worldwide sensation. Unlike an electric bike, the eROCKIT's speed is governed by the pedalling rate. It is thus capable of accelerating to up to 80 km/h. This is a new departure, so it was especially important to supply all the information in the manual logically and in accordance with international requirements. The manufacturer therefore turned to gds AG. This time-consuming and intellectually demanding task was also very interesting for both parties. It was therefore all the more pleasing that the very first version was awarded with the "dokupreis 2012", the fourth time that gds AG has now been presented with this accolade. This was an entirely new venture for eROCKIT, but one that confirmed they had made precisely the right choice with us as their partner.

PROMOTING INTERNATIONAL UNDERSTANDING.

SOCIAL RESPONSIBILITY

EVERY COMPANY BEARS RESPONSIBILITY. TOWARDS ITS EMPLOYEES, THE ENVIRONMENT AND SOCIETY. TECHNOTRANS IS PREPARED TO SHOULDER THAT RESPONSIBILITY WHEREVER WE ARE ACTIVE. AND ELSEWHERE, TOO.



IT'S ALL ABOUT BUILDING A BETTER FUTURE.

PROJECTS 2012

SOCIAL RESPONSIBILITY

The THINK-LEARN-ACT philosophy is actively practised in the technotrans Group. It also informs our sense of social responsibility. We take up a clear stance in becoming involved in pioneering charitable and social projects that adopt a long-term view. We want to help build a world that is fit for everyone.

GLOBAL COMPACT

MAKING UNIVERSAL IDEALS THE NORM

technotrans believes it has an obligation to the international community to follow a consistent, moral set of values in all its activities. That also includes encouraging customers and partners to subscribe to the same values wherever possible. We therefore took the major step of signing up to the UN Global Compact initiative in 2006. This successful venture now has more than 10,000 members whose primary goal is actively to advocate human rights, fair labour standards, environmental protection and the fight against corruption. The commitment is underpinned by 10 principles. These are derived from the Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights of Work, and the Rio Declaration on Environment and Development. All members have undertaken to implement and uphold these ten principles wherever they are active and in a position of influence.

Kofi Annan expresses the aims of the initiative in the following terms: "Let us choose to unite the power of markets with the authority of universal ideals. Let us choose to reconcile the creative forces of private entrepreneurship with the needs of the disadvantaged and the requirements of future generations." technotrans is proud to be a part of this ambitious project.

FRIEDENSDORF

THE VALUE OF SURVIVING

The charity Friedensdorf International comes to the aid of children and young people from crisis zones worldwide. Its own mission statement is the best explanation for what it does: "For as long as we witness day by day the physical and emotional harm that is done to the youngest, weakest and most innocent members of society – children – we will come to their aid!" It undertakes firm action to back up its declared aim. Physically and emotionally traumatised children and young people are flown to Germany with the support of an extensive network of clinics, transport operators and businesses, and given comprehensive care. People in crisis zones are also helped to help themselves, so that they have a bright future to look forward to upon returning. A further three of now 19 primary health care stations were built in 2012 to assure basic health care in remote regions. The 20th Friedensdorf parcel campaign was also a success; this appeal involved people donating non-perishable items of food. A total of 5,000 crates were distributed to children and families in Tajikistan, Armenia and Georgia. technotrans supports Friedensdorf International because we believe it is important to help initiatives that build a better future for children and young people, especially where there is little that people can do for themselves.

WE TAKE OUR SOCIAL OBLIGATIONS SERIOUSLY.

BECAUSE WE SHOULD ALL BE CITIZENS OF A WORLD THAT WORKS.

TECHNOTRANS AND THE GLOBAL COMPACT

A NOBLE COMMITMENT

In participating in the Global Compact initiative in 2012, we again sought to send out a clear message. For people and the environment, and against corruption. Because we are of the opinion that the initiative's 10 principles and faithful compliance with them represent precious values and goals in a globalised world, and merit active support.

A FOCUS ON PEOPLE

The audit of our company in 2012 again brought to light no departures from the application of the principles in respect of human rights. Nor were any areas identified where we could increase our commitment. Nevertheless, we will continue to strive to scrutinise and improve our actions on a regular basis, to ensure that human rights are upheld. That is why we are advocating compliance with labour standards worldwide, and are actively involved in the fight against forced and child labour, and against discrimination in employment. Our company aims to create a positive, productive working environment for all concerned. We have therefore drafted clear procedural instructions, e.g. in our management manuals, that ensure employees are assigned to jobs that reflect their qualifications. Unreservedly. In this area, too, the audit revealed no cause for criticism or improvements. Here too, we will nevertheless remain on the lookout for opportunities to improve.

FOR A BETTER ENVIRONMENT

As an industrial manufacturer, we are obliged to keep our sights set on the future and to operate with maximum energy and resource efficiency. That is why technotrans started to promote green engineering actively very early on. Our technology depends on energy-saving components and energy recovery. Along with our subsidiaries, we are also endeavouring to promote the topic of sustainability more forcefully in emerging economies, as evidenced e.g. by our launching of the "Green Printer Award" in India. Another example is the Siemens mobility project in Qatar, an energy-saving solution for trams, in which we are actively involved. Our economic and technological activity in the spheres of environmentality and sustainability will continue to uphold the principles of the Global Concept, with the aim of establishing a fundamental "think green" approach.

AN ACTIVE STANCE AGAINST CORRUPTION

According to the World Bank, corruption costs every person seven percent of their output. Not only does that necessitate financial sacrifices; it also has a direct impact on services, which cost more and offer less as a result. The drawbacks affect every person worldwide. Furthermore, corruption is not simply a peccadillo; it is an offence that can cause considerable harm to companies. All the more reason, therefore, to apply the principles of the Global Compact consistently. For technotrans, that means making it absolutely clear throughout the group that corruption has no place in our business model. We have enshrined this stance in a globally differentiated anti-corruption guideline, because we want to impress purely on the strength of our performance.

THE FUTURE IN OUR SIGHTS

Many tasks for us all to challenge will lie ahead. We will therefore continue to do everything in our power to review regularly the consequences of our actions and behaviour for all concerned, and to make changes wherever necessary.

On behalf of the Board of Management

Henry Brickenkamp

THE TEN PRINCIPLES OF THE GLOBAL COMPACT

TECHNOTRANS IS PROUD TO OPERATE ACCORDING TO THESE TEN PRINCIPLES:

Principle 1: businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence, and **Principle 2:** they should make sure they are not complicit in human rights abuses. **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:** the elimination of discrimination in respect of employment and occupation. **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. **Principle 10:** businesses should work against corruption in all its forms, including extortion and bribery.

GLOBAL COMPACT

THE CHALLENGE TO MAKE SOMETHING BETTER. EVERYWHERE.

FRIEDENSDORF

CHILDREN ARE OUR FUTURE, SO WE MUST PROTECT THEM.

316

CHILDREN

were brought to Germany for treatment in 2012.
We were able to get 327 back home.

TECHNOTRANS

THE BOARD OF MANAGEMENT

662!

THANK-YOUS

TO OUR EMPLOYEES FOR THEIR COMMITMENT AND ENTHUSIASM.

INSIGHT

FACTS

FIGURES 2012

TECHNOTRANS IS AND REMAINS A GROWTH COMPANY.

CONTENTS

INFORMATION FOR SHAREHOLDERS

Letter from the Board of Management 52
Corporate Governance 54

GROUP MANAGEMENT REPORT

The 2012 Financial Year at a Glance 58
Basic Profile of the Group 59
Economic Report 65
Financial Performance, Financial Position and Net Worth 68
Other Information 78
Report on Post-Balance Sheet Date Events 86
Risk Management and Internal Control System 87
Report on Expected Developments and Risks 89

FINANCIAL STATEMENT

Consolidated Balance Sheet 98
Consolidated Income Statement 100
Consolidated Cash Flow Statement 102
Statement of Movements in Equity 104
Notes 108
Corporate Bodies 150

FURTHER INFORMATION

Proposal of the appropriation of profit 152
Responsibility Statement 153
Independent Auditors' Report 154
Report of the Supervisory Board 156
The Success Story 158
Corporate Calendar 160

DEAR SHAREHOLDERS,
DEAR BUSINESS ASSOCIATES,

The past financial year of 2012 was a good one for our shareholders: the trading price of our shares gained 63 percent over the year. Not only did the stock markets reward the company's successful efforts to find a way out of the printing industry's crisis; the share price movement actually highlighted the company's rapidly improving prospects. Step by step, the results of our endeavours outside the printing industry became more and more tangible as the year progressed, bolstering investor confidence that technotrans has a very bright future in store. Here are just a few examples that highlight our progress.

We had already gained a foothold in the market for laser applications in 2011 with the takeover of Termotek AG. Through the partnership with KLH Kältetechnik GmbH, we significantly stepped up those activities in 2012 and, after several months of successful collaboration, decided to acquire a majority interest in that company with effect from January 1, 2013. technotrans is now in a position to supply customers with industrial cooling technology tailored to their needs, from the lowest performance range (Termotek) through the mid-range performance units that technotrans itself supplies, to the high performance categories from KLH. This, combined with a worldwide sales and service network, makes the technotrans Group a highly interesting partner, and not just for customers from the laser industry.

Two other examples highlight the sheer variety of the markets in which technotrans' core skills can find use. On the one hand there is forming technology, an area that we have ventured into successfully with a new spray lubrication technology. Spray lubrication has evolved out of a technology that we have installed around 25,000 times worldwide in newspaper presses. The mature technology and precision that are the hallmarks of our equipment are now proving their worth in the area of metal working. On the other hand we have clinched a trailblazing contract to develop cooling units for energy stores that are to be used in a new type of tram. We are very proud to partner Siemens in the field of e-mobility, because we are sure that this area will gain considerably in importance over the next few years.

Even if gaining access to new markets and new customers involves a lengthy lead time, we can already say that the efforts of the past two to three years are paying dividends. To make sure that this welcome development continues, we continue to invest considerable resources in handling such projects and therefore in tomorrow's growth. Because in our self-view, technotrans is and remains a growth company.

In order to implement this growth strategy, we drew up three targets following the printing industry slump of 2009. As an initial step, technotrans was to generate 30 percent of its revenue outside the printing industry. We will comfortably exceed that target in the 2013 financial year. The second step is to take technotrans back up to the levels of revenue and profit that we enjoyed before the crisis. We are confident that we will achieve that goal by 2015. Finally, we have the long-term target of growing revenue to € 300 million. That may sound ambitious from where we stand today, but we the company's management feel not only obliged to have ambitions, but also to gauge our own performance by them.

We are able to go about implementing this strategy with a steady hand, carefully weighing up all the opportunities and risks, because technotrans is based on two strong pillars. On the one hand business with our customers in the printing industry. Even if the growth prospects in that market may be low, a stable volume of business based on our many years of experience as a systems supplier provides a firm platform from which to step up our presence in other areas. On the other hand the Services segment provides us with a dependable source of revenue and earnings in both good times and bad. Then there is our subsidiary gds AG, which has specialised in the area of technical documentation; we believe it, too, offers growth potential that we would like to tap. The majority interest acquired recently in Sprachenwelt GmbH, through which gds has added translation services to its range, is a good example of this.

We will continue to treat acquisitions explicitly as part of our growth strategy. Since actively adopting this approach, not only have we been receiving regular offers of companies, but there are also growing numbers of parties interested in helping us with the financing of targets, including sizeable ones. As we have a clear idea of which technologies and markets might be of interest to technotrans in the future, we are highly selective in choosing our targets. However it appears highly likely that we will identify at least one more acquisition target in the 2013 financial year.

Our company's healthy development and the positive future prospects are not just down to successful management; everyone in the company plays a vital role in this progress. The expertise, commitment and passion that our employees once again channelled into the company over the past year are evident in the results. Specifically our new customers have commended us for this, and we gladly pass on the credit to our team; we are sincerely grateful to our employees and very much hope that the motivation that has made our customers some of our biggest supporters will not wane in 2013. Together we will reap the fruits of these labours.

We will endeavour to continue giving due credit to the interests of ideally all parties in taking the company forward. We want our customers to benefit from our stability and technological expertise, we would like to offer our employees a challenging and reliable task area, and it is our aspiration for our shareholders to share in the appreciation in their investment's value – even if we cannot expect it to rise by 63 percent every year.

We remain actively engaged in shaping the future of technotrans. We will greatly value your support for this venture!

On behalf of the Board of Management

Henry Brickenkamp

DECLARATION OF CONFORMITY AND CORPORATE GOVERNANCE REPORT

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.

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 96 recommendations and 7 suggestions with which the Code expects companies to comply, over and above the statutory requirements. The most recent Declaration of Conformity from September 2012 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 May 15, 2012 have been complied with in the 2012 financial year and will be complied with in the future

with the exception of the following recommendations:

Articles 5.1.2. and 5.4.1.
(Composition of the Board of Management and Supervisory Board)

When deciding on the appointment of new members of corporate bodies, in future the emphasis will be on the qualifications of the candidates and not on their gender.

Article 5.4.6
(Remuneration of Supervisory Board members)

In accordance with the articles of incorporation the members of the Supervisory Board receive a variable remuneration component that does not expressly reflect sustainable corporate performance.

The first departure concerns the recommendation also to achieve diversity in the composition of the Board of Management and Supervisory Board, and in particular to strive for adequate representation of women. The Board of Management and Supervisory Board are convinced that the principle of equality is observed when filling posts and will therefore continue to consider potential candidates first and foremost on the strength of their qualifications. Targets e.g. for certain quotas to be met in the boards' composition have therefore deliberately not been adopted in view of the specific situation of the company.

The second departure relates to the Supervisory Board's remuneration. The total remuneration of members of the Supervisory Board is divided into fixed and variable components, in accordance with the articles of incorporation. The variable remuneration component has not expressly been determined to reflect sustainable corporate performance.

In addition to the recommendations, the Corporate Governance Code contains suggestions, compliance with which is not binding. Nor are explanations for departures from the suggestions required. technotrans does not depart from these suggestions.

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.

WHAT'S COMING, WHAT'S HERE TO STAY, AND WHAT COUNTS: 2012 AND IN THE FUTURE.

CONTENTS

GROUP MANAGEMENT REPORT

The 2012 Financial Year at a Glance 58
Basic Profile of the Group 59
Economic Report 65
Financial Performance, Financial Position and Net Worth 68

Other Information 78
- Purchasing and Procurement
- Production, Technology and Logistics
- Employees
- Corporate Communications
- Shares
- Disclosures and Explanatory Notes Relating to Takeover

Report on Post-Balance Sheet Date Events 86
Risk Management and Internal Control System 87
Report on Expected Developments and Risks 89

THE 2012 FINANCIAL YEAR AT A GLANCE

As expected, the 2012 financial year progressed at two different speeds: the printing industry, still the most important sales market for the technotrans Group, exhibited decidedly weak demand in the run-up to the drupa industry exhibition held in May. The influence of that market environment was amplified for technotrans by the insolvencies of two important customers (manroland at the end of 2011 and Kodak at the start of 2012). Thanks to a prompt, flexible response to this overall environment, the company nevertheless still succeeded in posting positive results in the first half of the year.

With the order books of printing press manufacturers full after the drupa and a generally rather more benign industry environment, a modest recovery then took shape as expected in the second half of 2012. That period also saw various projects take on firmer contours, through which we aim to tap into new sales markets. However the upturn was not sufficient to compensate fully for the weak first half of the year, leaving revenue for the full year at € 90.7 million, merely at the lower end of the target range of € 90 to 95 million. On the other hand profitability continued to improve over the year, as planned, and the EBIT margin came in at 5.9 percent, right at the top end of the target range of 5 to 6 percent.

The process of strategic reorientation that began in 2009 in order to increase the proportion of revenue from outside the printing industry was vigorously pursued in 2012. After having taken the opportunity to identify synergy potential from March 2012 on, the company has now acquired a majority interest in KLH Kältetechnik GmbH (Bad Doberan) with effect from January 1, 2013. technotrans aims soon to approach its traditionally healthy revenue and profit levels.

The Group Management Report has been prepared in accordance with German Accounting Standard 20 in the version dated November 2, 2012. Changes in presentation compared with the Group Management Reports for previous years relate principally to the content structure.

BASIC PROFILE OF THE GROUP

BUSINESS MODEL OF THE GROUP

Organisational Structure of the Group

The technotrans Group comprises technotrans AG and 11 subsidiaries (at December 31, 2012) in which it directly has an interest, as well as 6 companies in which it indirectly has an interest. The parent company technotrans AG, with its registered office in Sassenberg (Westphalia), generally speaking has a 100 percent interest directly or indirectly in all subsidiaries. The companies in the group and their locations are listed in the Notes, under “Consolidated companies”.

Segments

The Group’s business is divided into two segments: Technology and Services. The Technology segment generates just under two-thirds of total revenue. In this area of operations technotrans develops and sells equipment and systems for customers e.g. in the printing industry, the machine tool industry and the laser industry, but will also focus increasingly on other markets in the future.

The Technology segment is complemented by the Services segment. technotrans’ activities are rounded off by an extensive range of services. These include providing customer support for the installation, maintenance and operation of systems. The subsidiary gds AG, which likewise comes under this segment, mainly produces technical documentation, including in translation, and sells self-developed software, which it uses to generate this documentation.

Locations

With 20 locations, numerous joint undertakings and 662 employees (December 31, 2012), the technotrans Group enjoys a presence in all major markets worldwide.

Products and Services

The core skills of technotrans AG in liquid technology are organised into three business units. Its special knowledge of temperature control, filtering and separating, measuring and metering, and also its expertise in the accompanying control and process engineering, have been acquired through many years of successful application in the printing industry. Today, they are also being transferred to other areas such as the laser market and the machine tool industry. The focus is on customer-specific equipment and systems that technotrans develops as a leading systems supplier for performing essential functions as part of a specific application, and in addition contributing towards optimising the overall quality and efficiency of the user’s processes.

The company is steadily broadening its product range in close collaboration with existing and potential customers, including many renowned industrial enterprises, with a view to opening up new application areas in order to safeguard its long-term growth. Activities outside the printing industry brought in around 15 percent of revenue in 2012, and we are on track to increase that share to over 30 percent by as early as 2013.

Business Processes

The principal business processes encompass the development, assembly, testing and sale of equipment. Manufacturing penetration is relatively low because the components used in the equipment and systems are usually sourced from specialist suppliers.

Sales markets

The largest clients of the technotrans Group are still currently the world’s leading printing press manufacturers, with the German manufacturers Heidelberger Druckmaschinen AG, Koenig & Bauer AG and the manroland companies between them accounting for over 60 percent of the world market. Their shares of the market are mirrored by technotrans’ customer portfolio. They all equip their printing presses ex works with technotrans equipment. The large installed base and the cyclical nature of the propensity to invest mean that in addition to service business in the narrower sense, modernisation and retrofit business directly with end customers likewise generates a significant proportion of revenue. Outside the printing industry, customers of the technotrans Group include companies such as Alcon, which is part of the Novartis Group, the Gildemeister Group, Siemens AG and Trumpf Laser GmbH.

Alongside technotrans AG, those serving the market for peripheral equipment to the printing industry include a large number of smaller companies, predominantly with a regional focus. In terms of size and international presence, only Baldwin Technology Company, Inc. (USA) enjoys a comparable position. Whereas technotrans enjoys a stronger market position in the area of sheet-fed offset printing, Baldwin has focused its product range more on web offset printing. The market for suppliers in other lines of industry in which technotrans is active is highly fragmented. A major success factor for technotrans is the approach of positioning itself as a systems supplier of complex, custom-made solutions in order to enhance its profile when compared to straightforward component suppliers.

External Factors Influencing Business

The investment propensity of the target industries in which the technotrans Group is active regularly has a major influence on the group's business performance. That propensity is in turn determined by the present and anticipated economic situation. In view of its focus on the German mechanical and plant engineering sectors, cyclical fluctuations there have a marked influence on its business performance. The specific branching-out of business activities into high-growth industries such as laser or medical technology, and also into Asia, is designed to reduce that correlation in the future, along with loosening the group's exposure to structural difficulties that have been a major feature of the printing industry for some time now.

Acquisitions

As well as organically accessing new markets, technotrans' growth strategy expressly includes the acquisition of companies with core skills that usefully complement those present in every area of the group. For example it entered the market for laser cooling systems with the takeover of Termotek AG in 2011. Together with its own range of cooling and temperature control solutions, that product portfolio is being specifically broadened from 2013 on through the acquisition of a majority interest in KLH Kältetechnik GmbH. This joining of forces is creating a very effective supplier of industrial, customer-specific temperature control technology for all performance ranges.

With regard to the core skills of filtration and separation as well as measuring and metering technology, the targeted acquisition of technology and/or market access is likewise not ruled out as an option for accelerating growth.

Even in the Services segment, our subsidiary gds AG was able to add translation to its range of services in the 2012 financial year through the acquisition of an interest in Sprachenwelt GmbH (now: gds-Sprachenwelt GmbH), enabling it to offer its customers an even more comprehensive range of products from a single source.

Acquisitions are fundamentally structured in such a way that they directly deliver increased value added. Wherever possible and advisable, the form of participation is moreover designed to ensure that the holders of critical expertise continue to share in the benefits of the acquisition into the medium term.

GOALS AND STRATEGIES

The goal of the technotrans Group is sustained growth coupled with optimum profitability. To achieve that goal, the company concentrates on its core skills in the sphere of liquid technology, while focusing investment on measures that enable it to expand its product range further and gain a foothold in new areas of application for its technologies. Organic growth is rounded off by partnerships in areas where its core skills are called for, and also by targeted acquisitions. Its strategy is to seek sustainable, profit-driven development.

technotrans concentrates on niche markets where it is possible to achieve a market share of 50 percent, taking into account the scale of its own business and the available resources. This is the key to being able to capitalise on economies of scale in offering customers benchmark technology and prices. technotrans is well-placed to realise such goals thanks to its clear focus on system partnerships with major industrial clients (OEM) which operate worldwide and expect their suppliers to have a similar organisation.

As a systems supplier to the printing industry, technotrans has enjoyed a leading position in its product areas for many years. Based on its close ties with the manufacturers of offset printing presses and its unique expertise, the company intends to consolidate its role as technology partner in that industry and – wherever possible – build on it.

It is generally assumed that this basis for business is likely to see its market volume remain broadly flat in future, with moderate growth limited to individual areas (such as packaging printing, in emerging markets).

In order to achieve technotrans' ambitious growth targets, considerable attention is being given to applications outside the printing industry. The focus of the activities that are bracketed together in the technotrans industrial system solutions (ttis) division is on using technotrans technologies in industries with long-term growth potential, such as machine tool engineering, laser and medical technology, and the mobility area. Alongside these, the company is also increasingly active in digital and flexographic printing – both areas that likewise still have potential for considerable growth.

The growth strategy's implementation is supported by the corporate structure in that both the business units – in which the core skills are concentrated – and the international sales and service locations worldwide are given growth targets to realise.

As part of the strategy redrafted in 2009, three goals (milestones) were defined. The first milestone specified that the share of revenue from outside the printing industry is to rise to 30 percent within three to five years. The revenue share in the non-print area will already exceed 30 percent in 2013, not least thanks to targeted acquisitions that are accelerating the company's move into those markets. The second milestone envisages returning to "pre-crisis levels of revenue and earnings in the medium term". The benchmark figures here are from the 2007 financial year. Ultimately, the objective of our various activities is to increase revenue in the long term. In addition to these, appropriate measures have been taken to align volume growth with a corresponding improvement in profitability.

INTERNAL CONTROL SYSTEM

The purpose of the technotrans Group's internal control system is to oversee implementation of the corporate strategy. The system seeks to identify deviations as early on as possible so that swift action can be taken as appropriate. The strategy is implemented in such a way as to serve the best interests of customers, suppliers, employees and investors.

technotrans AG and its group companies are controlled first and foremost on the basis of revenue and earnings ratios (EBIT margin), broken down by segment. Corporate planning as a whole is furthermore based on cash flow.

At group level, the plan for the 2012 financial year was to generate revenue in the order of € 90 to 95 million. The corresponding EBIT margin was to be between 5 and 6 percent. Due to a weak first half, revenue for 2012 came in merely at the lower end of the target range, at € 90.7 million. On the other hand the EBIT range was nevertheless at the upper end of the range, at 5.9 percent. Overall, the operating business performance was therefore in line with expectations.

REMUNERATION REPORT

The Board of Management is in charge of operations. It comprises three members and is overseen by the Supervisory Board in accordance with the statutory requirements and the articles of incorporation. The members of the Board of Management and Supervisory Board are listed in the "Corporate Bodies" section. The Declaration of Conformity pursuant to Section 161 of German Stock Corporation Act, as well as further explanatory notes, can be found in the separate Corporate Governance Report, which forms part of this Annual Report.

Report on the Remuneration System of the Board of Management

The remuneration system of the Board of Management reflects the current standards and statutory requirements. The total cash remuneration of a Board of Management member comprises a fixed basic remuneration and a variable remuneration component (profit share). The variable remuneration component is equivalent to the fixed remuneration if the targets are fully met; in other words, in that instance the total cash remuneration comprises equal amounts of fixed and variable remuneration. The precise level of the variable remuneration component is determined by target attainment in a given financial year. Revenue and consolidated net income for the year according to the budget serve as the basis for the targets. If the agreed targets are exceeded, the variable remuneration component is increased, this increase being capped at a multiple of 2.5. The variable remuneration component is paid out over a three-year period in instalments of 50, 30 and 20 percent and in relation to actual target attainment. There is no entitlement to a profit share in the event of a net loss for the year or if target attainment is less than 50 percent in the assessment year. The sustainability-oriented profit share is only paid out to the extent that the respective targets for the assessment year are attained in subsequent years. The deferred profit share component may therefore fall, but it can no longer rise. If target attainment falls below 80 percent of the level achieved in the assessment year, the sustainability-oriented profit share component lapses. If a Board of Management member leaves the company, their entitlement to a profit share from previous years does not automatically lapse.

The company moreover provides fringe benefits in the form of contributions to a provident fund and a group accident insurance policy. In addition, company cars are available to the members of the Board of Management and they are reimbursed travel and other allowable expenses. The policies for the D&O insurance cover taken out by the company for the Board of Management members envisage an excess amounting to one and a half times the fixed annual income.

There is also a cap on termination indemnities amounting to a maximum of one year's salary.

The overall remuneration of the Board of Management members is approved by the Supervisory Board. No share-based payment components were envisaged for the 2012 financial year. Only in the event of exceptional occurrences is the Supervisory Board authorised to adjust the remuneration parameters in the course of a given year.

The members of the Board of Management received the following remuneration in the past financial year:

	Henry Brickenkamp		Dirk Engel		Dr. Christof Soest*	
	2012	2011	**2012**	2011	**2012**	2011
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Fixed basic remuneration	200	200	160	160	160	93
Fringe benefits	33	34	31	29	28	23
Profit share, year under review	168	114	134	91	79	100
Total remuneration	**401**	**348**	**325**	**280**	**267**	**216**
Entitlement dependent on the attainment of future performance targets	126	98	101	78	79	0

*Board of Management member since June 1, 2011.

Remuneration of the Supervisory Board

In accordance with the articles of incorporation approved by the Shareholders' Meeting, 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. Under the articles of incorporation, this variable remuneration component is not expressly a reflection of sustainable corporate performance. 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 is likewise remunerated, in accordance with the articles of incorporation. The members of the Supervisory Board do not receive any stock options for their activities as non-executive directors. The company has taken out D&O insurance cover for the members of the Supervisory Board. There is an excess equivalent to the variable remuneration component in the year in which a claim is established.

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, and also receive share-based payments.

In accordance with the articles of incorporation the Supervisory Board members receive the following remuneration for the year under review of 2012:

	2012			**2011**		
	Total remuneration	of which fixed	of which variable	**Total remuneration**	of which fixed	of which variable
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Heinz Harling	34	23	11	33	22	11
Klaus Beike	13	8	5	13	8	5
Manfred Bender*	0	0	0	7	5	2
Dr. Norbert Bröcker	23	15	8	23	15	8
Matthias Laudick	13	8	5	13	8	5
Helmut Ruwisch**	21	15	6	12	8	4
Dieter Schäfer	17	11	6	17	12	5
Total	**121**	**80**	**41**	**118**	**78**	**40**

*until May 12, 2011. **since May 12, 2011.

CORPORATE GOVERNANCE DECLARATION

The current version of the Corporate Governance Declaration pursuant to Section 289a of German Commercial Code (HGB) can be found on the Internet at http://www.technotrans.de/en/investor/corporate-governance/erklaerung-zur-unternehmensfuehrung.html.

RESEARCH AND DEVELOPMENT

Research & Development naturally plays a crucial role in the process of transformation from a printing industry supplier into a broad-based systems supplier. This area of activity not only provides services for the projects that the business units and technotrans industrial system solutions (ttis) bring into the company, but also detects trends that reveal the direction in which technotrans' core skills will develop in the future; it moreover brings ideas into the company that are currently still a far cry from its day-to-day business, but will mean we are technologically still at the forefront in five years' time.

This structured working approach is underpinned by extensive contacts with universities and various research establishments. By taking part in the appropriate work groups and committees, we ensure long-term that the findings of research projects are incorporated into our developments even before the concluding reports have been drafted.

If we consider the ten most important projects that R&D handled in the 2012 financial year (of a total of more than 150 projects throughout the entire company), it is striking that the print area is still well-represented. For example, we are currently providing backup for test installations of an extractor system for ink pans on web (and eventually possibly also on sheet-fed) offset presses. These rinsing devices can significantly reduce the manual cleaning work on a printing press, and therefore create interesting potential also in the retrofit market.

In the new markets area, there are also projects that are very closely related to technotrans' traditional sales markets. For example, various temperature control solutions are under development for a line of very high-performance digital printing presses from a major manufacturer. Backup is currently being provided for a field test in the UK and further installations are envisaged in Singapore. Then there is the area of flexible packaging: new components for ink supply and temperature control are being developed and tested in conjunction with a leading manufacturer of flexographic printing presses.

However, slightly more than half of the projects focus on entirely new applications for technotrans' core skills, for example in the areas of cooling and filtration. They are investigated and developed to some extent on behalf of specific customers, and to some extent on our own initiative. They include most notably potential applications for machine tools and lasers. The aim is that they should make a substantial contribution to the company's growth over the next few years.

Regular innovation workshops both internally and involving customers ensure that the entire company's creative potential flows into the development projects. This culture of innovation is to be substantially propagated in future. The intention is to ensure that every good idea finds a marketplace in which it can suitably demonstrate its worth, while always preserving its practical relevance.

To build on the link between theory and practice in day-to-day business, too, technotrans acts as a regular partner for exchanges between the spheres of theory and research. Project studies, graduate theses, placements and dual courses of study provide welcome opportunities to engender enthusiasm for the company among future specialists.

The Research & Development offices and laboratories are located predominantly at the group's main base in Sassenberg. In all, there are over 30 employees working on new products, nurturing them from the initial idea, through the prototype stage and product qualification tests, to production maturity.

Development spending is fundamentally shown in the Income Statement. If the appropriate requirements are satisfied, development expenditure is recognised as an intangible asset pursuant to IAS 38 and reported as such on the Balance Sheet. Development expenditure recognised as an intangible asset at December 31, 2012 was € 0.9 million (previous year: € 0.3 million). The R&D ratio (development spending in relation to revenue) was again only 2.5 percent in the past financial year, including because of its capitalisation. With the most important industry exhibition, the drupa, having taken place in 2012 and as a result of the prevailing economic and structural environment, printing press manufacturers are now generally driving fewer projects.

In rare instances, external capacity is called upon for special development tasks – normally focusing on specific components – and, much more rarely still, development work is financed in part with external support, usually by the party that will eventually be the customer. Once again, no public funds were claimed in 2012.

technotrans owns a large number of patents, licences and similar rights. Various patent applications were again filed in 2012, for example for the newly developed spray lubrication process that is used in forming technology. Patents and licences have now acquired considerable significance bearing in mind the company's need to protect its own market position, and consequently now merit particular attention.

ECONOMIC REPORT

GENERAL AND INDUSTRY-SPECIFIC ECONOMIC ENVIRONMENT

The global economy lost further momentum in 2012. According to figures released by the Institute for the World Economy at the University of Kiel (IfW), average world output over the whole of 2012 grew by only 3.2 percent, down yet again from a merely modest increase of 3.8 percent in the previous year. There was very low growth in gross domestic product in the advanced economies, and the eurozone even slid into recession. The need to reduce the excessive levels of debt that a number of countries had built up prior to the financial crisis proved burdensome. Economic activity also dipped sharply in emerging and threshold economies which had expanded very strongly in the recovery immediately after the financial crisis.

A provisional estimate by the Federal Statistical Office showed that gross domestic product had contracted significantly by 0.5 percent in the final quarter of 2012. This contraction is attributed mainly to pressures resulting from sovereign debt crisis in the eurozone, and is behind especially the weaker demand for German export products and businesses' increased reticence to invest.

For the German mechanical and plant engineering sector, 2012 proved to be a better year than had initially been expected. With growth estimated at two percent in real terms, the German mechanical engineering industry was back up at the record level of 2008. According to the German Engineering Federation (VDMA), this development was driven by German exports of machinery, which grew by 4.5 percent in real terms or by a nominal 6.8 percent in the first three quarters. The biggest export market, the People's Republic of China, was weaker with exports down nominally 8.6 percent on the previous year. However, German mechanical engineering companies succeeded in increasing exports to many other countries and regions in spite of a generally difficult global economic environment: by +10.7 percent to Latin America, by +20.1 percent to the USA and by +21.4 percent to Southeast Asia. Even exports to other EU countries were better than the average. While deliveries to Italy and Spain were down a moderate 2.6 and 2.8 percent respectively, trade with EU partner countries was up 7.5 percent overall.

However not all industries benefited from this positive overall picture. For instance the level of incoming orders for German printing press manufacturers for the period January to December 2012 was up only 2 percent on the previous year's level. In other words the drupa industry exhibition, which takes place only once every four years, failed to provide any major stimulus for suppliers in that industry.

For the past year, the bvdm (German Printing and Media Industries Federation) expects the printing industry to report slight revenue growth of 1.5 percent. Assuming there is no recession or continuing uncertainty fuelled by the financial crisis, the positive trend for 2013 should continue.

It is generally expected that the printing industry – which is still technotrans' most important sales market worldwide – will not return to the volume of investment of earlier years.

BUSINESS PERFORMANCE AND POSITION OF THE GROUP

The business performance in 2012 was largely shaped by the wider conditions presented above, and in the main reflected the expectations for the 2012 financial year. The negative impact of the general reluctance to invest prior to the drupa was amplified in technotrans' case by the fact that two customers sought insolvency (manroland AG at the end of 2011, Kodak at the start of 2012). Mid-way through the year, revenue was consequently 13.2 percent down on the prior-year figure, and down all of 21.7 percent specifically in the Technology segment. To limit the impact of the expected weak business performance in the first half of the year, the instrument of short-time was applied at the biggest location, Sassenberg, for the first five months.

The printing industry's return to normal in the second half was slightly below par compared with what would be expected in a drupa year. The weak economic data for the final quarter also contributed here. Nevertheless, the fact that printing press manufacturers had full order books after the exhibition helped to bring technotrans a generally much better second half, which was sufficient to compensate at least in part for the first half's fall in business. Total revenue finally reached € 90.7 million, representing a drop of 6.8 percent on the previous year (€ 97.3 million) and therefore only the lower end of the target range (€ 90 to 95 million). As intended, profitability also improved in the second half along with the increased volume of business. Overall, EBIT for the 2012 financial year reached € 5.4 million, compared with € 4.8 million in the previous year (+11.9 percent). The EBIT margin was thus 5.9 percent, which was at the upper end of the target corridor of 5 to 6 percent despite the lower business volume. The positive result and the improved cash flow played a part in strengthening technotrans' balance sheet at the reporting date: the equity ratio rose to 63.2 percent, cash and cash equivalents reached € 18.7 million and net debt was turned around into net liquidity of € 8.5 million. This was not just down to the positive result for the financial year, but also ultimately to the sale of our property in Gersthofen following the transfer of production to Sassenberg which was now disposed of in the 2012 financial year at a slight book profit.

technotrans also continues to hold a leading position as a systems supplier to the printing industry, and thus participates directly in the general development in the market. For that reason, the reluctance to invest adversely affected the Technology segment in the first instance. This area generated revenue of only € 53.7 million in 2012 (–12.9 percent) compared with € 61.7 million in the previous year. That was not quite sufficient to produce a positive result for the segment at the end of 2012, but the measures taken helped to bring about a slight improvement from € –0.9 million in 2011 to € –0.8 million in 2012. On the other hand 2012 was another highly successful year for the Services segment: revenue increased by 3.8 percent to € 36.9 million (previous year € 35.6 million) and the result for the segment reached € 6.1 million (+7.7 percent), representing an EBIT margin of 16.6 percent.

Consolidation remains a feature of the competitive environment in which technotrans operates in the printing industry. Such changes could if anything be more beneficial for the company in the future.

The combined effect of the continuing economic uncertainty as a result of the European sovereign debt crisis and the structural problems that the printing industry is experiencing was that revenue for the financial year merely reached the lower end of the target range. In order to make the company's planned growth pathway more independent of such factors in future, the chosen course of accessing additional applications for technotrans' core skills was determinedly pursued.

Following technotrans' entry into the market for laser cooling systems in 2011 through the acquisition of Termotek AG, the partnership with KLH Kältetechnik was announced in March 2012. This latter company is also active in the area of laser cooling systems, but it also serves other markets that are equally of interest, such as machine tool engineering and medical technology. The partnership served to confirm the expectation that a merger would yield synergy benefits in the sales, service, purchasing and production areas, as well as in product development. With effect from January 1, 2013 technotrans therefore acquired a majority interest in KLH Kältetechnik GmbH and its sister companies in Taicang (PR China) and Singapore. The combining of the various different cooling performance ranges of Termotek (low performance) technotrans (medium performance) and KLH (high performance) has now created a very effective supplier of customer-specific industrial temperature control technology.

technotrans' activities in the non-print area led to much firmer customer projects in the second half of 2012 in particular. Here are a few examples: technotrans was already appointed serial supplier to Sauer GmbH, part of the Gildemeister Group, for cooling lubricant preparation in the shape of the toolsmart at the start of the year; it followed up this success by securing a leading supplier of machinery and systems for the manufacture and processing of flexible packaging as a development partner. At the Euroblech, technotrans also gave its self-developed spray lubrication process for forming technology applications its first public showing. A number of installations in the metal processing industry have already impressively demonstrated the system's superiority to conventional solutions. Last but not least, we have gained a foothold in the area of e-mobility in securing the development contract from Siemens for a cooling system for advanced tram systems. All these highly promising projects were not yet sufficient to compensate for faltering business with printing press manufacturers in the 2012 financial year. However they provide sound reasons to believe that that will become possible over the next few years, and that technotrans will become less dependent on both the business cycle and on the structural problems being experienced by the printing industry.

The Services segment again helped to stabilise business in 2012. While revenue from customers in the printing industry (installation, maintenance, parts) was stable, non-print activities produced a slight increase. Our subsidiary gds AG performed especially well with growth in all areas, and it created extra potential to grow through the acquisition of a majority interest in Sprachenwelt GmbH.

Exchange Rate Developments

In view of the company's structure and markets, exchange rates traditionally have only a limited impact on the performance of the technotrans Group because the overwhelming portion of its business is settled in euros. Effects on the Income Statement are mainly the result of measurements of intragroup assets and liabilities, and constitute unrealised foreign exchange gains and losses. On the other hand exchange rate movements may be a help or a hindrance to the competitiveness of German and Japanese printing press manufacturers.

FINANCIAL PERFORMANCE, FINANCIAL POSITION AND NET WORTH

Comparative figures for previous periods are quoted in brackets. Unless otherwise indicated, they refer to the years 2011 and 2010 respectively.

REVENUE

As expected, the difficult market environment in the run-up to the drupa industry exhibition and the insolvency of two important customers weighed on the 2012 financial year. The technotrans Group generated revenue of € 90.7 million, which represents a decrease of 6.8 percent compared with the previous year (€ 97.3, 85.9 million). In other words the goal for the full year to post revenue of € 90 to 95 million was only just achieved. Another contributory factor was that the impact of the drupa exhibition was merely sufficient to restore the volume of business in the print area to a normal level in the second half of the year. The weak underlying economic data in the final few months of the year as a result of the continuing uncertainty created by the crisis in eurozone countries represented an additional burden.

The fall in revenue was particularly marked in the Technology segment. This area generated only € 53.7 million (–12.9 percent) compared with € 61.7 million in the previous year. In the first quarter alone, revenue was down € 4 million on the prior-year quarter; in other words the decline eased as the year progressed and revenue for the fourth quarter was actually slightly higher than in the prior-year quarter (€ 14.7 million compared with € 14.3 million in 2011). As expected, activities outside the printing industry were not yet able to compensate for the weak state of the print area.

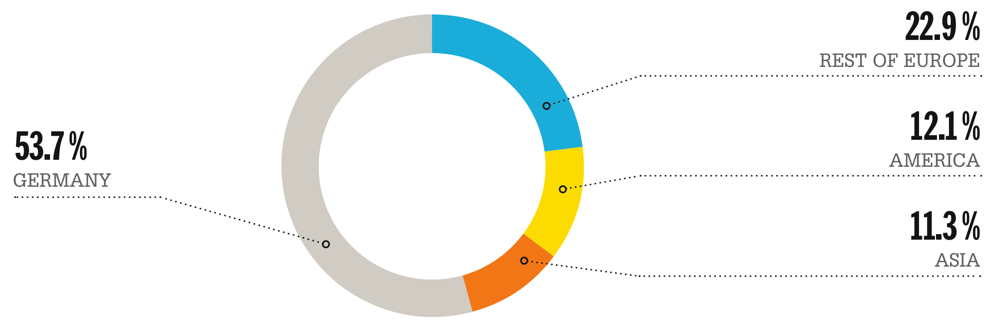
On the other hand the Services segment again made good progress in the 2012 financial year. Revenue rose again by 3.8 percent to € 36.9 million (€ 35.6, 34.5 million). Our subsidiary gds AG, which provides services and software in the sphere of technical documentation, was a major contributor to this positive development. As well as realising its plans for organic growth, it acquired a majority interest in Sprachenwelt GmbH with effect from September 1, 2012, through which it has now added translations to its portfolio of services. Classic service business, too, developed mainly according to plan. Although there was again a lack of major projects and the installation contracts associated with them in 2012, service provider business showed an improvement on the previous year.

By Region

Because of its customer structure, technotrans traditionally generates a high proportion of its revenue in Germany, which is the delivery destination for the world's three biggest printing press manufacturers. However the decline in revenue in 2012 overwhelmingly affected that group of customers, with the result that the revenue share from German customers fell from 69.9 to 53.7 percent. In contrast other European markets accounted for a higher proportion of revenue, rising from 11.8 to 22.9 percent, despite the weak economy in many countries. The volume of business in Asia climbed from 8.0 to 11.3 percent in 2012. In part as a result of the acquisition of KLH, there is likely to be scope for substantially increasing that share in the future. America – a region which also includes our Brazilian subsidiary – benefited from the more positive environment in 2012 and advanced to contribute 12.1 percent of revenue (previous year 10.3 percent).

There are also changes compared with previous years as a result of the modified classification method. Whereas the regional figures have been based on the revenue of each group company in recent years, the customer addresses now serve as the basis for calculating revenue by region. By way of reconciliation with the previous presentation method and for greater ease of comparison, classification using the old method would have produced the following picture: Germany 69.0 percent, Rest of Europe 12.0 percent, America 10.6 percent and Asia 8.4 percent.

REVENUE BY REGION



Development in Prices

Price adjustments to reflect the market trend were implemented mainly in the Service area in 2012. technotrans' business with printing press manufacturers is usually conducted on the basis of multi-year master agreements that only allow well-justified price increases during their term. The same is true of requests for price reductions by our customers. For us, long-term, partnerlike relations with our customers and safeguarding our position in the market take priority over short-term price maximisation.

Information on Order Backlog, Incoming Orders and Order Reach

technotrans' standard business with industrial customers is based on release orders. Equipping of certain machine models with technotrans technology is usually agreed in advance and the equipment is supplied as soon as the machine is ready for delivery to the manufacturers' customers. The time frame between the release order and delivery is rarely more than two weeks. Because of these master agreements, information on incoming orders and order backlogs would not be particularly meaningful.

FINANCIAL PERFORMANCE

Despite the decline in revenue year on year, the financial performance of the technotrans Group improved significantly. The financial burdens of the first half – the reluctance to invest before the drupa, the insolvency of two customers, expenditure for the show – were suitably addressed, including by the introduction of short-time for the first five months of the year. Although the revival in business in the second half fell somewhat short of expectations, earnings did ultimately achieve the level desired.

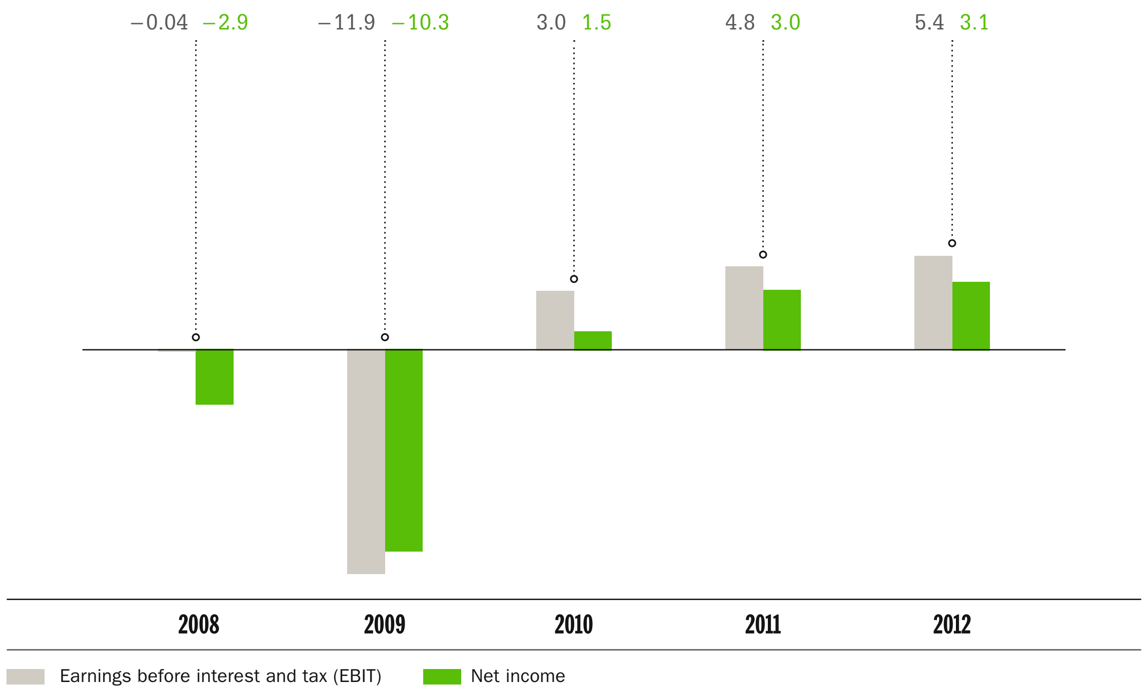
Gross Profit

Gross profit, in other words revenue less cost of sales, reached € 31.7 million (€ 30.8, 25.5 million). The 2.8 percent increase in spite of the declining volume of business is attributable to the ongoing improvements of recent years, in conjunction with the rising proportion of Services revenue. The gross margin was 34.9 percent at the end of the year (31.6, 29.6 percent), 3.3 percentage points up on the previous year. The cost of materials ratio was consequently reduced significantly to 36.5 percent (previous year 40.0 percent), first and foremost thanks to the increased share of revenue generated by the Services segment.

Earnings Before Interest and Taxes (EBIT)

Earnings before interest and taxes (EBIT) for the 2012 financial year improved by 11.9 percent to € 5.4 million (€ 4.8, 3.0 million), representing an EBIT margin of 5.9 percent (previous year 4.9 percent). In spite of the decline in revenue, we thus achieved our goal of an EBIT margin of between 5 and 6 percent for the 2012 financial year.

EARNINGS IN € MILLION



The reduction in all major cost items lay behind this development. Distribution costs, for example, were down 6.7 percent at € 13.5 million (€ 14.4, 13.4 million) despite the expenses for the drupa industry exhibition, which takes place only once every four years. In the previous year, the higher impairment of receivables weighed on this item. The administrative expenses fell by 5.7 percent to € 10.8 million (€ 11.5, 10.2 million) even though increased costs for M&A activities were incurred in the 2012 financial year. Development costs remained virtually flat in 2012 at € 2.2 million (€ 2.0, 2.5 million); in addition, development expenditure for projects outside the printing industry amounting to € 0.6 million (€ 0.4, 0.0 million) was recognised as an intangible asset.

Whereas the positive balance of other operating income and expenses had amounted to € 1.9 million in the previous year, in 2012 the figure was only € 0.2 million. In 2012, other operating income included income from the reversal of provisions amounting to € 0.2 million (previous year € 1.2 million). This contrasted with a net loss of € 0.6 million (previous year € –0.3 million) due to the sharp currency fluctuations, though this figure mainly comprised unrealised losses. No hedging instruments were used to reduce the influence of exchange rate fluctuations on the operating result.

Personnel expenses for the 2012 financial year came to € 32.7 million (€ 33.2, 30.8 million). The slight reduction of 0.6 percent reflects the decrease in the number of employees in the technotrans Group from an average of 659 in the 2011 financial year to 646 in the 2012 financial year. The personnel costs ratio nevertheless climbed from 34.2 to 36.0 percent. The positive effects of short-time were cancelled out by the pay increase in the 2012 financial year.

Depreciation and Amortisation

Compared to the previous year, depreciation and amortisation fell to € 3.0 million (previous year € 3.2 million). The figure for the 2012 financial year consequently again exceeded investment in property, plant and equipment of € 1.4 million (previous year € 1.4 million) because technotrans is in a position to adapt its replacement investment flexibly to the prevailing business circumstances.

Net Finance Costs

Financial liabilities were further reduced according to plan throughout the year (€ 9.3 million at December 31, 2012, previous year € 16.5 million), filtering through into an improvement in the net finance costs. The net figure was € 0.7 million (previous year € 0.9 million).

Tax Expense

The tax expense for the past financial year climbed to € 1.6 million overall (previous year € 0.9 million). While tax income unrelated to the accounting period was posted in the previous year, tax expense unrelated to the accounting period inflated this item in the year under review. The 2012 tax rate for the Group was therefore 33.8 percent (previous year 22.6 percent).

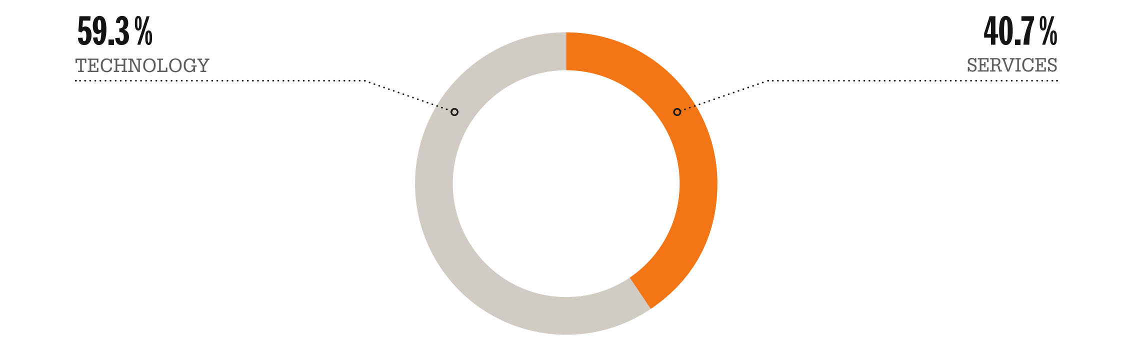
The net profit for the 2012 financial year is € 3.1 million (€ 3.0, 1.5 million), equivalent to a rate of return of 3.4 percent (previous year 3.1 percent). The earnings per share figure for shares outstanding is therefore € 0.48 (€ 0.47, 0.24).

SEGMENT REPORT

Revenue

The fall in revenue for the 2012 financial year as a result of the reluctance to invest prior to the drupa industry exhibition, the insolvency of two customers and the weaker economic environment towards the end of the year affected exclusively the Technology segment. Revenue for the segment came to € 53.7 million (€ 61.7, 51.4 million), a decrease of 12.9 percent. In technotrans' case too, orders from printing press manufacturers generated by the drupa were sufficient to restore its business volume almost to normal levels in the second half of the year. Meanwhile, activities outside the printing industry made healthy progress. Especially in the second half of 2012 various customer projects took on firmer contours, for example for flexographic printing, where a leading supplier of machinery and systems for the manufacture and processing of flexible packaging was won as a development partner for new ink supply systems and temperature control systems. At the Euroblech, technotrans also gave its self-developed spray lubrication process for forming technology applications its first public showing. Last but not least, we have gained a foothold in the area of e-mobility in securing the development contract from Siemens for a cooling system for advanced tram systems. All these highly promising projects were not yet sufficient to compensate for faltering business with printing press manufacturers in the 2012 financial year.

REVENUE BY SEGMENTS



The slowdown in the economy at the end of the financial year also left its mark on our subsidiary Termotek AG. The postponement of investment spending meant that the delivery of various customer orders was delayed. The revenue volume of 2011 (€ 9.1 million) was nevertheless marginally exceeded in the 2012 financial year. Based on the well-filled product pipeline, we expect Termotek to achieve growth well into double digits in 2013. Termotek will also benefit from our increased activities in the area of laser cooling following the takeover of KLH Kältetechnik GmbH.

Unlike the Technology segment, the Services segment was able to maintain its growth in 2012 and thus contribute towards the overall stabilisation of business. Revenue from customers in the printing industry, in other words the classic areas of installation, maintenance and parts, put in a stable performance overall. While there is still a shortage of major projects for which technotrans can also take charge of the installation side, service provider business was fairly lively, to some extent because of the ageing installed base. The non-print activities in particular contributed to the slight growth. The development of our subsidiary gds AG was especially positive, with growth in all areas (services, software), and it created extra potential for growth in the area of translation services through the acquisition of a majority interest in Sprachenwelt GmbH.

Earnings (EBIT)

The fall in revenue for the Technology segment naturally had an impact on the segment's profitability. Despite appropriate measures such as the introduction of short-time, earnings were negative by around € 1.1 million mid-way through the year. Even though business volume returned to normal as the year progressed, this was not sufficient to make good the shortfall; however the second-half result for the segment was positive for the first time since the crisis in 2008. Overall, earnings before interest and taxes (EBIT) for the Technology segment thus improved only slightly year on year to € –0.8 million (€ –0.9, –2.6 million).

By contrast, earnings for the Services segment again improved on the already very good prior-year figure with an above-average rise of 7.7 percent to € 6.1 million (€ 5.7, 5.6 million). This equates to an EBIT margin of 16.6 percent, compared with 16.0 percent in the previous year. gds AG also contributed towards this positive development.

By Region

Whereas the regional figures have previously been based on the revenue of each group company, customer addresses now serve as the basis for calculating revenue by region. There are therefore also changes compared with previous years as a result of the modified classification method.

Because of the customer structure, the revenue of the Technology segment is traditionally very strongly focused on Germany. However the decline in revenue specifically in this segment has also had an impact on the regional composition. The proportion of revenue generated by German customers was now only 64.6 percent, compared with 79.6 percent in the previous year. The substantial increase in other European countries, in both absolute and relative terms, resulted in a revenue share of 15.4 percent there (previous year 6.3 percent). The picture was similar in the Asia region, where the revenue share rose from 7.8 to 12.3 percent. The revenue share for America remained virtually level year on year, at 7.7 percent as against 6.3 percent in the previous year.

By way of reconciliation with the previous presentation method and for greater ease of comparison, classification using the old method would have produced the following picture for the Technology Segment: Germany 80.3 percent, Rest of Europe 5.1 percent, America 6.1 percent and Asia 8.5 percent.

The position in the Services segment is similar. Germany accounted for only 38.0 percent of revenue in the 2012 financial year, down from 53.1 percent in the previous year. The revenue share of other European countries was substantially higher at 33.9 percent (previous year 21.3 percent), while the picture in Asia on 9.7 percent (previous year 8.3 percent) and America on 18.4 percent (previous year 17.3 percent) was almost unchanged.

By way of reconciliation with the previous presentation method and for greater ease of comparison, classification using the old method would have produced the following picture for the Services Segment: Germany 52.6 percent, Rest of Europe 22.1 percent, America 17.1 percent and Asia 8.2 percent.

Employees

At the end of the year, 428 employees belonged to the Technology segment (previous year 443) and 234 employees to the Services segment (previous year 194). As in previous years, the general administrative areas have been spread between the segments pro rata, based on their revenue shares.

FINANCIAL POSITION

Principles and Goals of the Financial Management System

It remains the goal of the financial management system to ensure that technotrans is of its own accord able to generate both the financial resources required to fund the organic growth of its operations, and the investments this involves. This goal was again achieved in the 2012 financial year. Selective investment spending (€ 1.4 million) was again restricted to maintenance investments.

technotrans makes use of selected derivative financial instruments exclusively for the hedging of interest rate risks for borrowings incurring interest at variable rates. The company in addition steers the financing required within the group by way of the credit facilities available to technotrans AG and Termotek AG. There are no exchange-rate factors affecting external financial liabilities. Within the group, short-term and long-term lending between the group companies is practised to some degree in order to maintain adequate liquidity locally. Substantial liquidity holdings (cash and cash equivalents) moreover exist in EUR, USD and GBP. Once again, no instruments for the hedging of foreign currency positions or liabilities were used in 2012.

Capital Structure

technotrans' capital structure comprises a sound equity base and a demand-led level of borrowing.

In the course of 2012 three aspects of the financing structure were adjusted to reflect the future requirements of the group: renewal of long-term loans in the context of the available credit facilities collateralised by land charges; the use of short-term working capital credit was scaled back, and acquisition financing for 2013 (KLH) was prepared. All measures were implemented with varying terms, making use of the best possible interest terms. At the balance sheet date, the average weighted interest rate for borrowing was approx. 3.8 percent (previous year 3.7 percent). This financing concept means the overall borrowing arrangements in place amount to some € 26.5 million, with a strong emphasis on medium to long-term maturities. At the balance sheet date the technotrans Group had available but unused borrowing facilities amounting to € 17.2 million.

For the future it can be assumed that technotrans will be in a position to meet its requirements over and above its internally generated financial resources in partnership with its principal banks, for instance if it needs to make major acquisitions. There are currently no plans to go to the capital market.

technotrans does not use off-balance-sheet financial instruments (such as sale-and-leaseback).

In 2012 there were no restrictions on the availability of the loans provided. Based on the liquid and borrowed funds currently available, technotrans AG's financial and liquidity plans assume there will likewise be adequate liquidity for business operations in 2013 to meet the anticipated payment obligations. The prolongation of working capital credit for € 12 million will be up for renegotiation in 2013.

The Board of Management and the Supervisory Board will propose to the Shareholders' Meeting in May 2013 that a dividend of € 0.12 per share outstanding be distributed for the 2012 financial year. After a break of four years, technotrans thus resumes its common practice of enabling the shareholders to participate in the company's success. Our goal is to return to the pattern of distributing 50 percent of the consolidated net profit, provided no current investment requirements or major acquisitions stand in the way of using financial resources in this way.

Investment and Depreciation

Investment once again came to € 1.4 million in the 2012 financial year (€ 1.4, 1.3 million). In line with the business performance, spending was thus again kept to a reasonable minimum level. Investment spending was mainly for replacement purchases or IT equipment. Of the overall volume, € 1.2 million was attributable to the Technology segment and € 0.2 million to the Services segment. Because of the low level of manufacturing penetration, the scaling-back of investment spending has no impact on the efficiency of production capacity.

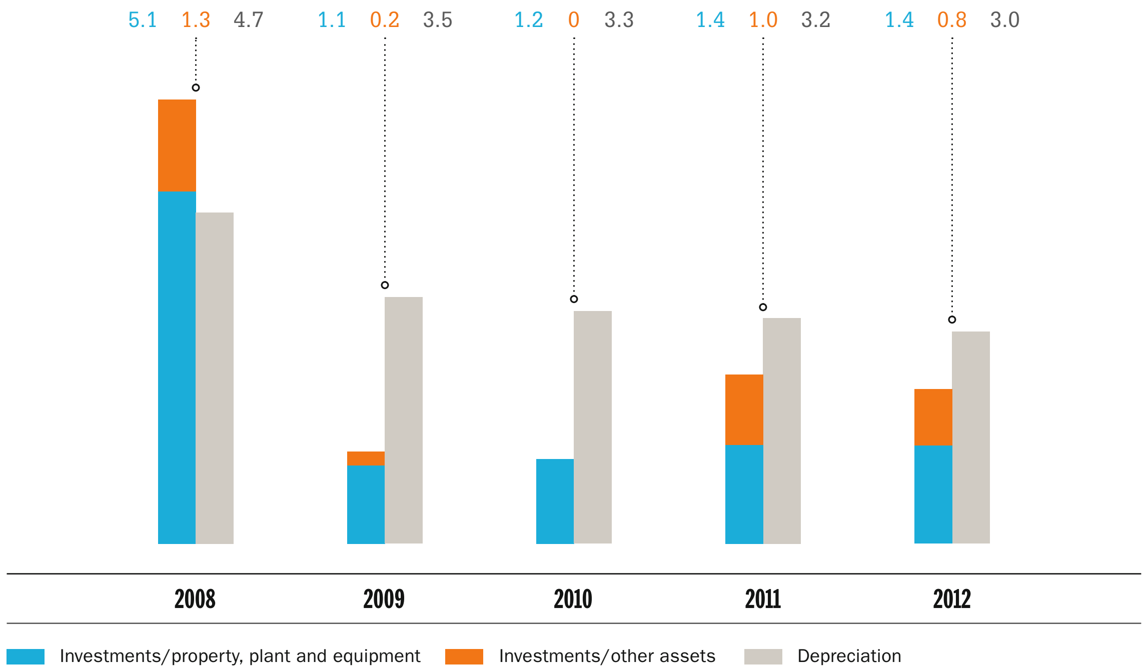
The development expenditure reported in the Income Statement came to € 2.2 million; this amounts to 2.5 percent of revenue. Development costs of € 0.6 million were also recognised as intangible assets in the financial year; total development costs within intangible assets increased to € 0.9 million (€ 0.3 million).

In addition, a total of just under € 0.8 million was spent on the acquisition of the interest in Sprachenwelt GmbH (€ 0.3 million) and on earn-out components (conditional purchase price) for the acquisition of Termotek AG (€ 0.4 million).

Depreciation and amortisation for the 2012 financial year totalled € 3.0 million (previous year € 3.2 million). Of this, € 2.3 million was attributable to the Technology segment and € 0.7 million to the Services segment. The main sources of depreciation and amortisation are the mySAP software, the new building at Sassenberg and the international sales and service network.

With effect from January 1, 2013 a majority interest was acquired in KLH Kältetechnik GmbH. No further definite investments that would require an exceptional level of financing are currently planned for fixed assets or intangible assets.

INVESTMENT AND DEPRECIATION IN € MILLION



Liquidity

On the basis of a net income for the year of € 3.1 million (previous year € 3.0 million), the cash flow from operating activities before changes to working capital totalled € 8.8 million (previous year € 8.1 million).

The changes in working capital had a positive effect of € 3.5 million on cash (previous year € –0.4 million), with the reduction in receivables and other current assets of € 1.9 million and of other non-current assets of € 1.0 million compared with the prior-year reporting date a major contributory factor.

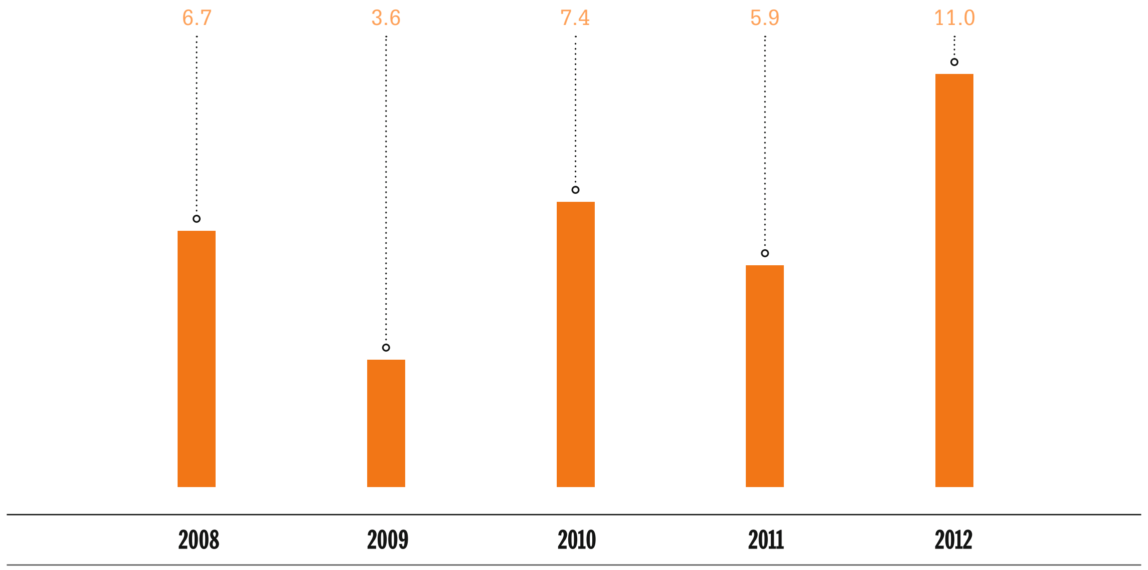
Overall, the net cash from operating activities climbed to € 11.0 million (€ 5.9, 7.4 million). This positive operating cash flow was sufficient to cover the financing of both investment spending (€ 1.4 million) and the acquisition of the interest in Sprachenwelt GmbH (€ 0.3 million) as well as the conditional purchase price component (earn-out) for Termotek AG (€ 0.4 million). The sale of the property in Gersthofen made a further positive contribution to cash flow (€ 4.3 million), with the result that the net cash employed for investing activities produced a positive figure of € 2.2 million.

The free cash flow reached € 13.2 million (€ 3.6, 6.3 million) and therefore its highest ever level in the history of the company.

The net cash employed for financing activities came to € –7.2 million (previous year € –4.1 million). Loans amounting to € 10.5 million were redeemed, while new loans for € 3.3 million were raised.

Cash and cash equivalents at year-end rose by 46.2 percent to € 18.7 million (previous year € 12.8 million). From a capital management viewpoint, this level is very satisfactory. The group's liquidity is thus adequate to meet its payment obligations in the 2013 financial year.

CASH FLOW FROM OPERATING ACTIVITIES IN € MILLION



NET WORTH

Balance Sheet Total and Equity Ratio

The balance sheet total for the technotrans Group at December 31, 2012 came to € 64.7 million, representing a slight decrease of 3.7 percent compared with the prior-year reporting date (€ 67.2 million). The equity ratio improved yet again and is now 63.2 percent (previous year 55.5 percent). The return on equity, representing net income as a proportion of equity, was 7.9 percent. The total return on investment for the past financial year was 4.8 percent.

Assets

The non-current assets declined from € 28.6 million to € 22.4 million at the reporting date, first and foremost as a result of the disposal of the Gersthofen property which was latterly reported under "Investment property", and also as a result of depreciation.

Current assets grew from € 38.6 million to € 42.3 million, an increase of 9.5 percent. This change was driven by the rise in cash and cash equivalents from € 12.8 to 18.7 million (+46.2 percent), whereas inventories (–3.8 percent to € 13.5 million) and trade receivables (–13.4 percent to € 8.7 million) fell.

Equity and Liabilities

Within equity and liabilities, equity again improved by 9.6 percent, rising from € 37.3 million to € 40.9 million. The main factor at work here was the net income for the year.

Liabilities at the balance sheet date had been reduced to € 23.8 million (€ 29.9, 33.9 million). They consist of non-current liabilities, which fell from € 9.8 million to € 8.6 million (–12.3 percent), and current liabilities, which were reduced sharply from € 20.1 million to € 15.2 million (–24.2 percent).

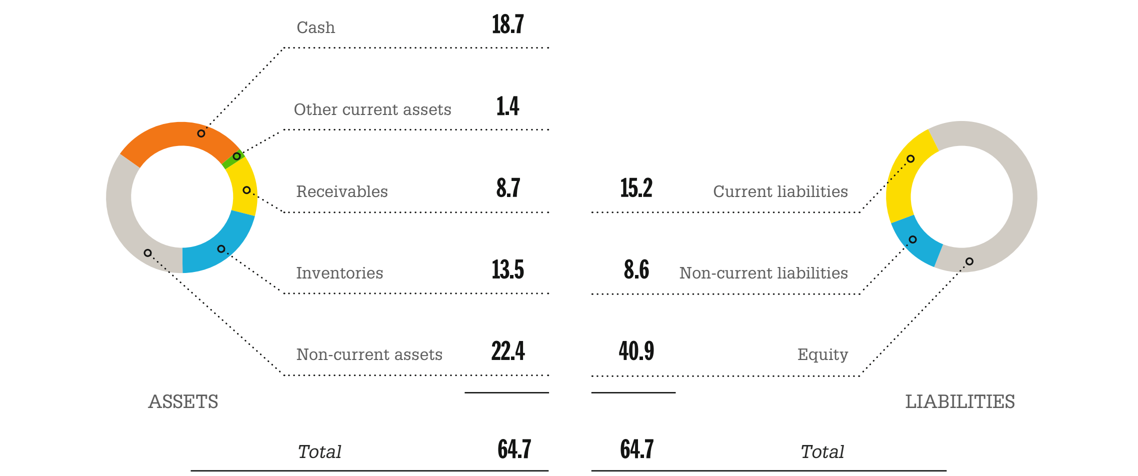
The main changes within non-current assets related to borrowings, which were reduced by means of scheduled repayments from € 6.8 million to € 6.4 million. The decrease in other financial liabilities of around € 0.6 million stems partly from the reclassification of a conditional purchase price component in connection with the interest acquired in Termotek AG (€ 0.8 million) as a current liability. This was offset to some extent by the conditional purchase price component for the acquisition of the remaining shares of gds-Sprachenwelt GmbH (€ 0.3 million).

Within the current category, borrowings also fell from € 9.7 million to € 2.9 million (–69.9 percent), as did trade payables (—31.4 percent to € 2.1 million). On the other hand, prepayments received grew by almost € 1.3 million for reporting date reasons. The other current liabilities grew by € 0.6 million overall, mainly from the conditional purchase price component for Termotek AG.

At the balance sheet date, technotrans' financial liabilities were down at € 9.3 million (€ 16.6, 17.9 million). Apart from a variable-rate loan of € 0.5 million, only current bank overdrafts are exposed to an interest rate risk; however none were in use at the balance sheet date. The non-current financial liabilities stem principally from investments in intangible assets and property, plant and equipment; 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 12).

technotrans has very sound financing, with € 18.7 million in cash and cash equivalents at the balance sheet date, a net cash position of € 8.5 million and borrowing facilities agreed but not used amounting to € 17.2 million. The acquisition of a majority interest in KLH Kältetechnik GmbH at the start of 2013 has had only minimal impact on this position and the agreed financing for further potential acquisitions amounting to € 4.0 million was used at that time. The long-standing business ties with our banks have remained steady. However, the current environment provides no guarantee that the banks will be willing or able to continue to fill the role of our financing partner to the extent to which we are accustomed. As a listed company, technotrans also has access to capital market instruments.

BALANCE STRUCTURE IN € MILLION



Working Capital

The reduction in current liabilities meant that working capital (current assets – current liabilities) rose from € 18.5 million to € 27.1 million within the space of a year. Cash and cash equivalents account for almost half of current assets.

Net Debt and Gearing

The group's net debt, in other words interest-bearing liabilities less cash and cash equivalents, of € 4.9 million at the 2011 balance sheet date was transformed into net liquidity of € 8.5 million in the course of the 2012 financial year. Gearing, in other words the ratio of net debt to equity, is consequently negative at –20.7 percent (13.1, 17.4 percent).

Provisions

Provisions edged up from € 5.5 million to € 5.8 million in 2012. The long-term provisions of around € 0.9 million comprise both personnel-related obligations (partial retirement and pensions) and those Board of Management remuneration components that focus on sustainable corporate performance. The short-term provisions (€ 4.9 million, previous year € 4.4 million) consist of other obligations towards personnel (€ 2.8 million), payments to be made under warranty (€ 0.7 million) and other provisions (€ 1.4 million).

Off-Balance-Sheet Financial Instruments

No off-balance-sheet financial instruments are used in the technotrans Group.

FINANCIAL PERFORMANCE, FINANCIAL POSITION AND NET WORTH OF TECHNOTRANS AG

At the reporting date of December 31, 2012 the balance sheet total of technotrans AG came to € 60.0 million (previous year € 63.5 million). The equity ratio was 61.0 percent (previous year 55.0 percent). Revenue of € 60.5 million was earned in the past financial year (previous year € 68.2 million). The reported net income for the year is € 1.5 million (previous year € 2.2 million).

OTHER INFORMATION

PURCHASING AND PROCUREMENT

Honesty and reliability are key characteristics of the partnership upon which the relationship between technotrans and its suppliers depends. Many such relationships have evolved over many years, and in some cases stretch back decades. When working through the complex selection process we choose our suppliers not solely on price, but rather on the strength of a large number of different aspects which together represent the most advantageous solution for our customers and the group. We are guided in our decision-making by the total cost of ownership principle. We are delighted that our long-standing business partners in our region are often demonstrably very competitive when compared with companies from supposedly low-wage countries, and that this form of local sourcing also helps to protect jobs in Germany. Short delivery distances moreover minimise the adverse impact on the environment. We strive to underpin this approach by pooling consignments as rationally as possible.

The group's central procurement operations again identified many fresh opportunities in the past financial year as a result of new acquisitions (Termotek AG) and partnerships (KLH Kältetechnik GmbH). By pooling volumes, more advantageous terms were negotiated with common suppliers for various different groups of materials. While the focus was on a continuous improvement process in the case of Termotek in 2012, and will remain so moving forward, the joint approach will increasingly enable KLH to realise synergies, and thus realise scope for enhancing profitability. The next step will be to give the lead role for certain groups of materials to whichever company is best placed to take charge, based on their technologies.

To gauge how efficient our procurement activities are, we monitor 25 efficiency performance indicators for processes and costs, quality, structure and methods, following the methods of the German Association of Materials Management, Purchasing and Logistics (BME). We believe there is still potential for further improvements here.

technotrans' relatively low manufacturing penetration makes it easier to adjust flexibly to a fluctuating production volume. No serious problems in this respect have therefore yet been encountered either when business has been falling or rising. In addition, we monitor the economic performance of our key suppliers very closely so that we are able to guarantee punctual, high-quality deliveries at all times thanks to effective supplier management.

Whenever suppliers request price increases, we are generally also able to rebut unjustified demands through open dialogue with them. Instead, we counter disadvantageous developments in prices by agreeing long-term binding terms. We also seek out creative solutions by supporting suppliers' purchasing activities, for example, and then benefiting from improved competitiveness in that way.

PRODUCTION, TECHNOLOGY AND LOGISTICS

The technotrans Group has manufacturing locations in Germany (Sassenberg, Baden-Baden and, since 2013, Bad Doberan), China (Taicang) and the USA (Chicago). This global presence reflects the fundamental production structure of the international industrial customers which technotrans serves. At all manufacturing locations, production proper involves first and foremost the assembly of components that are frequently sourced from local suppliers and used by us to build equipment and systems. Our level of vertical integration is therefore decidedly low, and for that reason in particular we have generally been readily able to adjust capacity in line with changing volumes of demand. We prioritise high flexibility, coupled with placing the emphasis on efficient processes.

The 2012 financial year saw production operations in China relocated from Beijing to Taicang, where they were merged with KLH's operations. technotrans had maintained its own manufacturing location in China since 1997, and built mainly dampening solution circulators for the local market there. By relocating operations to KLH, combined capacity utilisation is being optimised, there will be greater flexibility to adjust to short-term fluctuations in demand, and the lower structural costs will provide a lasting boost to competitiveness. Employees from Sassenberg provided in-depth support for the transfer of production and the production start in Taicang.

As in every financial year, further measures to improve all internal processes and procedures were again taken in 2012. This continuous improvement process to optimise products and throughput times has yielded further effectiveness and efficiency gains, reduced production times and increased productivity. A separate electronic assembly line has also been set up to enable us to respond even faster to project orders in the non-print area. The newly developed spray lubrication process, for example, benefited especially from this in 2012.

The production area particularly addressed the issue of initial and further training last year. The aim of these efforts is to respond as early on as possible to the first signs of a need for different or higher qualifications, for instance in refrigeration technology. That specific requirement has been addressed by setting up a refrigeration technology training centre, where our own employees are given advanced training in refrigeration systems engineering. As well as the electronics engineers and mechanics from production, it also trains up service engineers from all over the world, alongside equipping our apprentices for the tasks of the future.

To ensure that technotrans will continue to have sufficiently qualified juniors, it has gone into schools and attended vocational training fairs to promote its attractive apprenticeship options. In parallel, the mechanical and electrical training park has been significantly increased. We aim to address demographic change proactively through this initiative.

Quality Management

technotrans applies a modern, integrated quality management system that contributes towards meeting customers' high expectations of our equipment and technologies. Our approach includes supplier selection, as well as safeguarding and optimising all supply chain activities and processes. We place particular emphasis on developing and using new preventive quality assurance tools in order to realise ongoing improvements. These measures are proving effective, as evidenced by the significant improvement in product and process quality. A special interdisciplinary quality task force has also been created both to increase the rate at which improvements are implemented and promote a cross-departmental "driver mentality".

Prior to its dispatch, all equipment is tested using a proven process, to establish that it is free from faults. Systems and equipment types that have not yet reached production maturity are initially monitored intensively by a team of engineers during extensive field tests. There are also special facilities for running simulations in order to find out more about material characteristics over the entire lifetime of equipment, for example.

Logistics

Logistics at technotrans involves planning, managing and monitoring the flow of materials and goods both inside and outside the company. It ensures that the right quantity of the right goods, in the right state, is available at the right place and time for the right customer, at the right cost. This cross-disciplinary function has the task of managing all flows of materials and goods in the sub-areas of procurement, production and distribution logistics.

Procurement logistics is responsible for stock management and transport within the company. Production logistics is responsible for order picking and providing materials for production orders, for permanent inventory and for supplying replenishment zones in the production areas. Time-critical minor orders such as requests for materials from all areas and parts orders worldwide are also picked by this area.

The main task of distribution logistics is to make goods available efficiently, while observing defined general parameters. Laws, national requirements, customer wishes and internal organisational constraints all influence how consignments are packed, shipped and processed. To support customer requirements optimally, we are in possession of the necessary certificates and permits for customs simplification processes, and have specialists such as hazardous goods representatives and customs agents.

All three subsidiary disciplines are fully integrated into SAP. The operational logistics processes are optimally supported by a mobile data collection system with SAP connection. This boosts the efficiency of processes and errors are minimised.

The introduction of logistics controlling for operations as a flanking measure represents a major step towards optimising logistics processes and making them more sustainable. There are analyses, reports and performance indicators to support the routine measures for the principal functions. For example, stock management regularly takes up routine reporting measures such as ABC monitoring, provision analyses and material/plant matching.

A number of optimisation measures were also carried out in the 2012 financial year. Considerable costs were incurred through preparing for "known consignor" status, because from the end of March 2013 the sender of air freight must demonstrate that packaging and shipment are free from manipulation. As well as training the appropriate personnel, extensive conversion work has been necessary in order to meet the new requirements.

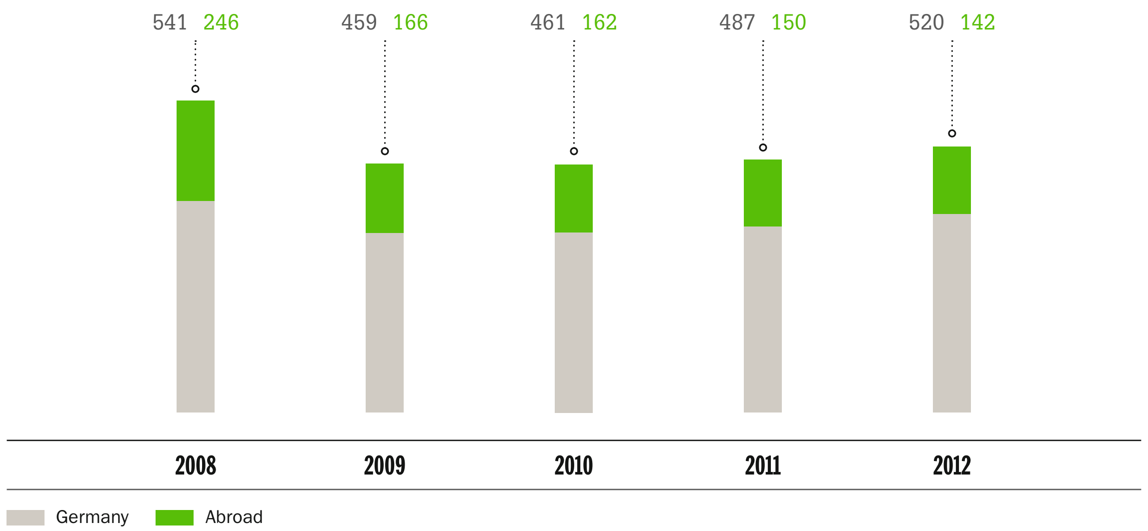
Other improvements involved optimising freight and performance by switching to a new provider for parcel distribution. Synchronisation and container management in procurement logistics were also optimised in tandem with customers. There are moreover many advantages to extending mobile data collection in the warehouse, in production and in dispatch: no withdrawal documents, more reliable processes, more efficient order picking and more reliable stocks. Last but not least, the dispatch areas for parcel and equipment distribution have been centralised and regular reorganisation measures have been implemented.

EMPLOYEES

Total and Changes

The number of employees in the technotrans Group increased to 662 in the course of 2012 (637 on December 31, 2011). The sources of growth included our subsidiary gds AG following the acquisition of a majority interest in Sprachenwelt GmbH, and technotrans AG, where additional specialists were recruited for the new markets area. On the other hand the transfer of production from Beijing to Taicang in the second half had the opposite effect.

EMPLOYEES BY REGION



technotrans is able to handle temporary fluctuations in the level of orders flexibly by means of time accounts, with time credits then earned or used as necessary. In addition, temporary workers are occasionally hired and subsequently taken on permanently if a longer-term positive business trend emerges. If falls in the volume of business are expected to be temporary, short-time is introduced in order to hold onto employees and their expertise. Only if there is a permanent downturn in business are measures taken to bring the employee total in line with the new volume of business.

Apprentices

Particular emphasis is placed on the training of apprentices at technotrans. In order to fill future posts with our own juniors, we significantly increased our efforts in this area during the past financial year. 13 apprentices taking a total of seven different vocational qualifications embarked on their careers at Sassenberg in summer 2012. This increased the number of apprentices to a peak of 54, representing 8.4 percent of the workforce. The range of vocational qualifications is continually adjusted in line with the company's anticipated need for young talents. This time, dual training courses (a combination of on-the-job training and studies) were available for the first time, leading to a qualification as Industrial Engineer or Bachelor of Engineering (specialisation: Electrical Engineering). Because technotrans is among the 100 companies offering the most apprenticeship contracts in recent years, we were chosen to take part in the pilot project "Online Apprenticeship Contract". And technotrans' involvement in the "Doubly Strong" initiative of the North Westphalia Chamber of Commerce earned it an award: the company created the highest number of extra apprenticeships for 2013, at a time when they are in short supply in the state due to two high school years graduating simultaneously. Thus, technotrans expects to take on 23 new apprentices in 2013 – a new record for the company.

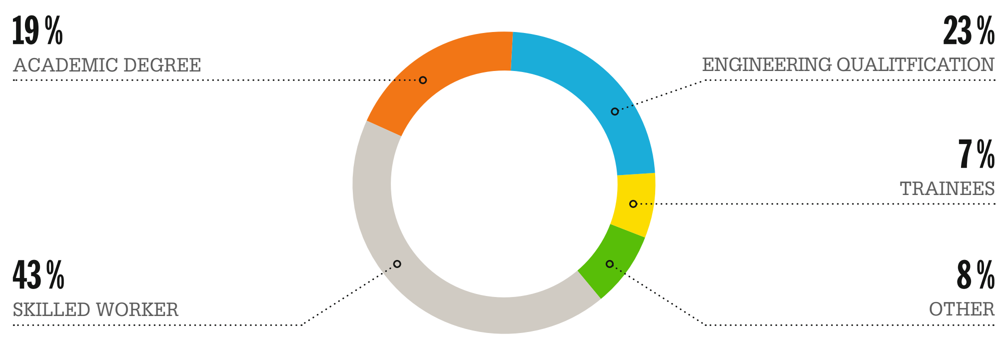
The effect of good training both internally and externally is not to be underestimated. To introduce the company and their place of work to their families, the apprentices held a first "Parent Alert" in 2012. Over 70 participants, including press representatives, took the opportunity to look behind the scenes. The apprentices also took on the lead roles in a photo shoot staged by the Chamber of Commerce for an advertising campaign promoting "dual courses of study". Professional photographers directed the apprentices in this "role play" venture.

The apprentices are deeply indebted to the company for its commitment: 99 percent of those starting a career after completing their training choose to take up a post at technotrans.

Qualifications and Age Structure

technotrans is a high-tech company, a fact that is also reflected in the qualifications of its employees. In addition to the apprentices, 43 percent of employees have undergone training leading to qualifications, 23 percent have an engineering qualification and 19 percent have an academic background. technotrans is furthermore a young company: around 45 percent of the workforce are under 40 years old, and only 3.2 percent are over 60. The average age is just under 40; this figure is therefore virtually unchanged from the previous year.

QUALIFICATION OF THE EMPLOYEES



In an effort to make working and family life more compatible for this relatively young workforce, the child care options for employees with children have been significantly extended in partnership with a municipal kindergarten. Generous time slots and scope for accommodating unexpected work commitments flexibly are especially welcome among young women; in this way they are able to continue pursuing their career objectives with the reassurance that suitable child care is in place.

It of course goes without saying that the corporate culture is a major contributory factor in job satisfaction. technotrans' canteen plays an important role here. Freshly prepared dishes, a varied menu and friendly kitchen staff all help to create a pleasant environment for successful informal interaction with colleagues across all levels of the hierarchy. Other companies in the neighbourhood have now also taken up the opportunity to have their employees catered for here.

Personnel Expenses

Personnel expenses for 2012 came to € 32.7 million (€ 33.2, 30.8 million). The decrease is broadly in line with the effects of short-time during the first five months. On the other hand the pay increase in Germany averaging 3.5 percent bolstered this item.

The personnel costs ratio for the group (personnel expenses as a proportion of revenue) was 36.0 percent (34.2, 35.9 percent). The aim is to bring this ratio down to around 30 percent in the future.

Revenue per capita remained virtually stable in 2012 despite the weaker revenue, reaching € 140 thousand (€ 148, 139 thousand). Although this performance indicator is below previous levels achieved, it nevertheless demonstrates the company's ability to adapt to falling revenue. We continue to maintain more capacity than would be strictly necessary in high-expertise areas, regarding these resources as an investment in the development of new markets.

Remuneration Model

The remuneration of employees at technotrans AG is a reflection of their individual positions within the company. The positions are allocated to function groups, or grades, which in turn comprise a number of remuneration bands.

The annual decision on percentage pay increases is negotiated between the Board of Management and the Works Council. An individual employee's pay increase is determined on the basis of their performance and their current level of remuneration. Employees who are in the lower zone of a band and perform averagely can thus receive larger pay increases than employees whose pay is in the upper zone of a band and performance is the same. An assessment system is used to allow the structured assessment of employee performance.

The employees' profit share is based on the EBIT margin. Upward of an EBIT margin of 5 percent, a bonus is paid out to those who are not entitled to a profit share.

Throughout the group, managers receive bonuses (profit shares) that are agreed individually in their contracts and depend half on the attainment of company targets, and half on their personal performance. There are no incentive schemes involving share components.

CORPORATE COMMUNICATIONS

Taking part in shows and exhibitions is a key instrument of our corporate communications work. In the printing industry, such events are first and foremost about supporting our major customers, because technotrans of course benefits indirectly from the orders they receive. Exhibitions and shows are also part of our push-and-pull strategy: particularly where end customers have scope for deciding for or against equipping their systems with technotrans technology, we want to impress the advantages of our solutions upon them at first hand. Convinced end customers in turn supply the printing press manufacturers with the confirmation that the latter are giving the market what it wants in fitting technotrans equipment.

The drupa again took place in the 2012 financial year; it is the biggest exhibition in the world in the printing industry and is held in Düsseldorf every four years. The show passed off very successfully for technotrans, with our presentation placing the spotlight on how printers can make their machinery more efficient through retrofit solutions. A large number of interesting contacts were established and – unlike previous shows – we even clinched sales directly. The general difficulties being experienced by the industry were nevertheless reflected in both visitor numbers and the total volume of machinery sold at the show. Both figures were down on previous events. As well as taking part in the drupa, technotrans exhibited at the Graph Expo (Chicago) and the WAN-Expo (Frankfurt, formerly IFRA).

We again stepped up our involvement in shows addressing markets other than the printing industry in 2012. We took part in the Achema, among others; this show, which focuses on chemistry, process engineering and biotechnology, takes place every three years. We showcased industrial cooling technology at the AMB, an international exhibition for metal working, and our spray.xact spray lubrication principle made a highly successful world debut at the EuroBLECH. The year's exhibitions were rounded off with the emballage, Europe's largest exhibition for the packaging industry.

Termotek AG, too, again took the opportunity to establish new contacts and build on existing ones at various shows during 2012. The company presented its miniature cooling solutions, for example, at the Photonics West and the Pittcon (USA), the High Performance Diode Laser Workshop in Dresden, the Lasys in Stuttgart and the Espace Laser in Mulhouse. It teamed up with technotrans for both the drupa and the Achema.

The major event of last year for gds AG was once again the Tekom annual conference. This is where experts from the field of Technical Documentation meet – a "must" for everyone in this industry. The Docu-Preis award made each year at this conference consequently enjoys a very high status. gds was again among the recipients of these coveted trophies in 2012: this time, in recognition of its documentation of the eROCKIT, an electric bike of exceptional pedigree.

The reason for taking part in all these shows is always to acquire a deeper knowledge of the individual markets, their customers and suppliers, but they also of course provide technotrans with a platform to publicise its products and services. To reinforce that effect, we provided intensive, effective PR support for the appearance at the EuroBLECH. A large number of trade magazines reported on our innovative spray lubrication principle both before and after the show, where it was given its first public showing.

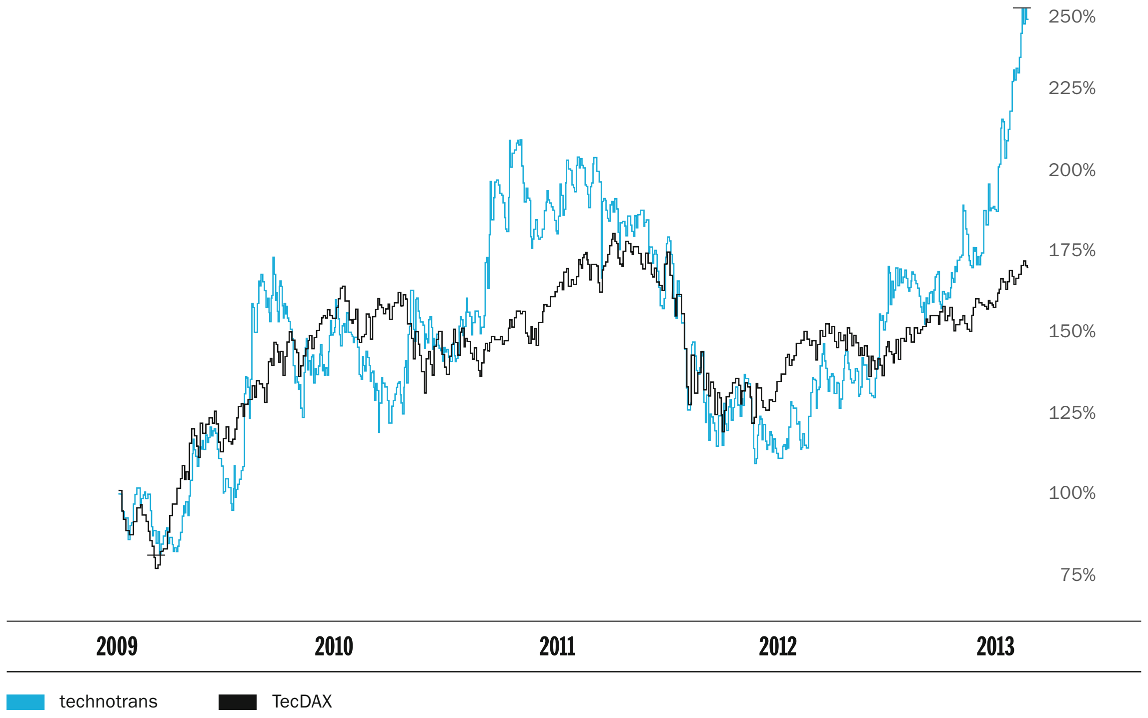
SHARES

The shares of technotrans AG have been traded on the stock market since March 1998. As a company listed in the Prime Standard segment, we must meet the highest possible standards of transparency. These include quarterly financial reporting in German and English, the publication of a corporate calendar, holding at least one Analysts Conference per year and the publication of ad hoc information, including in English. The shares of technotrans AG were converted from bearer to registered shares in October 2008. Since the changeover, we have been able to communicate directly with our company's shareholders. Having knowledge of the shareholder structure furthermore enables us to target our investor relations work even better.

Transparency and credibility are the cornerstones of our communications with the capital market. We inform shareholders, analysts, media and the general public regularly and promptly in press releases and ad hoc information about our business performance and the situation of the company. All publications are also available on the Internet. Regardless of whether someone is a shareholder or is merely interested in the company, and whether they have a large or small shareholding, in addition to providing written reports we explain individual aspects and answer questions in telephone conferences or face-to-face talks. The result of an information policy that is candid and open to scrutiny is a relationship of trust with all capital market operators, based on mutual respect, and we attach very high importance to it.

With the shares having ended 2011 on € 4.24, a recovery in the first few weeks of the year under review was undermined by news from the printing industry: manroland had filed for insolvency in November, Kodak applied for creditor protection in January and a reluctance to invest before the drupa industry exhibition weighed on the level of incoming orders registered by most printing press manufacturers. The shares consequently hovered around the € 5 mark for several months. Throughout that period we invested considerable effort in explaining our activities in the non-print area to capital market participants and highlighting their potential impact on the medium-term development of the company. From June on, interest in the shares then picked up appreciably, moving permanently beyond the 5 euro level. It nevertheless took until November for the 6 euro threshold to be crossed. The closing price for 2012 was ultimately € 6.93 – an appreciation of 63 percent since the start of the year. Over the same period the TecDAX benchmark index rose 21 percent.

SHARE PRICE JANUARY 1, 2009 TO FEBRUARY 28, 2013



The 2011 Annual Report also helped change for the better how technotrans is perceived by the capital market; last year's publication evidently presented the group's growth strategy both appealingly and convincingly. While its design won a Red dot Communication Design Award in the Annual Reports category and a German Design Award 2013, the higher share price and rising trading volumes also indicate growing confidence in the execution of the strategy outlined in that publication.

As the tangible results of accessing new markets will if anything become even more apparent over the next few months, we expect the positive share price trend to continue. The performance over the first few weeks of the current year, with market capitalisation exceeding the 60 million euro mark and the trading price exceeding 9 euros to reach a four-year high, allows us to predict this with some confidence.

The shares are currently covered by three analysts (HSBC Trinkaus and Burkhardt, M.M. Warburg, Montega). Two banks ceased their coverage last year. We expect that interest will increase again along with our entry into attractive new markets outside the printing industry and the gradual shift of our peer group.

DISCLOSURES AND EXPLANATORY NOTES RELATING TO TAKEOVER

The following disclosures satisfy the requirements pursuant to Section 315 (4) of German Civil Code (BGB) and Section 120 (3) second sentence of German Stock Corporation Act (AktG).

1. The issued capital at December 31, 2012 comprises 6,907,665 no par value and fully paid shares each representing a nominal amount of € 1 of the share capital. The shares of technotrans AG are registered shares. Exclusively ordinary shares have been issued; the rights and obligations arising from them conform to the relevant statutory regulations. They are subject to restrictions on voting rights and transfer only in those cases laid down by law, and not pursuant to the articles of incorporation. The Board of Management has not been notified of any voting trust agreements between shareholders.
2. No direct or indirect interests in the capital amounting to more than ten percent of the voting rights are known.
3. All shares carry identical rights. No shares are equipped with special rights, in particular none imparting authority to control.
4. Employees participating in the capital exercise their voting rights directly.
5. The statutory requirements pursuant to Sections 84, 85 of 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 AktG. Pursuant to Section 179 of AktG, amendments to the articles of incorporation require a resolution of the Shareholders' Meeting carried by a voting majority of 75 percent.
6. The Board of Management is, with the consent of the Supervisory Board, authorised to increase the share capital on one or more occasions by up to a total of € 3,450,000.00 until April 30, 2015, through the issue of new shares against contributions in cash or in kind. No use was made of this authorisation in 2012. The subscription right of shareholders may be excluded insofar as the requirements of Section 186 (3) fourth sentence of AktG 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; the subscription right may moreover be excluded for the purpose of compensating for fractional amounts.

   The Board of Management is furthermore authorised until April 30, 2015 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 by more than 10 percent 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. If acquired on the basis of a public offer to buy, the acquisition price per share shall not exceed or undercut by more than 10 percent the average Xetra closing price on the Frankfurt Stock Exchange on the five last trading days before initial disclosure of the offer.

   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 percent. The Board of Management is, with the consent 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 surrendered 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 acquired treasury shares may also be used in fulfilment of obligations in respect of conversion options granted as a result of the issuing of convertible bonds. The subscription right of the shareholders is excluded for the use of treasury shares in the last three cases.

   By December 31, 2012 a total of 690,000 treasury shares had been acquired via the stock market on the basis of the authorisation. At the end of 2008, 54,132 shares from this total, at the end of 2009 39,618 shares, at the end of 2010 28,620 shares, at the end of 2011 43,740 shares and at the end of 2012 a further 22,629 shares were voluntarily distributed to the employees as part of their Christmas bonus. Furthermore, 49,000 treasury shares were issued in the 2011 financial year as part of the purchase price of Termotek AG.

   The Board of Management is in addition authorised, in accordance with the shareholders' resolution of May 8, 2009 and with the consent of the Supervisory Board, to issue bonds with a term of a maximum of 5 years on one or more occasions up until May 7, 2014 of an aggregate nominal amount of up to € 10 million and to grant the bearers of bonds conversion options on up to 690,000 treasury shares.
7. There are no material agreements of the parent company that are conditional on a change of control following a takeover bid.
8. No compensation has been agreed with the members of the Board of Management or employees in the event of a takeover bid.

REPORT ON POST-BALANCE SHEET DATE EVENTS

TAKEOVER OF MAJORITY INTERESTS IN KLH KÄLTETECHNIK GMBH (BAD DOBERAN) AS WELL AS IN KLH COOLING INTERNATIONAL PTE. LTD. (SINGAPORE) AND TAICANG KLH COOLING SYSTEMS CO. LTD. (PR CHINA)

With effect from January 1, 2013 technotrans AG acquired 65 percent of the shares of KLH Kältetechnik GmbH with registered office in Bad Doberan as well as of KLH Cooling International Pte. Ltd. (Singapore) and Taicang KLH Cooling Systems Co. Ltd. (PR China). The relevant agreements were signed on December 12, 2012. Through KLH Kältetechnik, the technotrans Group is stepping up its activities in the area of laser applications. KLH Kältetechnik employs around 100 people and generated revenue in excess of € 15 million in 2012. Its management will remain involved in the successful development of this company. The purchase price for the investment, which comprises a fixed and a variable component, is in the mid-range single-digit millions.

DEVELOPMENT OF THE MARKET AND ECONOMIC ENVIRONMENT

Fresh problems with the public finances of various countries are coming to light on an almost daily basis. With the USA only narrowly avoiding falling over the fiscal cliff at the turn of the year, a few days later there was news that the EU might have to bail out Cyprus. When confronted with such announcements, the markets react with heightened uncertainty and this in turn casts a cloud over the investment plans of companies and the equipment industry. On the other hand, during the first few weeks of the year increasingly positive assessments of the economic prospects were published. However this has not yet had any discernible impact on technotrans' business performance. Overall, this mixed picture gives rise to increased forecasting uncertainty and means it is always vital to build all possible uncertainties into the equation.

OVERALL STATEMENT

We expect that we will be able to realise technotrans' course of growth as planned, despite the unsettled economic environment. The takeover of KLH Kältetechnik GmbH will make a major contribution in this respect in the 2013 financial year.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

As a company with activities worldwide the technotrans Group is, within the context of its business processes, exposed to a wide range of risks that are part and parcel of any entrepreneurial activity. In order to seize specific opportunities, it is necessary to take assessable and manageable risks in a deliberate and controlled manner. As part of a systematic and efficient risk management system, principles of risk policy are drawn up and current developments regularly logged, analysed, evaluated and – if necessary – appropriate countermeasures taken. The risk management system helps to safeguard the group permanently as a going concern by identifying as early as possible all risks that could materially impair the net worth, financial position and financial performance of the group. The internal control system (ICS), which constitutes an integral part of the risk management system, is described in summary form below.

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 must be communicated 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 prospect 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.

Risk management is designed to promote the awareness of opportunities and risks among technotrans employees, and to guard against potential risks. The necessary procedures and rules of communication within individual corporate divisions have been defined and established by the Board of Management. The superior in charge of each area of operations is responsible for compliance with the standards and directives on how to handle risks, and control is exercised through audits by Group Controlling as well as by the Board of Management. The risk management system including the ICS is moreover regularly updated and thus constitutes the basis for the systematic identification, analysis, evaluation, steering, documentation and communication of the various risk types and profiles. The same applies to our compliance programme. We do not tolerate any contravention of applicable law and to that end regularly examine the internal set of rules as well as our own compliance organisation, and seek to improve them.

ORGANISATION OF THE RISK MANAGEMENT SYSTEM

Organisationally, risk management is integrated into the tasks of Group Controlling and ensures that reports are submitted on a regular basis to the Board of Management and the Supervisory Board, or Audit Committee. This organisational structure also makes it possible to identify tendencies and risks early on with the aid of key performance indicators, and thus ensures that the Group Board of Management can immediately implement suitable measures if there is a negative shift.

The objective of the ICS in respect of the financial reporting process is to guarantee with reasonable assurance, through the implementation of controls, that the (Consolidated) Financial Statements conform to the regulations, despite the risks identified. The non-central organisation of the ICS for financial reporting features a uniform, centrally defined reporting structure which, based on the local statutory requirements, is in harmony with the group principles. The subsidiaries report periodically to IFRS standards, for group reporting purposes. Newly established or acquired companies are integrated into this reporting process as swiftly as possible. There are no uniform ERP and bookkeeping systems throughout the entire group, and uniform reporting structures are used to integrate figures into Group Accounting. To guarantee uniform reporting, there exist corporate guidelines such as financial reporting and consolidation manuals, compliance with which is examined in regular compliance audits. At intermittent intervals internal checks on the subsidiaries' financial reporting are performed in situ, examinations and plausibility checks are carried out on a test basis, and at the end of the financial year the local financial statements are audited before they are released for the Consolidated Financial Statements. All measures taken and the ongoing refinement and adjustment of the ICS help to assure the reliability of financial reporting. On the other hand even suitable, functioning systems cannot provide any absolute guarantee that risks will be identified and controlled.

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. For example, to avoid defaults every customer is issued with a general or individual credit limit (which possibly takes into account the amount of trade credit insurance cover) and their payment history is monitored. Receivables are regularly analysed to assess what measures are needed in order to close overdue items, and these are then discussed with the customer. In the case of customers for standard business, the next stage is to announce the suspension of supplies and then to enforce that suspension until the customer is back below the credit limit. In parallel, external sources are used to assess customers' creditworthiness on a regular basis and to adjust the credit limits if necessary. This is also practised after supplies have repeatedly been suspended.

RISK CATEGORISATION

Taking account of the potential impact of a loss and the probability of risks materialising, individual risk potentials are calculated for quantifiable risks. These are then placed in relation to the planned profit for the period (plan EBIT) to obtain the assessment basis for the risk category (risk categories low, medium and high).

technotrans uses this as the basis for classifying its risks for 2013 as

- low if the risk potential is assessed at a value of less than 10 percent of the plan result
- medium if the risk potential is assessed at a value of between 10 and 20 percent of the plan result, and
- high or a threat to the company as a going concern if the risk potential is assessed at a value of more than 20 percent of the plan result.

OPPORTUNITIES AND RISKS REPORT

Future Parameters

The future development of the technotrans Group is influenced by various general parameters such as global economic development, the development of the capital goods industry in general and the development of the printing press industry, the machine tool industry and the laser industry in specific, as well as of other sectors. This growing diversification reduces its dependence on the business cycles of the printing industry, while creating the chance to share in the opportunities offered by various growth markets.

Global Economy

At the turn of 2012/13 the Institute for the World Economy at the University of Kiel (IfW) sees the global economy as dominated by the crisis in the eurozone, the uncertainties surrounding the direction of fiscal policy in the United States and weak economic activity in emerging economies, which had largely driven the global economic recovery after the major downturn. In its forecasts for 2013, it consequently estimates that economic development in the advanced economies will be very weak in the winter half-year of 2012/13, and will subsequently pick up only very slowly.

According to the Munich-based Ifo Institute for Economic Research, there have nevertheless been growing signs of an economic recovery in Germany since the start of 2013: in January, the German economy's confidence index revealed a third successive increase. Bank economists generally interpret three rises in a row as signalling the turning point in economic fortunes. In other words the German economy could climb back out of the trough in the early part of the year. There is also evidence that industry's capacity utilisation, having fallen on three successive occasions, improved again in January; in other words, production is getting going again. Germany is therefore expected to enjoy a mild recovery in the first quarter of 2013, with increased momentum coming later on in the year.

According to Ifo, exports should likewise pick up. This would be good news for German mechanical and plant engineering companies. After a rather weak start to 2013, the VDMA too therefore assumes that the remaining quarters of the current year will offer growth potential and forecasts 2 percent growth for 2013. The driving forces are likely to include rising orders from China, following a dip of 7 percent in 2012, but also from the USA, where the automotive and aviation industries in particular are investing strongly.

Relevant Market

The VDMA (German Engineering Federation) expects growth for 2013 as a whole to reach 2 percent, though this average conceals a broad spread across all the component sub-sectors, with the rates of growth and contraction in some cases running well into double figures. It ascribes its more optimistic overall assessment to the belief that Europe will continue along its chosen path, the demand backlog in important markets – most notably China – will be cleared, and growth will continue in the USA.

Industry experts expect that the positive effects for the offset printing industry will not extend beyond the first quarter, with their books still well filled with orders placed at or after the drupa and the resulting revenue now being realised. Overall, the difficult macroeconomic environment is likely to dominate the first half of 2013 and weigh on the market's further development. A more substantial investment surge is not expected to materialise until the general economic risks have receded permanently.

Risk: As a systems supplier, technotrans still realises a comparatively high proportion of its revenue from the leading printing press manufacturers worldwide, which are undergoing a continuing process of restructuring and capacity-shedding. Economic difficulties for one of these customers or its disappearance from the market would potentially have a considerable impact on the financial position and financial performance of the company in the short term. However, we do not expect any lasting effects because consolidation would probably not exercise any influence on overall sales of printing presses. Among other things based on the experience of recent years, we continue to rate the risk of a major debt default as high, even though the potential volumes have been reduced and our customers' payment history gives no cause for alarm. Wherever possible, we have insured against default losses on receivables and thus further limited the risk.

By contrast, manufacturers in the machine tool and laser market are approaching 2013 more confidently. They too conclude that the global economic climate has cooled and have observed a reticence to invest among customers despite order books being full, which they attribute to the unsettling effect of the eurozone's sovereign debt crisis. Nevertheless, these manufacturers are aiming for further growth because they are well positioned in crucial markets such as China and the USA. They plan to seize their opportunities in an array of regional or technology-specific markets, even if times will if anything become more difficult.

Risk: The actual economic development of the global economy and the German economy, but particularly of the export-oriented investment goods industry, could differ considerably from these forecasts. At the time of compiling this report we rate this risk as moderate and we would moreover be able to adjust the company to changing circumstances at any time at short notice.

Future Development of the Group

2013 will see the technotrans Group's revenue rise back above the € 100 million threshold. KLH Kältetechnik GmbH and its sister companies, in which technotrans acquired a majority interest with effect from January 1, 2013, will be instrumental in these improved fortunes. By continuing to implement our growth strategy systematically, we will make sure that technotrans will develop much more independently of the wider economic environment in future.

In the Technology segment we expect the share of revenue from customers in the printing industry to remain more or less stable. On the conservative scenario we assume that demand for offset presses worldwide will again decline slightly in the 2013 financial year. Growth in emerging markets and in the area of packaging printing is likely to be outweighed by the continuing fall in demand from established markets and the newspaper sector. On the other hand we expect demand for digital and flexographic printing presses to hold up well. We have significantly stepped up our activities in these growth areas in recent years and have built a first significant revenue contribution from some of these projects into our plans for the 2013 financial year.

By contrast, our activities outside the printing industry will again deliver substantial growth in 2013, both from organic effects and as a result of acquisitions. The main contributor will be KLH Kältetechnik. KLH generated revenue of more than € 15 million in the past financial year and we expect it at least to maintain that level in 2013, even amid an uncertain economic environment. KLH is a supplier of industrial cooling systems for use mainly in the laser industry, but also in the machine tool industry and in medical technology. Now that we have brought together the various different performance categories under one roof (low cooling performance from Termotek, medium cooling performance from technotrans, high cooling performance from KLH) the technotrans Group is a full-liner able to offer its customers the right product for every application.

As before, the Board of Management views acquisitions as an appropriate means of accelerating the company's growth more rapidly. It is continually investigating suitable options. The condition is that any targets must offer synergy potential that could then be realised within the context of the technotrans Group. Technologies that would specifically broaden its core skills are also fundamentally of interest.

The organic accessing of new applications for our technologies will again contribute to growth in 2013, for example through the use of spray lubrication in forming technology and of refrigeration and filtration units, e.g. in the machine tool market. This kind of project often involves a lead time of two to three years before tangible revenue can be realised. We will therefore again be working on filling the pipeline in 2013 in order to achieve our growth targets for the next few years.

The Services segment generates a relatively high proportion of overall revenue and thus plays an important part in keeping our business stable. We expect this area to achieve further slight growth in 2013. In the first instance this will come from our subsidiary gds AG, which added translations to its portfolio of services in 2012 through the majority interest in Sprachenwelt GmbH. For classic service business (parts, servicing, installations) we have identified growth potential in markets outside the printing industry, such as the laser market (Termotek, KLH), which could compensate for a possible fall in revenue in the print area due to consolidation in the end user market and the resulting contraction in the installed base. We anticipate that merely through the new group companies using our worldwide service network, we will be able to tap fresh potential.

Overall, our plans envisage the technotrans Group achieving revenue of € 110 million in the 2013 financial year (plus/minus 5 percent). We believe this target appropriately takes into account the opportunities and risks of the new financial year.

Risk: If the economic or industry-specific developments expected or the targets for newly acquired businesses or expectations of newly developed products should prove to be inaccurate, the revenue and therefore also the earnings target could be missed. We assess this risk as moderate.

We expect to achieve an EBIT margin of between 6 and 7 percent from the planned revenue volume. Earnings will ultimately be determined to a great extent by the volume of revenue, but also by how long it takes us to implement all the measures at KLH that will optimise the company's profitability. Another drawback will be the higher personnel costs in the 2013 financial year, along with depreciation and amortisation as a result of purchase price allocation in connection with the most recent investment. As previously, the margin will also come under pressure as a result of the substantial resources that we are investing in the future product pipeline. There is a time lapse between this outlay and realising revenue and profit as a result of it. However we are convinced that we will soon begin to reap rich rewards from this investment in the future growth of the company, and are therefore prepared to bear these costs up front.

Risk: Attainment of the margin targets depends to a very great degree on the planned revenue performance and on keeping costs strictly under control. Unplanned expenses, e.g. for restructuring measures unexpectedly needed or unforeseeable additional quality problems, could also cause major shortfalls. There is no evidence of either at the time of writing this report and we rate the risk as low. In drawing up our plans for the 2013 financial year we have based our estimates on realistic planning assumptions and can if necessary take swift corrective action to exclude these risks as far as possible, or minimise their impact.

The financing of acquisitions prompted a slight rise in borrowings at the start of 2013. Following scheduled repayments we expect the total to be around € 11 million by the end of 2013 (December 31, 2012: € 9.3 million). However the terms agreed are exceptionally favourable, minimising the overall impact on interest expenses for the 2013 financial year. The effective tax rate for the group is expected to be between 29 and 32 percent. The anticipated net income for 2013 should therefore be between € 4.0 and 5.0 million.

The planned profitability should have a positive impact on cash flow, with the result that technotrans will likewise be able to finance operating business and its envisaged investment spending from cash flow in 2013. We expect that the net cash from operating activities will be between € 5.5 and 6.5 million. The free cash flow – after the KLH acquisition – should likewise be positive.

Investment and Finance

technotrans had cash and cash equivalents amounting to € 18.7 million at the December 31, 2012 reporting date. This is ample to be able to finance current business in all group companies. technotrans in addition has unutilised borrowing facilities which, together with the surplus financial resources, provide considerable flexibility for following up strategic options where appropriate. Investment spending continues to be restricted to maintenance investment. The intention is to keep financing this from cash flow.

It is the declared intention of the Board of Management to continue seizing suitable opportunities to accelerate the company's growth through further acquisitions. Depending on the size of the acquisition targets, the use of both external funding and equity instruments would be considered. Our banks have expressed an interest in supporting us if required; on the other hand, in the absence of other additional takeover targets at the time of compiling this report there are as yet no firm pledges.

Risk: A marked deterioration in the financial performance, financial position and net worth, in a departure from the plans for the 2013 financial year, could result in the credit clauses on certain financial ratios (covenants) being broken and in the worst case loans being called in. Based on our plans for 2013, we rate this risk as low.

The prospects for the distribution of a dividend for the 2013 financial year are good: the company has a sound balance sheet structure and the profitability trend is positive. As matters stand we would make a distribution of dividend dependent on plans for any major investment projects that would have a priority claim on financial resources, e.g. a major acquisition, at the time that decision needs to be reached. It remains our intention to resume our dividend policy provided the conditions are right, and distribute half of our consolidated net profit.

Miscellaneous risks: There are fundamentally procurement and purchasing risks such as price stability, availability and quality. This risk is limited by careful management of business processes. There is furthermore the risk that customer expectations with regard to punctuality of delivery or quality will not be met. A large number of processes and mechanisms, such as the quality management system, are intended to anticipate and eliminate such shortcomings. We classify a possible shortage of know-how carriers, for example due to shortages of suitable recruits on the labour market, as personnel risks. A large number of key processes in the company are handled with IT support. This creates typical IT risks, which are countered by means of appropriate processes and precautionary measures.

We rate these risks overall as low.

Future Sales Markets

At the time of compiling this report, technotrans has activities not only in the printing industry, but also e.g. in the laser market and the machine tool industry, which all come under the umbrella of the Technology segment. These markets exhibit a spread of growth rates, which helps to stabilise technotrans' business performance.

As part of the strategy redrafted in 2009, three goals (milestones) were defined. The first milestone specified that the share of revenue from outside the printing industry is to rise to 30 percent within three to five years. The revenue share in the non-print area will already exceed 30 percent in 2013, not least thanks to targeted acquisitions that are accelerating the company's move into those markets. The second milestone envisages returning to "pre-crisis levels of revenue and earnings in the medium term". The benchmark figures here are from the 2007 financial year. Ultimately, the objective of our various activities is to increase revenue in the long term. In addition to these, appropriate measures have been taken to align volume growth with a corresponding improvement in profitability.

In order to gain access to further sales markets, we are focusing on our core skills and specifically addressing niche markets where we can succeed as a system partner to major industrial clients. As part of the process of opening up those markets, we exhibit for example at shows for the relevant target industries. Exhibition appearances planned for 2013 include at the Southern Manufacturing in the UK, and in Germany at the 5th Stamping Technology Congress, the KSS show, the EMO and the BlechExpo.

Risk: The more unknowns (market, customer, technology) there are, the greater the possibility that efforts to launch new products will not be a success. We tackle this risk by conducting a careful analysis of the underlying conditions before developing new products, and by carrying out a meticulous selection process of prototypes; we therefore rate it as low.

We are also continually examining suitable opportunities for acquisitions in order to accelerate the pace of growth. In view of their strategic importance we are investing considerable resources in developing these markets of the future and are convinced that this approach will bring us closer to achieving our growth targets.

Risk: There are a number of risks involved in taking over companies that could impact our financial performance, financial position and net worth. We limit these risks by generally first agreeing a partnership so that we can assess our expectations in practice over a certain period. We also shore up the acquisition's success by then securing the close involvement of the existing management and offering them the motivation of incentive payments as part of the agreed purchase price. We therefore rate this risk in general as low.

We place the spotlight of our Research & Development activities on innovations and optimising our technologies, both for the printing industry and for other sales markets. Projects take shape both in the business units and as independent initiatives in the development department. In addition, our development engineers are in close contact with our customers in an effort to identify immediate needs directly in their everyday production operations, and then to act upon those requirements.

There is a steady stream of developments for our major customers in the printing industry. However in the immediate aftermath of the drupa, the printing industry's biggest industry exhibition, and in view of the prevailing economic environment, the slight decline in development projects is expected to continue in 2013. Capacity will instead be used to promote specific projects outside the printing industry. All in all, we do not expect any significant increase in research and development spending in 2013.

No major purchase price increases are expected for 2013. On the contrary, the enlarged group of consolidated companies means we can if anything expect more favourable terms for some groups of materials. We also have the goal of realising even better purchase prices through optimisation projects e.g. to link up to manufacturers' electronic catalogues. We will also involve suppliers in the process at an even earlier stage, in order to enhance the quality of procurement activities.

Future Projects to Increase Efficiency and Optimise Processes

2013 will see us adhere to the optimisation processes that we have been practising as a regular feature of our company in recent years. Over and above that, we will continue to review our structures and modify them wherever advisable. No measures comparable in scale to those taken during the crisis are currently planned, but can be implemented if necessary.

Risk: Changes to structures or processes harbour the risk of losing employees and their expertise if they are unable to identify with the measures taken and therefore look to move. We counter this risk by involving employees at an early stage, by providing them with comprehensive information, briefings and training, and by spreading individual skills among teams. Overall, we therefore rate this risk as low.

Overall Statement

At the start of 2013 the indications are that the business cycle will be subdued in the first half of the year. Hopes are pinned on a recovery in the second half. We nevertheless start the 2013 financial year with bright prospects. Through the takeover of KLH Kältetechnik GmbH we have significantly extended our base for supplying cooling systems for laser applications and aim to tap further potential in that field, for instance in the markets of the machine tool industry and medical technology. We therefore expect revenue to increase by around 25 percent in 2013, to € 110 million – give or take 5 percent.

These activities will be rounded off by a large number of internal projects that will contribute towards organic growth that could offset a further possible slight contraction in the printing industry.

The Services segment should also have a stabilising effect on business in 2013. The growth of our subsidiary gds AG should be sufficient to compensate for a slight drop in revenue from customers in the printing industry, which is likely to undergo further consolidation.

We moreover anticipate that the profitability of many group companies will continue to improve in the course of the year. In integrating KLH, high priority will be given to exploiting the synergy potential that has already been identified in the sales and service areas, but also for purchasing and production activities, so that all measures to improve the profitability of the new companies are implemented swiftly.

We are planning to achieve an overall EBIT margin of 6 to 7 percent for the group on the basis of the anticipated revenue volume. Compared to 2012, this would represent an increase in the operating result of around 35 percent. Earnings continue to be eroded by the costs of new projects.

The overall risk situation has not changed significantly compared with the previous year and remains manageable. The Board of Management is not aware of any potential economic or legal threat to it as a going concern.

DISCLAIMER

The Group Management Report contains future-related statements. Considerable variation between anticipated 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.

FIGURES ARE THE MOST RELIABLE MEANS OF EVALUATING REALITY.

CONTENTS

FINANCIAL STATEMENT

Consolidated Balance Sheet	98
Consolidated Income Statement	100
Consolidated Cash Flow Statement	102
Statement of Movements in Equity	104
Notes	108
Corporate Bodies	150

FURTHER INFORMATION

Proposal of the appropriation of profit	152
Responsibility Statement	153
Independent Auditors' Report	154
Report of the Supervisory Board	156
The Success Story	158
Corporate Calendar	160

CONSOLIDATED BALANCE SHEET

ASSETS	Note	31/12/2012	31/12/2011	31/12/2010
		€ '000	€ '000	€ '000
Non-current assets				
Property, plant and equipment	1	14,208	15,782	20,349
Investment property	2	0	4,016	0
Goodwill	3	3,134	2,549	0
Intangible assets	4	1,681	1,862	2,053
Income tax receivable	8	224	276	327
Financial assets	5	119	384	651
Deferred tax	27	3,021	3,716	4,311
Total		**22,387**	**28,585**	**27,691**
Current assets				
Inventories	6	13,490	14,030	14,929
Trade receivables	7	8,651	9,985	10,140
Income tax receivable	8	356	394	380
Financial assets	9	613	332	727
Other assets	9	493	1,091	787
Cash and cash equivalents	10	18,715	12,798	13,125
Total		**42,318**	**38,630**	**40,088**
Total assets		**64,705**	**67,215**	**67,779**

EQUITY AND LIABILITIES	Note	31/12/2012	31/12/2011	31/12/2010
		€ '000	€ '000	€ '000
Equity	11			
Issued capital		6,908	6,908	6,908
Capital reserve		12,928	12,928	12,928
Retained earnings		30,231	27,394	27,040
Other reserves		–12,296	–12,958	–14,509
Net profit for the period		3,094	3,019	1,517
Total		**40,865**	**37,291**	**33,884**
Non-current liabilities				
Borrowings	12	6,395	6,819	9,599
Provisions	16	925	1,127	1,112
Other financial liabilities	13	1,271	1,857	212
Deferred tax	27	18	18	10
Total		**8,609**	**9,821**	**10,933**
Current liabilities				
Borrowings	12	2,933	9,742	8,309
Trade payables	14	2,142	3,123	3,138
Prepayments received	15	2,321	1,019	2,457
Provisions	16	4,874	4,404	6,085
Income tax payable	17	201	181	909
Financial liabilities	18	1,064	641	359
Other liabilities	18	1,696	993	1,705
Total		**15,231**	**20,103**	**22,962**
Total equity and liabilities		**64,705**	**67,215**	**67,779**

CONSOLIDATED INCOME STATEMENT

	Note	2012	2011	2010
		€ '000	€ '000	€ '000
Revenue	19	90,662	97,265	85,887
of which Technology		53,733	61,673	51,388
of which Services		36,929	35,592	34,499
Cost of sales	20	–59,010	–66,486	–60,430
Gross profit		**31,652**	**30,779**	**25,457**
Distribution costs	21	–13,459	–14,419	–13,390
Administrative expenses	22	–10,813	–11,469	–10,154
Development costs	23	–2,241	–2,046	–2,467
Other operating income	24	2,101	4,240	5,646
Other operating expenses	25	–1,883	–2,298	–2,056
Earnings before interest and taxes (EBIT)		**5,357**	**4,787**	**3,036**
Financial income		39	37	30
Financial charges		–720	–925	–1,192
Net finance costs	26	**–681**	**–888**	**–1,162**
Profit before tax		**4,676**	**3,899**	**1,874**
Income tax expense	27	–1,582	–880	–357
Net profit for the period		**3,094**	**3,019**	**1,517**
of which:				
Profit attributable to technotrans AG shareholders		3,094	3,019	1,517
Profit/loss attributable to non-controlling interests		0	0	0
Earnings per share (€)	28			
(basic)		0.48	**0.47**	**0.24**
(diluted)		0.48	**0.47**	**0.24**

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Note	2012	2011	2010
		€ '000	€ '000	€ '000
Net profit for the period		**3,094**	**3,019**	**1,517**
Other result	11			
Exchange differences from the translation of foreign group companies		729	178	819
Exchange rate differences from net investments in a foreign business		–382	109	64
Deferred tax		90	–43	0
Change in the amount recognised within equity (net investments in a foreign business)		**–292**	**66**	**64**
Change in the market values of cash flow hedges		–153	–38	4
Amount transferred to the Income Statement		10	0	0
Deferred tax		43	11	–1
Change in the amount recognised within equity (cash flow hedges)		**–100**	**–27**	**3**
Other profit after tax		**337**	**217**	**886**
Overall result for the financial year		**3,431**	**3,236**	**2,403**
of which:				
Profit/loss attributable to technotrans AG shareholders		3,431	3,236	2,403
Profit/loss attributable to non-controlling interests		0	0	0

CONSOLIDATED CASH FLOW STATEMENT

	Note	2012	2011	2010
		€ '000	€ '000	€ '000
Cash flow from operating activities	29			
Net profit for the period		3,094	3,019	1,517
Adjustments for:				
Depreciation and amortisation		2,962	3,193	3,349
Impairment loss acc. to IAS 36		0	0	200
Share-based payment transactions		143	184	194
Income tax expense		1,582	880	357
Gain (-) / loss (+) on the disposal of property, plant and equipment		–108	–109	–39
Foreign exchange losses (+) / gains (-)		465	25	–190
Financial income		–39	–37	–30
Financial charges		720	925	1,192
Cash flow from operating activities before working capital changes		**8,819**	**8,080**	**6,550**
Change in:				
receivables and other current assets		1,903	1,212	715
inventories		540	2,356	1,317
other non-current assets		959	267	–30
liabilities		–152	–2,388	–1,040
provisions		215	–1,843	–531
Cash from operating activities		**12,284**	**7,684**	**6,981**
Interest income		27	22	30
Interest expense		–638	–820	–896
Income taxes paid / income tax rebates		–694	–1,018	1,303
Net cash from operating activities		**10,979**	**5,868**	**7,418**

	Note	2012	2011	2010
		€ '000	€ '000	€ '000
Cash flow from investing activities	30			
Cash payments for investments in property, plant and equipment and in intangible assets		–1,427	–1,405	–1,254
Cash payments for the acquisition of consolidated companies		–762	–1,016	0
Proceeds from the sale of property, plant and equipment		4,382	159	123
Net cash used for investing activities		**2,193**	**–2,262**	**–1,131**
Cash flow from financing activities	31			
Cash receipts from the raising of short-term and long-term loans		3,300	0	3,000
Cash payments for the acquisition of non-controlling interests		0	–316	0
Cash payments from the repayment of loans		–10,533	–3,831	–6,765
Net cash used in financing activities		**–7,233**	**–4,147**	**–3,765**
Net effect of currency translation in cash and cash equivalents		–22	214	329
Net increase/decrease in cash and cash equivalents		5,917	–327	2,851
Cash and cash equivalents at start of period		12,798	13,125	10,274
Cash and cash equivalents at end of period	10, 32	**18,715**	**12,798**	**13,125**

STATEMENT OF MOVEMENTS IN EQUITY

(SEE NOTES, SECTION 11)	Issued capital	Capital reserve	Retained earnings	Other reserves: Exchange differences	Other reserves: Reserve for exchange rate differences from the financing of investments	Other reserves: Hedging reserve	Other reserves: Treasury shares	Group equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
01/01/2010	**6,908**	**40,322**	**–136**	**–5,996**	**–1,219**	**–12**	**–8,580**	**31,287**
Overall result for the financial year								
Net profit for the period	0	0	1,517	0	0	0	0	1,517
Other result								
Exchange differences from the translation of foreign group companies	0	0	0	819	0	0	0	819
Exchange rate differences from the net investment in a foreign business	0	0	0	0	64	0	0	64
Change in the fair value of cash flow hedges	0	0	0	0	0	3	0	3
Other result	**0**	**0**	**0**	**819**	**64**	**3**	**0**	**886**
Overall result for the financial year	**0**	**0**	**1,517**	**819**	**64**	**3**	**0**	**2,403**
Withdrawal from the capital reserve of technotrans AG	0	–27,394	27,394	0	0	0	0	0
Transactions with shareholders of technotrans AG								
Issuance of treasury shares	0	0	–218	0	0	0	412	194
Transactions with shareholders of technotrans AG	**0**	**0**	**–218**	**0**	**0**	**0**	**412**	**194**
31/12/2010 / 01/01/2011	**6,908**	**12,928**	**28,557**	**–5,177**	**–1,155**	**–9**	**–8,168**	**33,884**
Overall result for the financial year								
Net profit for the period	0	0	3,019	0	0	0	0	3,019
Other result								
Exchange differences from the translation of foreign group companies	0	0	0	178	0	0	0	178
Exchange rate differences from the net investment in a foreign business	0	0	0	0	66	0	0	66
Change in the fair value of cash flow hedges	0	0	0	0	0	–27	0	–27
Other result	**0**	**0**	**0**	**178**	**66**	**–27**	**0**	**217**
Overall result for the financial year	**0**	**0**	**3,019**	**178**	**66**	**–27**	**0**	**3,236**
Acquisition of minority interests not leading to a change in control	0	0	–285	0	0	0	0	–285
Transactions with shareholders of technotrans AG								
Issuance of treasury shares	0	0	–878	0	0	0	1,334	456
Transactions with shareholders of technotrans AG	**0**	**0**	**–878**	**0**	**0**	**0**	**1,334**	**456**
31/12/2011	**6,908**	**12,928**	**30,413**	**–4,999**	**–1,089**	**–36**	**–6,834**	**37,291**

STATEMENT OF MOVEMENTS IN EQUITY (CONTINUED)

(SEE NOTES, SECTION 11)	Issued capital	Capital reserve	Retained earnings	Other reserves: Exchange differences	Other reserves: Reserve for exchange rate differences from the financing of investments	Other reserves: Hedging reserve	Other reserves: Treasury shares	Group equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
31/12/2011 / 01/01/2012								
Overall result for the financial year	**6,908**	**12,928**	**30,413**	**–4,999**	**–1,089**	**–36**	**–6,834**	**37,291**
Net profit for the period	0	0	3,094	0	0	0	0	3,094
Other result								
Exchange differences from the translation of foreign group companies	0	0	0	729	0	0	0	729
Exchange rate differences from the net investment in a foreign business	0	0	0	0	–292	0	0	–292
Change in the fair value of cash flow hedges	0	0	0	0	0	–100	0	–100
Other result	**0**	**0**	**0**	**729**	**–292**	**–100**	**0**	**337**
Overall result for the financial year	**0**	**0**	**3,094**	**729**	**–292**	**–100**	**0**	**3,431**
Transactions with shareholders of technotrans AG								
Issuance of treasury shares	0	0	–182	0	0	0	325	143
Transactions with shareholders of technotrans AG	**0**	**0**	**–182**	**0**	**0**	**0**	**325**	**143**
31/12/2012	**6,908**	**12,928**	**33,325**	**–4,270**	**–1,381**	**–136**	**–6,509**	**40,865**

NOTES

SEGMENT REPORT BY DIVISION		Technology	Services	Consolidated/ not allocated	Group
		€ '000	€ '000	€ '000	€ '000
External revenue	**2012**	53,733	36,929	0	90,662
	2011	61,673	35,592	0	97,265
	2010	51,388	34,499	0	85,887
Internal revenue	**2012**	6,027	7,011	–13,038	0
	2011	7,456	6,904	–14,360	0
	2010	8,378	7,343	–15,721	0
Inter-segment revenue	**2012**	0	1,049	–1,049	0
	2011	0	957	–957	0
	2010	0	874	–874	0
Segment result	**2012**	–762	6,119	0	5,357
	2011	–897	5,684	0	4,787
	2010	–2,554	5,590	0	3,036
Segment assets	**2012**	28,901	13,311	22,493	64,705
	2011	33,338	16,693	17,184	67,215
	2010	31,402	18,234	18,143	67,779
Investment	**2012**	1,214	213	0	1,427
	2011	959	446	0	1,405
	2010	750	504	0	1,254
Depreciation and amortisation	**2012**	2,243	719	0	2,962
	2011	2,093	1,100	0	3,193
	2010	2,080	1,269	0	3,349
Impairment loss acc. to IAS 36	**2012**	0	0	0	0
	2011	0	0	0	0
	2010	200	0	0	200

I. APPLICATION OF IFRS – BASIC NOTES

technotrans AG is a publicly traded corporation domiciled in Sassenberg, Germany. These Consolidated Financial Statements of technotrans AG and its subsidiaries (the "group") at December 31, 2012 were approved for presentation to the Supervisory Board by resolution of the Board of Management of March 1, 2013. The task of the Supervisory Board is to examine the Consolidated Financial Statements and declare whether it will sign off the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared on the basis of Section 315a of German Commercial Code ("Consolidated financial statements to international financial reporting standards") in accordance with the International Financial Reporting Standards (IFRS) and the accompanying interpretations of the International Accounting Standards Board (IASB). All standards the application of which is mandatory, 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) CONSOLIDATED COMPANIES

technotrans AG and all companies (17 subsidiaries) that technotrans AG controls directly or indirectly are included and fully consolidated in the Consolidated Financial Statements. technotrans AG is deemed to exercise control over a company if it holds more than half the voting rights in it or is able to determine the financial and business policy of a company in other ways, such as to derive benefit from its activity. The balance sheet date for all companies included in the Consolidated Financial Statements is December 31.

COMPANY	Domicile		Interest	Equity*	Revenue*	Profit after tax*
			%	€ '000	€ '000	€ '000
technotrans AG (Sassenberg and Gersthofen)	**D**	**Sassenberg**	**Parent company**	**36.925**	**60.519**	**1.817**
Termotek AG	D	Baden-Baden	100	1,732	9,172	685
gds AG	D	Sassenberg	100	2,692	4,289	225
gds-Sprachenwelt GmbH	D	Hünfeld	51	242	540	81
gds Schweiz GmbH	CH	Regensdorf	51	24	429	1
ISD GmbH	CH	Regensdorf	100**	–24	21	–16
technotrans graphics limited	GB	Colchester	100	2,608	3,542	150
technotrans france s.a.r.l, (Saint-Maximin + Madrid)	F	Saint-Maximin	100	1,358	4,665	80
technotrans italia s.r.l.	I	Legnano	100	861	2,309	76
technotrans scandinavia AB	S	Åkersberga	100	8,058	0	–88
technotrans america, Inc.	USA	Mt. Prospect	100	3,460	8,694	506
technotrans américa latina ltda.	BR	Sao Paulo	100	–2,323	1,634	–126
technotrans Asia pacific limited (Hong Kong + Tokyo)	PRC	Hong Kong	100	–1,652	2,291	–25
technotrans printing equipment, (Beijing) co. Ltd.	PRC	Beijing	100	–316	1,904	20
technotrans trading (Shanghai) co. Ltd.	PRC	Shanghai	100	–35	630	22
technotrans technologies pte ltd. (Singapore and Melbourne)	SGP	Singapore	100	465	1,804	23
technotrans middle east FZ-LLC	V.A.E.	Dubai	100	421	1,052	32
technotrans india pvt ltd	IN	Chennai	100	–20	273	2

* EQUITY, REVENUE AND PROFIT AFTER TAX HAVE BEEN TAKEN FROM THE IFRS PACKAGES OF EACH SUBSIDIARY (PRIOR TO CONSOLIDATION).

** INDIRECT INTEREST HELD VIA GDS-SPRACHENWELT GMBH

On September 1, 2012 gds AG acquired 51.0 percent of the shares or voting rights in – and therefore control of – the translation services company Sprachenwelt GmbH, Hünfeld. At the same time gds AG acquired an indirect interest in the fully owned subsidiary of the acquiree, ISD GmbH. By way of counter-performance, gds AG granted the sellers a fixed payment of € 428 thousand. The acquisition of the company broadens the range of services that gds AG is able to offer.

A call/put option with an expiry date of December 31, 2017 was agreed at the time of acquisition for the remaining 49 percent of the shares. The call/put option contains identical rights for both buyer and seller. The purchase agreement contains a potential, measurable payment obligation for these shares. This conditional purchase price payment was discounted and the amount of € 295 thousand recognised as a liability at the time of acquisition because exercise of the option is considered probable.

The acquired companies contributed € 360 thousand towards consolidated revenue. Their contribution to the net profit for the period was € 65 thousand. The companies were included in consolidation from the date of their acquisition. Over the full financial year, the companies generated revenue of € 1,610 thousand and net income of € 108 thousand.

The goodwill of € 585 thousand is based on the company's profitability and the non-identifiable intangible assets, which were not recognised separately. Purchase price allocation has been completed. The goodwill is not deductible for income tax purposes.

The incidental costs of € 7 thousand were recognised in the Income Statement. The receivables at the time of acquisition essentially comprise trade receivables with a fair value of € 156 thousand, which are expected to be fully recoverable.

The acquisition of this company had the following effects on the Consolidated Financial Statements of technotrans AG:

	Carrying amount before acquisition	Adjustments	Fair value
	€ '000	€ '000	€ '000
Intangible assets	22	0	22
Property, plant and equipment	27	0	27
Receivables and other assets	161	0	161
Cash and cash equivalents	110	0	110
Liabilities	– 182	0	– 182
Identifiable assets and debts	**138**	**0**	**138**
Goodwill			585
Cost of acquisition			**723**
of which paid			428
of which not paid (call/put option)			295
Total			**723**
Cash and cash equivalents acquired			– 110
Net cash outflow			318

The shares of technotrans rus OOO were disposed of on October 1, 2012. The company was deconsolidated in the financial year under review. In connection with its deconsolidation a loss of € 32 thousand was realised and is reported under other operating expenses.

On December 12, 2012 and with effect from January 1, 2013, technotrans AG acquired 65 percent of the shares in each of KLH Kältetechnik GmbH, Bad Doberan (Germany), KLH Cooling International Pte., Singapore (Singapore), and Taicang KLH Cooling Systems Co. Ltd, Taicang (PR China). A fixed purchase price of EUR 4,000 thousand was contractually agreed, along with a purchase price component that is dependent on the earnings performance for the years 2013 to 2017. The value of the conditional payment obligations discounted at the reporting date is € 743 thousand. At the time of writing, drafting of the companies' opening balance sheets had not yet been completed. Purchase price allocation will be completed in the 2013 financial year.

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 at December 31, 2012.

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 cash components paid and the liabilities arising and acquired at the time of acquisition. 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 positive differences remaining after purchase price allocation are recognised as goodwill. Goodwill is recognised as an asset and subjected to an impairment test annually. The costs associated with the business combination are recognised as an expense when they arise.

All intra-group receivables and liabilities, revenues, expenses and income as well as balances from intra-group supplies are eliminated on consolidation. Where necessary, deferred taxes are stated for consolidation processes affecting income.

C) RECOGNITION AND MEASUREMENT PRINCIPLES

With the exception of certain financial instruments that are reported at fair value, the Consolidated Financial Statements are prepared based on historical cost.

Estimates and Judgments Made for Financial Reporting Purposes

The preparation of the Consolidated Financial Statements in accordance with IFRS requires the Board of Management to make estimates and assumptions which exercise influence on the amounts reported and the disclosures made on them in the Notes. All estimates and assumptions are made to the best of our knowledge, in the interests of providing a true and fair view of the net worth, financial position and financial performance of the group. Such estimates and assumption-based policies involve uncertainty and may change in the course of time. 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.

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 concern the following matters in particular:

1) Accounting of Acquisitions

Goodwill is reported in the Consolidated Balance Sheet following acquisitions. Upon the initial consolidation of an acquisition, all identifiable assets, liabilities and potential liabilities are stated at their fair value at the date of acquisition. Assets such as land, buildings, and plant and equipment are normally measured on the basis of independent appraisals, while the fair value of an intangible asset is determined internally according to its nature and the complexity of its measurement, applying an appropriate measurement technique. The assumptions made here are regularly subject to forecasting uncertainty. Sprachenwelt GmbH was acquired in the 2012 financial year. Fair values for its assets and liabilities were established as part of the initial consolidation process. The balance remaining after purchase price allocation is reported as goodwill. There is in addition goodwill as a result of the investment in Termotek AG in 2011. Goodwill is tested for impairment once a year or whenever any basis for impairment is identified. With regard to "key exercises of judgment in the context of financial reporting for 2012", see the Notes, Section 3 "Goodwill".

2) Assessment of the Value of Assets

At each balance sheet date the Board of Management is to assess whether there is any indication that the carrying amount of an item of property, plant and equipment or an intangible asset might be impaired. In that case, the recoverable amount of the asset in question is estimated. The recoverable amount corresponds to the higher of the fair value less the costs of disposal, or the value in use. In order to determine the value in use, the discounted future cash flows of the asset in question need to be determined. This estimate involves key assumptions about the underlying economic situation and future cash flows. Changes to these assumptions or circumstances could result in additional reductions for impairment in the future, or in reversals. With regard to "key exercises of judgment in the context of financial reporting for 2012", see the Notes, Section 1 "Property, plant and equipment" and Section 2 "Investment property".

3) Recognition and Measurement of Provisions

The determination of all provisions, and in particular of provisions for warranties and for impending losses from long-term rental agreements, inherently involves estimates. With regard to "key exercises of judgment in the context of financial reporting for 2012", see the Notes, Section 16 "Provisions".

4) Income Tax Expense

Because the group has operations and generates income in many different countries, it is subject to widely varying tax laws in a large number of tax regimes. Although the management believes it has made a reasonable estimate of fiscal imponderables, there can be no assurance that the outcome of such fiscal imponderables will correspond to the original estimate. Any differences could have an impact on the tax liabilities and the deferred taxes. At every balance sheet date, the Board of Management assesses whether the realisability of future tax benefits is sufficiently probable for the reporting of deferred tax assets. This requires the management among other things to assess the tax benefits that arise from the available tax planning strategies and future taxable income. The deferred tax assets reported could decrease if the estimates of planned taxable income are reduced or if changes to current tax laws restrict the realisability of future tax benefits.

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 historical cost less depreciation and accumulated impairment losses. Retrospective costs of acquisition are capitalised where they increase the value of the property, plant and equipment. 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. Regular maintenance and repair costs are recorded as an expense after they have occurred.

Apart from land, items of property, plant and equipment are depreciated according to the straight-line method, on the basis of their useful life. The 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. Upon sale or retirement, the costs and the corresponding accumulated depreciation for the assets are derecognised from the Balance Sheet; any gains or losses arising are recognised in the Income Statement.

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT	Years
Buildings	25 to 50
Land improvements, fixtures and fittings	10 to 15
Tools, plant and equipment	3 to 10
Hardware, vehicle fleet	3 to 5

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, this impairment is reversed at most by the net carrying amount that would have applied if no such reductions for impairment had been made.

Investment property pursuant to IAS 40 is recognised at amortised cost. This is a property that is not used for operational purposes and serves exclusively as a source of rental income and capital gains. This property is depreciated according to the straight-line method in accordance with its useful life, over 33 years. The property was disposed of in the year under review.

The reported **goodwill** constitutes the difference between the purchase price and the estimated market value of the net assets acquired through business combinations. 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 at the level of the cash-generating unit. Insofar as necessary, the carrying amount is reduced to the "recoverable amount". Pursuant to IAS 36.124, such impairment is not reversed where the circumstances which led to it subsequently cease to apply.

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 are recognised at cost. Development expenditure on the fundamental reengineering of a product is capitalised if the product is technically and economically realisable, the development is saleable, the expenditure can reliably be measured and the group possesses adequate resources to complete the development project. Pursuant to IAS 38.65 ff, it comprises 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 impairment of intangible assets to the "recoverable amount".

The **taxes** for the period comprise current and deferred taxes. Taxes are recognised in the Income Statement unless they refer to items that are recognised directly within equity or the other result. In such cases, the corresponding taxes are likewise recognised within equity or the other result. In accordance with IAS 12, **deferred taxes** are accounted for using the balance sheet liability method in respect of temporary differences between the carrying amounts in the Commercial Balance Sheet and the Tax Balance Sheet (liability method) and in respect of tax loss carryforwards for creditable tax. Deferred tax assets for temporary differences as well as tax loss carryforwards are only reported to the extent that it is probable that sufficient taxable income will be available in the future to make use of these. 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.

Deferred tax assets and liabilities are also recognised on temporary differences arising from business combinations, except for temporary differences on goodwill where the latter are fiscally disregarded. Deferred tax assets and liabilities are offset if a right to perform offsetting exists and the item relates to income taxes levied by the same taxation authorities and for the same company.

The **inventories** recognised are always measured 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 direct costs of material and direct costs of labour, as well as allocable fixed and variable production overheads arising in the manufacturing process, by way of target costing.

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.

Trade receivables and other current receivables are fundamentally reported at amortised cost, using the effective interest rate method. Reductions for impairment that are applied in the form of individual and group portfolio-based valuation allowances take adequate account of the credit risk. Objective failures result in the derecognition of the receivable in question. 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. They comprise cash on hand and demand deposits, as well as financial assets that can be converted into cash at any time.

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

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 retained earnings.

Liabilities are fundamentally recognised at amortised cost. Liabilities in foreign currency are translated in accordance with IAS 21.21 and 23 (a). Borrowings 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 measured at the likely amount at which settlement will take place. Long-term provisions are discounted.

Provisions for warranties are created at the time of sale of the goods in question. Their level is based on past developments in warranties and on a consideration of all possible future warranty claims, weighted according to probability.

Provisions for impending losses from unfavourable contracts are formed if the economic benefit expected to result from the contract is less than the unavoidable costs for the fulfilment of the contract.

Provisions for pensions and provisions for similar obligations are measured according to 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, 2012. Where they qualify as cash flow hedges, the correspondingly effective adjustments to the market price are recognised within equity, with no effect on income. Financial instruments are reported if technotrans is a party to the contractual provisions of the financial instrument. Financial assets are reported at the settlement date except in the case of derivative financial instruments, which are reported at the trade date.

Revenues from the sale of goods are recognised in accordance with IAS 18.14 as soon as the significant risks and rewards associated with ownership of the products sold have been transferred to the buyer. Revenues from services are recognised as soon as the service has been performed.

Revenue is reported less reductions in proceeds such as bonuses, rebates and trade discounts.

Financial income and charges are reported on an accrual basis in line with the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or manufacture of a qualifying asset are capitalised as part of the cost of that asset pursuant to IAS 23. No financing costs were capitalised in the 2012 financial year.

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 conducted 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 current rate, approximating to 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		
	2012	2011	2010	**31/12/2012**	31/12/2011	31/12/2010
USD	**1.2850**	1.3923	1.3257	**1.3194**	1.2937	1.3362
JPY	**102.4903**	110.9696	116.2400	**113.6100**	100.1000	108.6500
GBP	**0.8110**	0.8679	0.8578	**0.8161**	0.8369	0.8607
SEK	**8.7048**	9.0305	9.5373	**8.5820**	8.9210	8.9655
CNY	**8.0905**	9.0010	8.9712	**8.2207**	8.2162	8.8220
HKD	**9.9671**	10.8390	10.2994	**10.2260**	10.0510	10.3856
CHF	**1.2053**	1.2329	1.3803	**1.2072**	1.2164	1.2504
BRL	**2.4930**	2.3205	2.3314	**2.7036**	2.4188	2.2177
AED	**4.7441**	5.1536	4.9113	**4.8428**	4.7974	4.9615
RUB	**39.9349**	40.8927	40.2629	**40.3295**	41.7050	40.8200
INR	**68.6051**	65.0803	60.5878	**72.5600**	70.4508	59.7580

CHANGES IN RECOGNITION AND MEASUREMENT PRINCIPLES

The Consolidated Financial Statements of technotrans AG at December 31, 2012 include all standards and interpretations adopted by the European Union, the application of which is mandatory from January 1, 2012.

The following standard was to be applied for the first time:

STANDARD/INTERPRETATION	**Applicable from** (financial years starting on or after ...)	**Content**	**Effects on Consolidated Financial Statements**
Amendment to **IFRS 7:** Financial Instruments	**July 1, 2011**	The amendments to IFRS 7 concern enhanced disclosures about transfers of financial assets.	No significant

During the 2012 financial year the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) published further standards, interpretations and amendments to existing standards, the application of which was not yet mandatory in the 2012 financial year.

The following standards as adopted by the European Union by December 31, 2012 have not yet been observed in these accounts:

STANDARD/INTERPRETATION	**Applicable from** (financial years starting on or after ...)	**Content**	**Effects on Consolidated Financial Statements**
Amendment to **IAS 1:** presentation of matters in other comprehensive income	**July 1, 2012**	The amendments to IAS 1 concern the presentation of other comprehensive income within the Statement of Recognised Income and Expense.	Minor changes to presentation
Amendment to **IFRS 7**: Financial Instruments	**January 1, 2013**	The amendments to IFRS 7 concern disclosures regarding the netting of financial assets and financial liabilities.	No significant
IFRS 13: Fair Value Measurement	**January 1, 2013**	This standard provides a standard framework for measuring fair value measurement in IFRS financial statements.	No significant
IAS 19: Employee Benefits	**January 1, 2013**	The amendments to IAS 19 concern the disclosure standards and how to account for the actuarial gains and losses.	No significant
Amendment to **IFRS 1:** Hyperinflation and Amendment of Fixed Transition Dates for First-time Adopters	**January 1, 2013**	The amendment contains rules for enterprises whose currency was subject to hyperinflation.	None
Amendment to **IAS 12:** Recovery of underlying assets	**January 1, 2013**	The amendments deal with how temporary fiscal differences in connection with investment property are reversed.	No significant
IFRIC 20	**January 1, 2013**	This interpretation seeks to standardise the accounting of stripping costs for a surface mine.	None
IFRS 10: Consolidated Financial Statements	**January 1, 2013**	This standard comprehensively redefines the concept of control.	No significant
IFRS 11: Joint Arrangements	**January 1, 2014**	IFRS 11 redefines the accounting of joint arrangements.	None
IFRS 12: Disclosure of Interests in Other Entities	**January 1, 2014**	This standard regulates the disclosure requirements for interests in other entities.	No significant
Amendment to **IAS 27:** Separate Financial Statements	**January 1, 2014**	The amendments to IAS 28 transfer the rules on the principle of control and the requirements for the preparation of consolidated financial statements to IFRS 10	No significant
Amendment to **IAS 28:** Accounting for Investments in Associates and Joint Ventures	**January 1, 2014**	The amendments contain disclosures on the application of the equity method.	None
Amendment to **IAS 32:** Offsetting Financial Assets and Liabilities	**January 1, 2014**	The addition to IAS 32 clarifies the conditions for offsetting financial instruments.	No significant

III. NOTES TO THE CONSOLIDATED BALANCE SHEET

1 PROPERTY, PLANT AND EQUIPMENT

	Property*	Other assets, plant and other equipment	Construction in progress	Property, plant and equipment
	€ '000	€ '000	€ '000	€ '000
Cost at January 1, 2010	**25,474**	**15,598**	**24**	**41,096**
Foreign currency translation differences	57	192	0	249
Additions	22	921	21	964
Disposals	–68	–657	0	–725
Transfers	0	23	–23	0
Cost at December 31, 2010/January 1, 2011	**25,485**	**16,077**	**22**	**41,584**
Foreign currency translation differences	6	54	0	60
Additions from corporate acquisition	0	887	0	887
Additions	170	746	0	916
Disposals due to reporting change to investment property	–6,719	0	0	–6,719
Disposals	0	–884	0	–884
Transfers	0	22	–22	0
Cost at December 31, 2011/January 1, 2012	**18,942**	**16,902**	**0**	**35,844**
Foreign currency translation differences	–22	–15	0	–37
Additions from corporate acquisition	0	27	0	27
Additions	48	633	0	681
Disposals	–53	–1,761	0	–1,814
Cost at December 31, 2012	**18,915**	**15,786**	**0**	**34,701**

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

The disposals within other assets, plant and other equipment mainly comprise replacement purchases as well as disposals in connection with the sale of the property in Gersthofen.

	Property*	Other assets, plant and other equipment	Construction in progress	Property, plant and equipment
	€ '000	€ '000	€ '000	€ '000
Accumulated depreciation at January 1, 2010	**8,260**	**10,851**	**0**	**19,111**
Foreign currency translation differences	22	109	0	131
Depreciation for the year	803	1,626	0	2,429
Disposals	–65	–571	0	–636
Impairment loss acc. to IAS 36	200	0	0	200
Accumulated depreciation at December 31, 2010/January 1, 2011	**9,220**	**12,015**	**0**	**21,235**
Foreign currency translation differences	10	51	0	61
Depreciation for the year	754	1,481	0	2,235
Disposals due to reporting change to investment property	–2,635	0	0	–2,635
Disposals	0	–834	0	–834
Accumulated depreciation at December 31, 2011/January 1, 2012	**7,349**	**12,713**	**0**	**20,062**
Foreign currency translation differences	–19	–8	0	–27
Depreciation for the year	709	1,234	0	1,943
Disposals	–43	–1,442	0	–1,485
Accumulated depreciation at December 31, 2012	**7,996**	**12,497**	**0**	**20,493**
Residual carrying amounts at December 31, 2010	**16,265**	**4,062**	**22**	**20,349**
Residual carrying amounts at December 31, 2011	**11,593**	**4,189**	**0**	**15,782**
Residual carrying amounts at December 31, 2012	**10,919**	**3,289**	**0**	**14,208**

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

As in previous years, no self-constructed assets were capitalised in the 2012 financial year. No write-downs or reversals were performed in the year under review. Property amounting to € 10,919 thousand belonging to the group is used as collateral for long-term loans (cf. Section 12 "Borrowings").

2 INVESTMENT PROPERTY

	€ '000
Cost	
Position at January 1, 2011	**0**
Additions due to reporting change to investment property	6,719
Position at December 31, 2011/January 1, 2012	**6,719**
Disposals	– 6,719
Position at December 31, 2012	**0**
Accumulated depreciation	
Position at January 1, 2011	**0**
Additions due to reporting change to investment property	2,635
Depreciation for the year	68
Position at December 31, 2011/December 31, 2012	**2,703**
Additions	0
Depreciation for the year	70
Position at December 31, 2012	**0**
Residual carrying amount at December 31, 2011	**4,016**
Residual carrying amount at December 31, 2012	**0**

As a result of the concentration of manufacturing activities at Sassenberg, the industrial property in Gersthofen was no longer used for the group's own business activities. From January 1, 2011 the property was therefore classified as a financial investment as defined in IAS 40. The property was disposed of on November 30, 2012. At the time of disposal the carrying amount calculated at amortised cost was € 3,946 thousand.

Pro rata rental income totalling € 151 thousand was realised from the investment property in the 2012 financial year. On the other hand there were expenses of € 138 thousand.

3 GOODWILL

	€ '000
Cost at January 1, 2011	**0**
Additions from corporate acquisition	2,549
Cost at December 31, 2011/January 1, 2012	**2,549**
Additions from corporate acquisition	585
Cost at December 31, 2012	**3,134**
Accumulated impairment at December 31, 2011	**0**
Accumulated impairment at December 31, 2012	**0**
Residual carrying amounts at December 31, 2011	**2,549**
Residual carrying amounts at December 31, 2012	**3,134**

The following table shows the residual carrying values of technotrans goodwill at December 31, 2012:

	2012	2011	2010
	€ '000	€ '000	€ '000
Technology segment: laser cooling	2,549	2,549	0
Services segment: translation services	585	0	0
Total	**3,134**	**2,549**	**0**

The goodwill amounting to € 2,549 thousand for the Laser Cooling cash-generating unit in the Technology segment results from the acquisition of the shares in Termotek AG with effect from January 7, 2011.

An additional goodwill amount of € 585 thousand was recognised as an asset in connection with the acquisition of Sprachenwelt GmbH on September 1, 2012. This goodwill is allocated to the Translation Services cash-generating unit in the Services segment.

Both cash-generating units were tested for impairment according to IAS 36.10 in the 2012 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 for goodwill was the budget for 2013 and revenue trends for the 2014 to 2017 financial years of the respective cash-generating units. For the Laser Cooling cash-generating unit an average growth trend of 10.0 percent (revenue) and 11.7 percent (EBIT) was assumed for the years 2014 to 2017, and for the Translation Services cash-generating unit a trend averaging 8.5 percent (revenue) and 10.9 percent (EBIT). No separate revenue plans for the cash-generating units in question were drawn up for subsequent financial years; instead, further average revenue growth rates of a constant 1.5 percent (long-term market trend for the laser industry and for translation services) were assumed for both cash-generating units. Furthermore, the costs (materials, personnel and other costs) for each cash-generating unit were estimated on the basis of assumptions for the forecasting period; cost increases were suitably taken into account.

Discounting of the anticipated cash flows is based on a weighted pre-tax cost-of-capital rate of 10.9 percent.

A 2 percent increase in the weighted pre-tax cost-of-capital rate and a simultaneous halving of the growth rates means there is no need for amortisation. Nor is there any need for amortisation in a scenario where both revenue and EBIT do not exhibit any growth.

4 INTANGIBLE ASSETS

	Concessions, industrial and similar rights	Development expenditure recognised as an intangible asset	Intangible assets
	€ '000	€ '000	€ '000
Cost at January 1, 2010	**14,224**	**6,370**	**20,594**
Foreign currency translation differences	70	0	70
Additions			
acquired separately	175	0	175
from internal development	115	0	115
Disposals	0	0	0
Cost at December 31, 2010/January 1, 2011	**14,584**	**6,370**	**20,954**
Foreign currency translation differences	19	7	26
Additions			
from corporate acquisition	20	185	205
acquired separately	300	0	300
from internal development	0	189	189
Disposals	–1,254	0	–1,254
Cost at December 31, 2011/January 1, 2012	**13,669**	**6,751**	**20,420**
Foreign currency translation differences	–4	–4	–8
Additions			
from corporate acquisition	23	0	23
acquired separately	136	0	136
from internal development	0	610	610
Disposals	–155	–29	–184
Cost at December 31, 2012	**13,669**	**7,328**	**20,997**
Accumulated amortisation at January 1, 2010	**11,574**	**6,370**	**17,944**
Foreign currency translation differences	37	0	37
Amortisation for the year	920	0	920
Accumulated amortisation at December 31, 2010/January 1, 2011	**12,531**	**6,370**	**18,901**
Foreign currency translation differences	13	7	20
Amortisation for the year	853	38	891
Disposals	–1,254	0	–1,254
Accumulated amortisation at December 31, 2011/January 1, 2012	**12,143**	**6,415**	**18,558**
Foreign currency translation differences	–3	–4	–7
Amortisation for the year	854	95	949
Disposals	–155	–29	–184
Accumulated amortisation at December 31, 2012	**12,839**	**6,477**	**19,316**
Residual carrying amounts at December 31, 2010	**2,053**	**0**	**2,053**
Residual carrying amounts at December 31, 2011	**1,526**	**336**	**1,862**
Residual carrying amounts at December 31, 2012	**830**	**851**	**1,681**

Investment in intangible assets increased as planned in the 2012 financial year. Compared to 2010, amortisation was relatively stable and consisted primarily of amortisation of the SAP software.

Intangible assets arising from development activities are capitalised pursuant to IAS 38 if it is probable that future economic advantage will accrue from the use of the asset and the costs of the asset can be reliably determined. technotrans AG and Termotek AG capitalised intangible assets which are the result of development activities amounting to € 610 thousand in the financial year (2011: € 189 thousand, 2010: € 0 thousand). The items capitalised were predominantly development projects for products outside the printing industry. The priorities were the development of a new control unit for cooling equipment, filtration techniques for application in the machine tools industry and a newly developed spray lubrication technique for use in forming technology.

Due to nonfulfilment of the requirements for recognition as stated in IAS 38.57, costs amounting to € 2,241 thousand (2011: € 2,046 thousand, 2010: € 2,467 thousand) were recognised as an expense.

The spotlight of activities in 2012 was on optimising the energy efficiency of various products from the ranges of dampening solution circulators and ink roller temperature control units and with a view to realising cost savings in their designs and production technology. Another major area involved defining and creating customer-specific applications using the established technologies, and revising and optimising the current product range's refrigeration and control technology.

Projects in technotrans' traditional sales markets are being pursued, along with a large number of projects for its new markets. For example various temperature control solutions for digital printing presses have been developed; as in the previous year, development work also focused on applications for machine tools and laser applications. Systems in the area of filtration technology were successfully developed and have already positioned in the relevant market.

Adapting technology from printing industry applications for use in other areas that are new to technotrans underlines the company's hard-and-fast plans to generate future growth outside the printing industry.

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 is 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, distribution costs, general administrative expenses and development costs by means of cost centre accounting.

5 FINANCIAL ASSETS

	31/12/2012	31/12/2011	31/12/2010
	€ '000	€ '000	€ '000
Partial retirement bankruptcy cover	80	211	448
Rent deposits	39	173	102
Other	0	0	101
	119	**384**	**651**

To provide cover in the event of bankruptcy pursuant to Section 8a of German Partial Retirement Act, corresponding funds totalling € 80 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 Act.

6 INVENTORIES

	31/12/2012	31/12/2011	31/12/2010
	€ '000	€ '000	€ '000
Raw materials and supplies	6,407	7,327	6,696
Work in progress	2,125	1,925	3,359
Finished goods and merchandise	4,958	4,778	4,874
	13,490	**14,030**	**14,929**

Of total inventories, the amount of € 2,500 thousand (2011: € 4,377 thousand, 2010: € 3,271 thousand) is reported at the fair value less production costs still to be incurred and distribution costs. Impairment of inventories totalling € 1,356 thousand (2011: € 1,257 thousand, 2010: € 758 thousand) was recognised as an expense in the 2012 financial year. In the same period, reversals led to an income of € 1,043 thousand (2011: € 467 thousand, 2010: € 273 thousand), as higher net realisable values could be assumed than in the previous year.

7 TRADE RECEIVABLES

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

In the year under review, additions to the impairment on receivables totalling € 123 thousand (2011: € 1,618 thousand, 2010: € 607 thousand) were 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 reflects the actual credit risk. Impairment is applied in particular if the debtor is experiencing considerable financial difficulties. The amounts stated for trade receivables are fundamentally adjusted via a value adjustment account. Receivables are only derecognised once the debtor has opened insolvency proceedings or the receivable has become uncollectable. The impairment at December 31, 2012 of € 2,321 thousand includes the impairment of receivables from manroland AG applied in the previous year.

The following table provides an overview of impairment of receivables:

IMPAIRMENT OF RECEIVABLES	31/12/2012	31/12/2011	31/12/2010
	€ '000	€ '000	€ '000
Opening level	2,512	1,277	1,605
Allocated	123	1,618	607
Derecognition of receivables	–118	–20	–407
Cash receipts for receivables written off	–189	–369	–526
Exchange differences	–7	6	–2
Closing level	**2,321**	**2,512**	**1,277**

8 INCOME TAX RECEIVABLE

This comprises ongoing income tax assets as well as a corporation tax credit balance from previous years.

At December 31, 2012 technotrans AG still had a corporation tax credit balance of € 318 thousand from previous years. This rebate (Section 37 (5) of German Corporation Tax Act) has been capitalised at the present value of € 288 thousand (2011: € 340 thousand, 2010: € 389 thousand). The rebate is being paid in eight equal annual instalments between 2010 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 3.75 percent.

9 OTHER ASSETS

	31/12/2012	31/12/2011	31/12/2010
	€ '000	€ '000	€ '000
Financial assets			
Receivables from suppliers	226	201	387
Reinsurance for pensions	56	52	72
Other	331	79	268
Total	**613**	**332**	**727**
Other assets			
Prepaid expenses	320	770	495
Creditable input tax	67	50	224
Other	106	271	68
Total	**493**	**1,091**	**787**
	1,106	**1,423**	**1,514**

10 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.

11 EQUITY

The development in equity is shown in the Statement of Movements in Equity. The equity of the group totalled € 40,865 thousand at December 31, 2012 (2011: € 37,291 thousand, 2010: € 33,884 thousand).

Issued Capital

At December 31, 2012 the issued capital (capital stock) of technotrans AG comprised 6,907,665 issued no par value registered shares, of which 6,455,404 were outstanding. The shares outstanding are fully paid. 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		
	2012	2011	2010	**2012**	2011	2010
Position at January 1	**6,907,665**	6,907,665	6,907,665	**6,432,775**	6,340,035	6,311,415
Issued to employees (as Christmas bonus)	0	0	0	22,629	43,740	28,620
Issued for the acquisition of Termotek AG	0	0	0	0	49,000	0
Position at December 31	**6,907,665**	6,907,665	6,907,665	**6,455,404**	6,432,775	6,340,035

Approved Capital

The Shareholders' Meeting on May 6, 2010 authorised the Board of Management to raise the share capital, with the consent of the Supervisory Board, by the issue of new shares on one or more occasions by April 30, 2015, against contributions, by up to a total of € 3,450,000. No use was made of this authorisation in 2012.

Conditional Capital

At the Shareholders' Meeting on May 8, 2009 the Board of Management was, with the consent of the Supervisory Board, authorised to issue bearer and/or registered bonds with a term of a maximum of 5 years on one or more occasions up until May 7, 2014 of an aggregate nominal amount of up to € 10 million and to grant the bearers of bonds conversion options on up to 690,000 no par value registered treasury shares in accordance with the respective terms of the bonds (convertible bond terms).

The conversion options granted to the bearers of the bonds may cover shares in the company representing an amount of up to € 690,000.00 of the share capital. As well as in euros, the convertible bonds may be issued in the legal currency of an OECD country, limited to the corresponding euro countervalue.

The shareholders have a fundamental right to subscribe to bonds. The bonds may also be accepted by a bank or a consortium of banks with the obligation to offer them to the shareholders for subscription. In addition, however, the Board of Management is, with the consent of the Supervisory Board, authorised to exclude the statutory subscription right of the shareholders to the bonds within the limits laid down individually and specifically by the authorisation.

The Board of Management is authorised, with the consent of the Supervisory Board, to specify the further details of the issuance and features of the convertible bonds and their terms itself, meaning in particular the currency, interest rate, issuing amount, term and denomination of the convertible bonds, the conversion price and period, the exchange ratio and payment of the countervalue in money instead of exchange for treasury shares. This authorisation was not used in the 2012 financial year.

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.

Retained Earnings

The reported retained earnings comprise

	31/12/2012	31/12/2011	31/12/2010
	€ '000	€ '000	€ '000
Other reserves	30,231	27,394	27,040
Net profit for the period	3,094	3,019	1,517
	33,325	**30,413**	**28,557**

The other reserves include retained earnings, profit carried forward and additional other reserves. Of these, an amount of € 691 thousand relates to the legal reserve of technotrans AG pursuant to Section 150 (2) of German Stock Corporation Act.

The difference of € 182 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 retained earnings.

Pursuant to Section 268 (8) of German Commercial Code, an amount totalling € 3,021 thousand of the other retained earnings of the parent company may not be distributed due to the capitalisation of deferred taxes.

Other Reserves

	31/12/2012	31/12/2011	31/12/2010
	€ '000	€ '000	€ '000
Hedging reserve	–136	–36	–9
Reserve for exchange rate differences from financing of investment	–1,381	–1,089	–1,155
Exchange differences	–4,271	–4,999	–5,177
Treasury Shares	–6,508	–6,834	–8,168
	–12,296	**–12,958**	**–14,509**

Pursuant to IAS 39, the negative market value of the interest rate swaps used was recognised in the hedging reserve with no income effect, following deduction of deferred taxes (cf. Section 33 "Financial instruments"). In the 2012 financial year, a loss of € 153 thousand (2011: € 38 thousand loss, 2010: € 5 thousand gain) was reported within equity with no effect on income and the sum of € 10 thousand was realised. In return, deferred tax of € 43 thousand (2011: € 11 thousand, 2010: € 2 thousand) was booked with no effect on income.

technotrans scandinavia AB extended loans to technotrans america inc., and technotrans AG extended loans to technotrans américa latina ltda. and to technotrans Asia pacific limited, which are to be regarded as net investment in foreign operations. In addition, technotrans america inc. in turn extended a loan to technotrans AG. Pursuant to IAS 21.32 and IAS 12.61A, the accumulated translation differences up to the balance sheet date and any taxes on these are netted directly within equity. In the 2012 financial year, currency translation losses of € 382 thousand (2011: losses of € 109 thousand, 2010: losses of € 64 thousand) were netted directly within equity; the deferred tax on these amounts likewise netted within equity amounts to € 90 thousand (2011: € 43 thousand, 2010: € 0 thousand).

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. This item furthermore includes the differences resulting from the translation of the assets and liabilities of the international subsidiaries at the closing rate and from the translation of the expenses and income at the average rate for the year.

Treasury Shares

At the Shareholders' Meeting on May 6, 2010 the shareholders authorised the Board of Management to buy back treasury shares in accordance with Section 71 (1) No. 8 of German Stock Corporation Act. This scope of this authorisation is for the buying back of a portion of up to € 690,000.00 of the share capital (690,000 no par value shares, corresponding to 9.98 percent of the share capital at the time of the resolution) and is valid until April 30, 2015. No shares were bought back during the period January to December 2012. Pursuant to IAS 32.33 the shares bought back are deducted from equity at their cost (including incidental costs). The buy-back is in line with the strategic objectives of the company. In the 2012 financial year, 22,629 no par value shares with a fair value of € 143 thousand were issued to employees by way of a Christmas bonus. At the reporting date of December 31, 2012 the total treasury shares amounted to 452,261 ordinary shares. They represent 6.55 percent of the share capital.

Capital Management

At December 31, 2012 the equity ratio was 63.2 percent (2011: 55.5 percent, 2010: 50.0 percent). One of the most important financial objectives for technotrans AG is to assure its solvency at all times, and increase the long-term value of the group.

The creation of adequate liquidity reserves is very important in this respect. The aim is always to have liquidity reserves amounting to at least 10 percent of annual revenue. This objective is achieved by implementing various measures in order to reduce capital costs and optimise the capital structure, alongside practising effective risk management.

Methodologically, technotrans' capital management approach is based on financial market oriented indicators, such as the rate of return (long-term target margin for EBIT: 10 percent), the equity ratio (target: > 50 percent) and gearing. technotrans is not subject to capital requirements laid down in the articles of incorporation. 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.

A portion of borrowed capital carries the obligation to adhere to certain financial indicators (financial covenants). The financial ratios (equity ratio, gearing and EBITDA margin) are to be calculated for the Consolidated Financial Statements on a rolling 12-monthly basis. The financial covenants were adhered to in the 2012 financial year.

12 BORROWINGS

	31/12/2012	31/12/2011	31/12/2010
	€ '000	€ '000	€ '000
Short-term borrowings	2,933	9,742	8,309
Long-term borrowings	6,395	6,819	9,599
Total borrowings	**9,328**	**16,561**	**17,908**

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

MATURITIES OF BORROWINGS	up to 1 year	1 to 5 years	over 5 years	Total	Interest p.a.	Collateral
	€ '000	€ '000	€ '000	€ '000	%	
€ fixed rate credit	334	832	0	1,166	3.50 %	Land charge
€ fixed rate credit	667	1,667	0	2,334	4.98 %	Land charge
€ fixed rate credit	400	1,000	0	1,400	4.92 %	Land charge
€ fixed rate credit	245	980	675	1,900	3.45 %	Land charge
€ fixed rate credit	100	350	0	450	5.99 %	Global assignment, assignment of ownership, guarantee
€ fixed rate credit	6	0	0	6	4.81 %	Global assignment, assignment of ownership, guarantee
€ fixed rate credit	25	0	0	25	8.77 %	Global assignment, assignment of ownership, guarantee
Variable € credit	656	750	141	1,547	3-month EURIBOR cover via interest rate swap (fixed rate: 2.81%)	Land charge
Variable € credit	500	0	0	500	3-month EURIBOR (currently 2.99%)	None
Summe	**2,933**	**5,579**	**816**	**9,328**		

A substantial portion of borrowings is collateralised by land charges totalling € 10,750 thousand on the company premises in Sassenberg.

A collateral trust contract was concluded with participating lenders for the credit facilities under the borrowing base financing arrangements. In specific, this trust contract encompasses non-accessory security of technotrans AG (global assignment of trade receivables – carrying amount at December 31, 2012: € 2,464 thousand – and assignment of ownership of inventories – carrying amount at December 31, 2012: € 9,440 thousand).

Borrowings of € 981 thousand (2011: € 1,971 thousand) relate to Termotek AG. The credit is predominantly secured by means of collateral furnished by Termotek AG such as global assignment, assignment of ownership and guarantees.

13 OTHER FINANCIAL LIABILITIES

	31/12/2012	31/12/2011	31/12/2010
	€ '000	€ '000	€ '000
Conditional purchase price of Termotek AG	849	1,607	0
Conditional purchase price of Sprachenwelt GmbH	295	0	0
Conditional purchase price of gds Schweiz GmbH	121	111	82
Liabilities to employees	0	130	130
Other	6	9	0
	1,271	**1,857**	**212**

Based on the current planning horizon, no significant changes in the conditional purchase prices are expected.

14 TRADE PAYABLES

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

	31/12/2012	31/12/2011	31/12/2010
	€ '000	€ '000	€ '000
Trade payables	1,566	3,006	2,296
Outstanding purchase invoices	576	117	842
	2,142	**3,123**	**3,138**

15 PREPAYMENTS RECEIVED

The prepayments received originate in the main from project business for technotrans AG, technotrans america, inc., technotrans middle east FZ-LLC, technotrans technologies pte ltd. and technotrans france s.a.r.l. They are used for financing the finished goods included in the inventories but from which no revenue has yet been realised.

16 PROVISIONS

	Obligations to personnel	Payments to be made under warranty	Other provisions	Provisions for pensions	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
Opening level at January 1, 2012	**2,666**	**1,147**	**1,504**	**214**	**5,531**
Exchange rate movements	–8	–3	–3	0	–14
Used	2,052	268	931	3	3,254
Reversed	123	384	176	0	683
Allocated from corporate acquisition	16	4	13	0	33
Allocated	2,878	234	1,059	15	4,186
Closing level at December 31, 2012	**3,377**	**730**	**1,466**	**226**	**5,799**
Long-term provisions	600	0	99	226	925
Short-term provisions	2,777	730	1,367	0	4,874

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. At December 31, 2012, 4 employees had partial retirement employment contracts. The obligations from existing partial retirement employment contracts were measured on the basis of an actuarial appraisal and the provision amounts to € 123 thousand (2011: € 282 thousand, 2010: € 441 thousand). Under the current remuneration system of technotrans AG, employees who have passed their 57th birthday now no longer have an enforceable right to a partial retirement employment contract. Please refer to Section 5 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. Based on the estimate of obligations at December 31, 2012 and the provisions used in the previous year, an amount of € 384 thousand was reversed in 2012.

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. At December 31, 2012 provisions for impending losses from long-term rental agreements amounting to € 13 thousand (2011: € 166 thousand, 2010: € 425 thousand) are also reported. These have arisen following the decision taken in the 2009 financial year to transfer production operations from the USA (Mt. Prospect) to the technotrans AG location in Sassenberg and correspondingly include a component for tenancy obligations.

A direct pension pledge has been made to three 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 3.74 percent (previous year: 4.78 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 2012 amount to € 10 thousand (previous year: € 10 thousand), and the actuarial loss comes to € 5 thousand (previous year: € 19 thousand gain). All expenses are recognised within administrative expenses. Pension payments amounting to € 3 thousand (previous year: € 1 thousand) were made in 2012.

Two of the pension obligations are backed by capital-forming life assurance policies, which constitute non-qualifying insurance policies pursuant to IAS 19.7. Their fair value is € 56 thousand (2011: € 52 thousand, 2010: € 72 thousand) and is reported under financial assets (Section 9). The anticipated return on these policies is 3.5 percent p.a. The actual income in the 2012 financial year was € 4 thousand.

17 INCOME TAX PAYABLE

In the year under review, income tax payable relates substantially to Termotek AG and technotrans graphics limited.

18 OTHER LIABILITIES

	31/12/2012	31/12/2011	31/12/2010
	€ '000	€ '000	€ '000
Financial liabilities			
Conditional purchase price of Termotek AG	761	444	0
Current liabilities from derivative financial instruments	210	61	13
Debtors with credit balances	83	86	221
Other financial liabilities	10	50	125
Total	**1,064**	**641**	**359**
Other liabilities			
Sales tax	486	462	878
Operating taxes	348	282	295
Liabilities in respect of social insurance	148	164	440
Other	714	85	92
Total	**1,696**	**993**	**1,705**
	2,760	**1,634**	**2,064**

IV. NOTES TO THE CONSOLIDATED INCOME STATEMENT

19 REVENUE

Revenue is recognised if the risks and rewards associated with ownership of the products sold have been transferred to the buyer. For deliveries, revenue is realised in accordance with the agreed terms of delivery; for services, it is realised when the service has been performed.

Revenue is shown broken down by division in the segment report. The geographical composition of revenue in 2012 was Germany € 48.7 million, rest of Europe € 20.8 million, America € 10.9 million and Asia € 10.3 million.

20 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 and the expense arising in connection with warranty obligations are likewise reported under cost of sales. The other cost of sales mainly comprises translation costs and maintenance expense.

	2012	2011	2010
	€ '000	€ '000	€ '000
Cost of materials	33,123	38,939	34,115
Cost of labour	17,254	18,068	16,883
Subcontractors, personnel leasing	2,880	2,304	2,328
Travel expenses	1,378	1,406	1,570
Depreciation and amortisation	717	841	854
Rent and leasing costs	692	641	426
Operating requirements	459	505	530
Warranty	288	999	1,396
Impairment loss acc. to IAS 36	0	0	200
Other	2,219	2,783	2,128
	59,010	**66,486**	**60,430**

21 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 impairment of receivables.

	2012	2011	2010
	€ '000	€ '000	€ '000
Cost of labour	8,582	8,589	8,191
Logistics costs	1,720	1,783	1,813
Promotional and exhibition costs	943	511	783
Travel expenses	787	721	797
Rent and leasing costs	372	311	288
Depreciation and amortisation	160	239	260
Impairment of receivables	123	1,618	607
Other	772	647	651
	13,459	**14,419**	**13,390**

The other distribution costs for the financial year consist primarily of expenses for commissions and entertainment expenses.

22 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.

	2012	2011	2010
	€ '000	€ '000	€ '000
Cost of labour	5,650	5,258	4,584
Depreciation and amortisation	1,992	2,058	2,063
Consultancy, audits	1,100	1,344	1,311
IT costs	977	1,013	891
Rent and leasing costs	507	443	410
Other	587	1,353	895
	10,813	**11,469**	**10,154**

In the 2012 financial year, the fees for the auditors recorded as an expense pursuant to Section 319 (1) first and second sentences of German Commercial Code amounted to € 264 thousand (2011: € 332 thousand, 2010: € 394 thousand), including € 17 thousand for the audits of previous years.

FEES FOR	2012	2011	2010
	€ '000	€ '000	€ '000
Auditing of the financial statements	237	251	311
Tax consultancy services	25	48	46
Other services	2	33	37
	264	**332**	**394**

The figures for the 2012 financial year include the fees and expenses of the auditors of the Consolidated Financial Statements, KPMG AG Wirtschaftsprüfungsgesellschaft, for the auditing of the Consolidated Financial Statements and the auditing of the annual financial statements of technotrans AG.

23 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 4 "Intangible assets").

24 OTHER OPERATING INCOME

	2012	2011	2010
	€ '000	€ '000	€ '000
Income unrelated to the accounting period			
Reversal of provisions	175	1,322	2,173
Other income unrelated to the accounting period	104	505	652
Book profits on the disposal of assets	138	113	48
Total	**417**	**1,940**	**2,873**
Other operating income			
Foreign currency gains	593	1,238	1,832
Personnel-related revenue	111	113	102
Insurance payments	125	79	194
Other	855	870	645
Total	**1,684**	**2,300**	**2,773**
	2,101	**4,240**	**5,646**

The income from the reversal of provisions results mainly from the reversal of provisions for litigation risks.

25 OTHER OPERATING EXPENSES

	2012	2011	2010
	€ '000	€ '000	€ '000
Expenses unrelated to the accounting period			
Other expenses unrelated to the accounting period	85	70	109
Book losses on the disposal of assets	30	4	10
Total	**115**	**74**	**119**
Other operating expenses			
Foreign currency losses	1,213	1,488	1,642
Litigation risks	0	290	0
Other operating taxes	129	172	126
Other	426	274	169
Total	**1,768**	**2,224**	**1,937**
	1,883	**2,298**	**2,056**

Exchange rate losses mainly constitute unrealised changes in the measurement of intragroup assets and liabilities.

26 NET FINANCE COSTS

	2012	2011	2010
	€ '000	€ '000	€ '000
Financial income	39	37	30
Financial charges	–720	–925	–1,192
Net finance costs	**–681**	**–888**	**–1,162**

The interest income relates predominantly to bank credit balances. Interest income of € 12 thousand (2011: € 16 thousand, 2010: € 16 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 borrowings. It also includes interest expense from the compounding of the conditional purchase price payment for Termotek AG amounting to € 77 thousand (2011: € 98 thousand) and the compounding of the partial retirement credit balance amounting to € 5 thousand (2011: € 8 thousand). No borrowing costs were capitalised in the reporting period.

27 INCOME TAX EXPENSE

	2012	2011	2010
	€ '000	€ '000	€ '000
Actual income tax expense			
Tax expense for the period	–736	–555	–345
Tax expenses unrelated to the accounting period	–91	223	0
Total	**–827**	**–332**	**–345**
Deferred tax			
Deferred tax expense	–887	–867	–271
Deferred tax income	132	319	259
Total	**–755**	**–548**	**–12**
Income tax expense	**–1,582**	**–880**	**–357**

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 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 30.17 percent (previous year 30.06 percent) calculated for the year under review is based on a corporation tax rate of 15.0 percent (previous year: 15.0 percent), a solidarity surcharge of 5.5 percent (previous year: 5.5 percent) and an effective trade earnings tax rate of 14.3 percent (previous year: 14.2 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	2012		2011		2010	
	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000
Non-current assets	680	192	736	53	810	2
Inventories	321	18	408	26	375	17
Receivables	112	109	130	31	73	0
Provisions	153	105	126	107	93	112
Liabilities	66	14	31	19	63	0
Loss carryforwards	2,109	0	2,503	0	3,018	0
Total	**3,441**	**438**	**3,934**	**236**	**4,432**	**131**
Offsetting	**420**	**420**	**218**	**218**	**121**	**121**
	3,021	**18**	**3,716**	**18**	**4,311**	**10**

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. The deferred tax assets from liabilities include deferred tax assets from cash flow hedges.

There are tax loss carryforwards amounting to € 21,988 thousand for 2012. Deferred taxes amounting to € 2,109 thousand were recognised as an asset on an amount of € 6,985 thousand in agreement with IAS 12.34. No deferred tax assets were recognised on the remaining loss carryforwards of € 15,021 thousand and on deductible temporary differences of € 3,761 thousand. The loss carryforwards may be carried forward for 20 years in the USA (€ 7,923 thousand), for seven years in Japan (€ 328 thousand), for five years in China (€ 658 thousand), for three years in Singapore (€ 238 thousand) and for an unlimited period in other cases. In view of the uncertain earnings expectations of the companies in Asia, of technotrans america inc., technotrans américa latina ltda. and technotrans scandinavia AB, no or only pro rata deferred taxes were created on the loss carryforwards.

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

	2012	2011	2010
	€ '000	€ '000	€ '000
Applicable tax rate	**30.17 %**	**30.06 %**	**29.93 %**
Consolidated earnings before taxes on income	**4,676**	**3,899**	**1,874**
Theoretical tax expense/income	– 1,411	– 1,172	– 561
Impairment (-) or reversal of impairment (+) on deferred tax assets on tax loss carryforwards and temporary differences	– 24	– 73	150
Expense from the non-recognition of deferred tax assets on tax losses occurring in the financial year and temporary differences	– 62	67	– 165
Tax effect			
from the use of deferred taxes on temporary differences and from tax loss carryforwards following impairment	163	298	0
of non-deductibility of business expenses and tax-exempt income	– 152	– 176	– 81
Differences compared with local tax rates	– 13	– 44	12
Tax effect from the use of unrecognised loss carryforwards	0	0	274
Changes to deferred tax resulting from tax rate changes	8	– 3	– 16
Other taxes not relating to the period	– 91	223	30
Actual and deferred income tax expense/income	**– 1,582**	**– 880**	**– 357**

Deferred tax that was directly allocable to equity arose in the year under review, including € 43 thousand (2011: € 11 thousand, 2010: € 1 thousand) as a result of the change in cash flow hedges and € 90 thousand (2011: € 43 thousand, 2010: € 0 thousand) from exchange rate differences from net investments in a foreign business.

28 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:

		2012	2011	2010
Net profit for the period	€ '000	3,094	3,019	1,517
Average number of ordinary shares outstanding in the year		6,433,581	6,364,150	6,312,748
Basic/diluted earnings per share	€	**0.48**	**0.47**	**0.24**

In the 2012 financial year there were once again no stock options that would have had a dilutive effect on earnings per share pursuant to IAS 33.

V. NOTES TO THE SEGMENT REPORT

Segment information is provided on the basis of the business segments for internal reporting purposes. Segmentation according to the Technology and Services Divisions is performed in agreement with the internal reporting structure of the technotrans Group.

The Technology segment generates revenue through sales of equipment in the area of liquid technology. The Services segment generates revenue through after-sales service activities, installation, maintenance, servicing and the supplying of spare parts, as well as through compiling technical documentation and producing and selling software for the compilation of documentation. The revenue generated by gds-Sprachenwelt GmbH from translation services is equally allocated to the Services segment.

The revenue amounting to € 90,662 thousand (previous year: € 97,265 thousand) comprises € 48,714 thousand (previous year € 68,010 thousand) generated in Germany and € 41,948 thousand (previous year: € 29,255 thousand) internationally. The method of allocating revenue has changed compared with the previous year. Whereas the domicile of the group company realising the revenue was previously the basis for classification, the domicile of the customer now determines to which region the revenue is allocated. According to the method used in the previous year, € 62,580 thousand of revenue was generated in Germany and € 28,082 thousand internationally.

The non-current assets allocable to the segments amounting to € 19,026 thousand (previous year: € 24,869 thousand) can be broken down by region as follows: Germany € 18,185 thousand (previous year € 24,479 thousand) and international € 841 thousand (previous year € 390 thousand).

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 other key values. The segment information comprises both directly allocable amounts and amounts that can reasonably be split. The assets are distributed among those segments, the corresponding expenses and income for which likewise influence the segment result. The assets of € 22,493 thousand not allocated to the individual areas therefore refer to cash and cash equivalents (€ 18,715 thousand), current and non-current income tax receivable (€ 580 thousand), deferred tax assets (€ 3,021 thousand) and other assets (€ 177 thousand).

No reconciliation between the segment and consolidated data is required, as the figures in the segment information coincide with those in the Consolidated 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 accumulated result for both segments of € 5,357 thousand, reduced by the net finance costs reported in the Income Statement of € –681 thousand, produces the profit before tax (€ 4,676 thousand).

The share of external revenue generated by technotrans' principal customer group (OEM printing press manufacturers) represented more than 10 percent of consolidated revenue in 2012. The revenue was earned in both segments. There were no other customers with which more than 10 percent of revenue was generated.

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.

29 CASH FLOW FROM OPERATING ACTIVITIES

The cash flows from operating activities (net cash) amounted to € 10,979 thousand (2011: € 5,868 thousand, 2010: € 7,418 thousand) in the past financial year. This includes cash from operating activities amounting to € 12,284 thousand (2011: € 7,684 thousand, 2010: € 6,981 thousand) as well as interest and income tax received and paid amounting to € –1,305 thousand (2011: € –1,816 thousand, 2010: € 437 thousand). The change in working capital in 2012 resulted overall in a positive cash flow contribution.

30 CASH FLOW FROM INVESTING ACTIVITIES

The cash flows from investing activities comprise cash payments for investments in property, plant and equipment and in intangible assets (property, plant and equipment € 683 thousand and intangible assets € 744 thousand) and for the acquisition of consolidated companies (€ 762 thousand). € 318 thousand of this amount was for the acquisition of gds-Sprachenwelt GmbH during the financial year and € 444 thousand for the first conditional purchase price payment in connection with the acquisition of Termotek AG in 2011. The investment volume for the year under review tallied with the target level for 2012.

The sales proceeds from the business premises in Gersthofen produced a cash flow of € 4,250 thousand. The cash flows from investing activities were thus positive for the year under review.

31 CASH FLOW FROM FINANCING ACTIVITIES

Repayments amounting to € 10,533 thousand on short-term and long-term loans were made during the year under review. These included scheduled repayments to German banks. No repayments of liabilities from credit were made ahead of schedule. The capital repayments compare with € 3,300 thousand in newly raised long-term loans.

32 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. It corresponds to the cash and cash equivalents shown on the Balance Sheet.

VII. OTHER PARTICULARS

33 FINANCIAL INSTRUMENTS

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

	Section	31/12/2012	31/12/2011	31/12/2010
		€ '000	€ '000	€ '000
Hedging instruments carried at fair value				
· Market value of interest rate caps / interest rate swaps	18	**–210**	**–61**	**–13**
Held-to-maturity investments				
· Reinsurance for pensions	9	**56**	**52**	**72**
Loans and receivables				
· Rent deposits	5	39	173	102
· Partial retirement bankruptcy cover	5	80	211	448
· Other non-current assets	5	0	0	101
· Trade receivables	7	8,651	9,985	10,140
· Receivables from suppliers	9	226	201	387
· Other current assets	9	331	79	268
· Cash and cash equivalents	10	18,715	12,798	13,125
		28,042	**23,447**	**24,571**
Financial liabilities measured at amortised cost				
· Borrowings	12	9,328	16,561	17,908
· Other financial liabilities	13	1,271	1,857	212
· Trade payables	14	2,142	3,123	3,138
· Debtors with credit balances	18	83	86	221
· Other current liabilities	18	771	494	125
		13,595	**22,121**	**21,604**

NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY	From interest	From subsequent measurement			From disposal	2012	2011	2010
		At fair value	Currency translation	Impairment				
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Hedging instruments carried at fair value	0	–143*	0	0	0	–143	0	0
Held-to-maturity investments	4	0	0	0	0	4	–3	2
Loans and receivables	11	0	94	–123	0	–18	–1,224	–590
Financial liabilities measured at amortised cost	–673	0	0	0	0	–673	–822	–1,262
Total	**–658**	**–143**	**94**	**–123**	**0**	**–830**	**–2,049**	**–1,850**

* OF WHICH € 10 THOUSAND RECOGNISED IN THE INCOME STATEMENT

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

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 reported carrying amounts of € 28,098 thousand. The trade receivables are to some extent covered by credit insurance; the insured volume at the reporting date was € 1,341 thousand.

The bad debt risk entails a concentration of risk because the major printing press manufacturers worldwide account for a substantial portion of technotrans' receivables. Significant bad debt losses had been incurred from two printing press manufacturers in the previous year. Corresponding impairment was applied in 2011. No significant bad debt losses were incurred from this customer group in the financial year.

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 credit risks from trade receivables can be broken down by region, customer group and age structure as follows:

	31/12/2012	31/12/2011	31/12/2010
	€ '000	€ '000	€ '000
By region			
Germany	2,328	3,578	4,750
Other eurozone countries	3,274	2,328	1,956
Rest of Europe	232	1,153	563
North America	768	1,202	880
South America	273	190	249
Asia & Middle East	1,776	1,534	1,742
Total	**8,651**	**9,985**	**10,140**
By customer group			
OEM	3,322	6,469	3,593
End customers	5,329	3,516	6,547
Total	**8,651**	**9,985**	**10,140**
Age structure of receivables (without impairment)			
Carrying amount	**8,651**	**9,985**	**10,140**
of which: neither impaired nor overdue	5,248	6,640	5,998
of which: not impaired and			
overdue by up to 30 days	2,017	1,921	2,032
overdue by between 31 and 60 days	577	641	608
overdue by between 61 and 90 days	238	357	355
overdue by more than 90 days	571	426	904

With regard to the trade receivables that are neither impaired nor overdue, there is no indication at the balance sheet date that the debtors will not meet their obligations to pay.

Liquidity Risk

technotrans AG uses rolling financial and liquidity planning to determine its liquidity requirements. It ensures that sufficient cash and cash equivalents are available at all times to settle liabilities. The cash and cash equivalents available are kept exclusively with banks with a very good credit rating. Continuing credit facilities amounting to up to € 13.2 million (2011: € 7.8 million, 2010: € 6.8 million) also existed at the balance sheet date.

As a result of the restructuring of external financing, formerly short-term loans were converted into long-term loans, thus reducing the risk of a short-term liquidity bottleneck.

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

	Carrying amount	Con-tractual/ 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, 2012							
Borrowings	9,328	10,118	1,961	1,276	2,147	3,884	850
Other non-current liabilities	1,271	1,400	n/a	n/a	897	382	121
Trade payables	2,142	2,142	2,142	n/a	n/a	n/a	n/a
Other current liabilities	854	854	854	n/a	n/a	n/a	n/a
Interest rate swaps	210	210	28	12	24	50	96
Total	**13,805**	**14,724**	**4,985**	**1,288**	**3,068**	**4,316**	**1,067**
At December 31, 2011							
Borrowings	16,561	17,543	2,713	7,603	2,438	3,877	912
Other non-current liabilities	1,857	1,976	n/a	n/a	1,865	n/a	111
Trade payables	3,123	3,123	3,123	n/a	n/a	n/a	n/a
Other current liabilities	641	641	641	n/a	n/a	n/a	n/a
Total	**22,182**	**23,283**	**6,477**	**7,603**	**4,303**	**3,877**	**1,023**
At December 31, 2010							
Borrowings	17,908	19,330	1,975	6,948	3,637	6,223	547
Other non-current liabilities	212	212	n/a	n/a	135	n/a	77
Trade payables	3,138	3,138	3,138	n/a	n/a	n/a	n/a
Other current liabilities	359	359	359	n/a	n/a	n/a	n/a
Total	**21,617**	**23,039**	**5,472**	**6,948**	**3,772**	**6,223**	**624**

Market Risks

At technotrans, only the fair values of the interest rate swaps agreed (carrying amount and fair value € –210 thousand) and fixed-interest borrowings (carrying amount € 7,281 thousand) are fundamentally exposed to an interest rate risk. Potential interest rate fluctuations affect the carrying amount in the case of interest rate swaps, interest rate caps and reinsurance. 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, 2012 the trade receivables were denominated for the most part in euros; other noteworthy components were denominated in US dollars (USD 0.9 million, equivalent to € 0.7 million) and Sterling (GBP 0.5 million, equivalent to € 0.6 million). At December 31, 2011 there had been foreign-currency receivables of USD 1.3 million (€ 1.0 million) and GBP 0.4 million (€ 0.5 million), and at December 31, 2010 of USD 1.2 million (€ 0.9 million) and GBP 0.4 million (€ 0.5 million).

Bank credit balances are held predominantly in euros. At December 31, 2012 the group held significant foreign-currency accounts in US dollars (USD 4.0 million, equivalent to € 3.0 million) and Sterling (GBP 1.9 million, equivalent to € 2.4 million). The foreign currency amounts quoted are held essentially by technotrans AG and the local national companies within the group. At December 31, 2011 there had been foreign-currency credit balances of USD 3.7 million (€ 2.8 million) and GBP 1.9 million (€ 2.3 million), and at December 31, 2010 of USD 2.5 million (€ 1.9 million) and GBP 1.6 million (€ 1.9 million).

Financial liabilities are denominated exclusively in euros.

Foreign currency risks are limited within the technotrans Group by the fact that production takes place principally within the eurozone, and that the currency of production usually corresponds to the currency in which the customer is invoiced. 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, 2012.

Sensitivity Analysis

A potential 10 percent 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, 2012		
USD	315	43
GBP	237	13
At December 31, 2011		
USD	275	59
GBP	238	6
At December 31, 2010		
USD	204	10
GBP	224	7

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 percent 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 12); including these derivative financial instruments as well as the concluding of the two underlying transactions with a nominal value of € 4,000 thousand and a nominal value of € 1,500 thousand for 2013, the financial assets and financial liabilities are not exposed to any significant interest rate risk. The PayerSwap with a nominal amount of € 3,000 thousand and the variable interest bearing bank liability of € 500 thousand are subject to an interest rate risk.

	Nominal amount	Repaid	Balance	Fixed rate	Variable Interest	Maturity	Fair value
	€ '000	€ '000	€ '000	% p.a.			€ '000
PayerSwap	3,688	2,141	1,547	2.81	3-month-EURIBOR	Sep. 2018	–58
PayerSwap	4,000	0	0	2.00	3-month-EURIBOR	Jan. 2020	–58
PayerSwap	1,500	0	0	2.70	3-month-EURIBOR	June 2017	–79
PayerSwap	3,000	3,000	0	1.48	3-month-EURIBOR	May 2013	–15

The fair values are obtained from the measurement of the outstanding items, disregarding any counter-cyclical trends in value from the positions. The fair values are calculated by major German banks on the basis of discounted cash flows (level 2 according to IFRS 7.27 A).

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. In cases where a hedge exists for a future transaction, it was accounted for as a hedging relationship only if it was considered very probable that this transaction would occur. 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 swaps are 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 € 195 thousand under the current "Other liabilities" (Section 18). The underlying loan transactions are measured at amortised cost, using the effective interest method.

The deferred tax on the negative market prices of € 43 thousand was netted against the hedging reserve with no effect on income, with the result that the negative balance of the hedging reserve was increased to € 136 thousand.

There is moreover an interest rate swap that was not qualified as a cash flow hedge because the loan being protected (underlying transaction) was repaid prematurely in the year under review. Along with the redemption of the loan, an amount of € 10 thousand was reclassified from equity to the result for the period. The fair value is recognised at € 15 thousand under the current "Other liabilities" (Section 18).

	€ '000
Opening level at January 1, 2012	**–36**
Additions	
Additions	–153
Deferred tax on these not affecting income	47
Reversals in the Income Statement	
Reversals	10
deferred tax on these not affecting income	–4
Closing level at December 31, 2012	**–136**

Interest Rate Caps

The interest rate cap reported in the previous year expired in September 2012. The fair value of the interest rate cap was € 0 thousand, as in the previous year. This meant that neither measurement gains nor measurement losses were realised in the financial year. Interest expense of € 1 thousand (2011: € 1 thousand, 2010: € 1 thousand) was recognised as an expense in the past financial year.

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:

	31/12/2012		31/12/2011		31/12/2010	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Reinsurance for pensions	56	56	52	52	72	72
Rent deposits	39	39	173	173	102	102
Partial retirement bankruptcy cover	80	80	211	211	448	448
Other non-current assets	0	0	0	0	101	101
Trade receivables	8,651	8,651	9,985	9,985	10,140	10,140
Receivables from suppliers	226	226	201	201	387	387
Other assets	331	331	79	79	268	268
Cash and cash equivalents	18,715	18,715	12,798	12,798	13,125	13,125
Borrowings	–9,328	–9,445	–16,561	–16,609	–17,908	–17,868
Other non-current liabilities	–1,271	–1,271	–1,857	–1,857	–212	–212
Trade payables	–2,142	–2,142	–3,123	–3,123	–3,138	–3,138
Market value of interest rate cap/interest rate swap	–195	–195	–61	–61	–13	–13
Debtors with credit balances	–98	–98	–86	–86	–221	–221
Other current liabilities	–771	–771	–494	–494	–125	–125
Total	**14,293**	**14,176**	**1,317**	**1,269**	**3,026**	**3,066**
Gains (+) or losses (-) not entered		–117		–48		40

The carrying amounts for the financial instruments (for example, cash and cash equivalents, trade receivables and 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 applied 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 borrowings 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. In accordance with the term, the reference interest rates were between 2.75 percent and 3.39 percent. An appropriate risk premium was added.

34 POTENTIAL LIABILITIES AND OTHER FINANCIAL COMMITMENTS

	31/12/2012				31/12/2011	31/12/2010
	up to 1 year	1 to 5 years	over 5 years	Total	Total	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Tenancy and operating lease agreements	870	1,353	1,193	3,416	4,465	1,688
Maintenance agreements	684	442	0	1,126	1,162	665
Conditional purchase price	4,000	602	141	4,743	0	0
Other	88	0	0	88	359	335
Total	**5,642**	**2,397**	**1,334**	**9,373**	**5,986**	**2,688**

Potential liabilities 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 and to the vehicle leasing agreements concluded. The increase in the previous year results mainly from the existing rental agreement of Termotek AG, which runs until 2022. The expenditure for tenancy and lease agreements (minimum lease payments) in the year under review amounted to € 1,610 thousand (2011: € 1,433 thousand, 2010: € 1,126 thousand). 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.

On December 12, 2012 and with effect from January 1, 2013, technotrans AG acquired 65 percent of the shares in each of KLH Kältetechnik GmbH, Bad Doberan (Germany), KLH Cooling International Pte., Singapore (Singapore), and Taicang KLH Cooling Systems Co. Ltd, Taicang (PR China). A fixed purchase price of EUR 4,000 thousand was contractually agreed, along with a purchase price component that is dependent on the earnings performance for the years 2013 to 2017. The value of the conditional payment obligations discounted at the reporting date is € 743 thousand.

35 PERSONNEL EXPENSES

	2012	2011	2010
	€ '000	€ '000	€ '000
Wages and salaries	27,016	27,467	26,899
Christmas bonus (Christmas shares)	143	184	194
Social insurance	4,759	4,961	3,217
Expenses for retirement benefits and maintenance payments	733	612	533
Total	**32,651**	**33,224**	**30,843**

The item wages and salaries also includes payments made in connection with the termination of employment amounting to € 108 thousand (2011: € 416 thousand, 2010: € 1,006 thousand).

Social insurance comprises expenditure for defined contribution plans (employer contributions to the compulsory state pension scheme) totalling € 2,325 thousand (2011: € 2,133 thousand, 2010: € 2,019 thousand).

In the reporting period 22,629 (2011: 43,740, 2010: 28,620) 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 on December 17, 2012, the total fair value of these shares was € 143 thousand (2011: € 184 thousand, 2010: € 194 thousand). This represents a market value of € 6.30 per share.

36 TOTAL EMPLOYEES, YEARLY AVERAGE

	2012	2011	2010
Average number of employees	**646**	**659**	**620**
of which in Germany	498	501	455
of which abroad	148	158	165
Technicians/skilled workers	424	407	406
Academic background	123	146	138
Trainees	46	48	40
Other	53	58	36

37 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.

Since the 2011 financial year the remuneration system for the Board of Management has met the latest standards and the statutory requirements of the Act on the Appropriateness of Management Board Compensation (German VorstAG). Please refer to the "Report on the Remuneration System of the Board of Management" in the Management Report for the group for information on the payment components.

PAYMENTS
TO MEMBERS OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

	2012	2011	2010
	€ '000	€ '000	€ '000
Board of Management			
Regular payments	612	539	451
of which fixed	381	305	135
of which variable	0	0	125
Termination benefits	**993**	**844**	**711**
Supervisory Board			
Regular payments			
of which fixed	80	77	78
of which variable	41	41	19
Total	**121**	**118**	**97**

In addition to the remuneration paid in the financial year, the members of the Board of Management are entitled to a profit share of € 306 thousand that is conditional on the attainment of future targets focusing on sustainability.

The regular payments to the Board of Management (fixed) include payments by the company for defined contribution plans totalling € 45 thousand (2011: € 45 thousand, 2010: € 30 thousand).

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.

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

There exists a tenancy agreement running until 2022 between Domnick/Ehl GbR, Scheibenhardt, as the landlord and Termotek AG, Baden-Baden, as the tenant. The annual rental expense in 2012 came to € 247 thousand (2011: € 247 thousand). Mr Frank Domnick is Chairman of Termotek AG and Mr Thomas Ehl is a member of the Supervisory Board of Termotek AG.

DIRECTORS' HOLDINGS
BOARD OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

	Shares		
	31/12/2012	31/12/2011	31/12/2010
Board of Management			
Henry Brickenkamp	40,000	40,000	40,000
Dirk Engel	10,000	5,200	5,200
Dr. Christof Soest	3,764	444	0
Supervisory Board			
Klaus Beike	636	579	494
Dr. Norbert Bröcker	250	250	250
Heinz Harling	64,854	64,854	64,854
Matthias Laudick	1,273	1,216	1,131
Helmut Ruwisch	1,500	1,500	0
Dieter Schäfer	0	0	0
Family members			
Marian Harling	1,000	1,000	1,000

38 CORPORATE GOVERNANCE

The Board of Management and Supervisory Board submitted the Declaration of Conformity pursuant to Section 161 of German Stock Corporation Act in September 2012 and provided permanent access to it for shareholders and interested parties on the company's website (www.technotrans.de).

39 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 1, 2013. These Consolidated Financial Statements are subject to approval by the Supervisory Board (Section 171 (2) of German Stock Corporation Act).

After the end of the 2012 financial year, other than the acquisition of majority interests in KLH Kältetechnik GmbH, Bad Doberan (Germany), KLH Cooling International Pte. Ltd., Singapore (Singapore) and Taicang KLH Cooling Systems Co. Ltd., Taicang (PR China) there were no events of particular significance affecting the financial performance, financial position and net worth of the company.

40 DISCLOSURES OF INTERESTS REPORTED PURSUANT TO SECTION 21 (1) OR (1A) OF GERMAN SECURITIES TRADING ACT

	Reported development			
	Threshold*	Date on which exceeded or undercut	New interest in voting power	Disclosures on attribution
Reporting party	%	Date	%	
Objectif Small Caps Euro, Paris, France	> 5	17/05/2010	5.28	Lazard Frères Gestion SAS, Paris, France
technotrans AG, Sassenberg	> 5	12/03/2008	5.02	–
Erste Abwicklungsanstalt, Düsseldorf	> 3	17/09/2012	4.77	–
Lupus alpha Kapitalanlagegesellschaft mbH, Frankfurt	> 3	29/03/2012	3.16	–
Midlin NV, Maarsbergen, the Netherlands	> 3	15/01/2010	3.02	Teslin Capital Management BV, Maarsbergen, the Netherlands

* VALUE EXCEEDED (>) OR UNDERCUT (<)

CORPORATE BODIES

BOARD OF MANAGEMENT

Dipl. Wirtsch.-Ing. Henry Brickenkamp
Board of Management Spokesman

Sales Director since 2005, deputy Board member from 2006, full Board member since 2007 and Board of Management Spokesman since May 2008. Responsible for Products and Markets (Sales and Service world-wide, Business Units, tt industrial system solutions and Marketing)

Dipl.-Kfm. Dirk Engel
Finance Director

Head of Group Accounts since April 2004, Finance Director since 2006, with responsibility for Finance and Administration (Finance/Controlling, Human Resources, IT, Legal Support and Investor Relations)

Dr. Ing. Christof Soest
Member of the Board of Management

Technical Director since January 2011, Member of the Board since June 2011, responsible for Technology and Operations (Production and Quality Management world-wide, Procurement, Logistics, Research & Development, Controls and CPS)

MEMBERS OF THE SUPERVISORY BOARD

Klaus Beike, MBA & Eng.
technotrans AG, Sassenberg (employees’ representative)

Dr. Norbert Bröcker
Deputy Chairman of the Supervisory Board
Partner in Hoffmann Liebs Fritsch & Partner, Düsseldorf

Dipl.-Ing. Heinz Harling
Chairman of the Supervisory Board of technotrans AG

Matthias Laudick
technotrans AG, Sassenberg (employees’ representative)

Helmut Ruwisch
Chairman of the Board of Managment of MFO AG, Elsdorf
Member of the Supervisory Board of Conpair AG, Essen
Member of the Advisory Board of Emons Spedition GmbH, Köln
Member of the Advisory Board of Klein Pumpen GmbH, Frankenthal
Member of the Supervisory Board of Thyssen’sche Handelsgesellschaft mbH, Mülheim a.d.R.
Member of the Supervisory Board of Cloppenburg Automobil SE, Düsseldorf

Dieter Schäfer
Chief representative of the Werner & Pfleiderer Bakery Group, Bielefeld
Chairman of the Audit Committees of technotrans AG

Committees
Audit Committee:
Messrs Schäfer, Harling, Ruwisch

Nominating Committee:
Messrs Harling, Bröcker, Ruwisch, Schäfer

Personnel Committee:
Messrs Harling, Bröcker, Ruwisch

PROPOSAL FOR THE APPROPRIATION OF PROFIT

The Board of Management and Supervisory Board propose to the Shareholders' Meeting that the accumulated profit of technotrans AG be distributed as follows:

	€
Distribution of a dividend of € 0.12 per no par value share on the dividend-bearing share capital	774,648.48
Profit carried forward	1,080,897.26
Accumulated profit	1,855,545.74

The shares held by the company do not qualify for dividends pursuant to Section 71b of German Stock Corporation Act. Based on the dividend-bearing share capital of technotrans AG of € 6,455,404.00 at the date of release of the annual financial statements by the Board of Management, the amount to be distributed is thus € 774,648.48. The number of dividend-bearing shares may increase or decrease up to the time of the Shareholders' Meeting as a result of the acquisition or sale of treasury shares. In that instance, a correspondingly modified resolution on the amount of profit to be appropriated will be put to the Shareholders' Meeting, based on an unchanged dividend of € 0.12 per dividend-bearing share.

RESPONSIBILITY STATEMENT BY THE MANAGEMENT

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 11, 2013

technotrans AG
The Board of Management

INDEPENDENT AUDITORS' REPORT

We have audited the Consolidated Financial Statements prepared by technotrans AG – comprising the Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Recognised Income and Expense, Consolidated Cash Flow Statement, Statement of Movements in Equity and Notes – as well as the Group Management Report for the financial year from January 1 to December 31, 2012. The preparation and the content of the Consolidated Financial Statements and Group Management Report in accordance with IFRS as adopted by the EU, and in accordance with the supplementary requirements under commercial law pursuant to Section 315a (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 we plan and perform the audit such that we can establish 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 Group 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 adopted by 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 11, 2013
KPMG AG
Wirtschaftsprüfungsgesellschaft

Hunke
Independent Auditor

Schröder
Independent Auditor

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 2012 financial year, in accordance with the statutory provisions and articles of incorporation. We were involved directly and at an early stage in all decisions that were of considerable 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, in particular on the business and financial position and on fundamental issues of corporate planning and strategy. Deviations in business progress from the plans and targets and the corresponding countermeasures 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 2012 financial year the Supervisory Board considered the economic position and operational and strategic development of the company and its divisions at length in four meetings, which took place on March 12, May 23, September 25 and December 11, 2012, 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 statutory provisions 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 2012 were:

- The revenue and earnings performance of the company and possible measures to shore up earnings in view of the risks from the financial and economic crisis as well as the structural problems of the printing industry
- The financial statements for 2011
- The resolutions and agenda items for the Shareholders' Meeting
- The strategic positioning and development of the company's divisions
- Liquidity planning and financing
- The consequences of the insolvency of manroland AG and Kodak's filing for creditor protection, as well as the general solvency of customers in the printing industry
- The disposal of the property in Gersthofen
- The future composition of the Supervisory Board
- The general acquisitions strategy and especially the majority interest in KLH Kältetechnik GmbH, its integration and its anticipated development in 2013, as well as the acquisition of a majority interest in Sprachenwelt GmbH by gds AG
- Budgeting for the 2013 financial year, which encompassed revenue, cost, earnings, investment and personnel targets, as well as rough targets for subsequent years
- 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 Article 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 three committees. The Nominating Committee (members: the shareholders' representatives on the Supervisory Board) proposes suitable candidates for elections to the Supervisory Board. The Nominating Committee did not meet in 2012.

An Audit Committee has in addition been formed (members: Dieter Schäfer; Helmut Ruwisch; Heinz Harling) as well as a Personnel Committee (members: Heinz Harling; Dr Norbert Bröcker; Helmut Ruwisch). The Audit Committee met twice, 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, mandating the auditors to perform 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 audit reports and documents for the accounts as well as the Board of Management's proposal on the appropriation of profit for the 2012 financial year 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 11, 2013. 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 annual financial statements of the parent company and the Consolidated Financial Statements for the 2012 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 Group Management Report, we approved the auditors' findings and signed off the annual and Consolidated Financial Statements at the meeting on March 11, 2013. The annual financial statements are thus established. The Supervisory Board endorses the proposal by the Board of Management on the appropriation of profit.

In accordance with the corresponding recommendation In the German Corporate Governance Code, the Supervisory Board members of technotrans AG disclose any conflicts of interest to the Supervisory Board without delay. The Deputy Chairman of the Supervisory Board Dr Norbert Bröcker is partner in the law firm Hoffmann Liebs Fritsch & Partner. The law firm Hoffmann Liebs Fritsch & Partner provided legal advice for technotrans AG on a variety of topics in the past financial year. The Supervisory Board of technotrans AG approved the involvement of Hoffmann Liebs Fritsch & Partner as well as the consultancy fees arising. To avoid any conflicts of interest, Dr Bröcker abstained from these votes. No other potential conflicts of interest that are to be disclosed to the Supervisory Board and would need to be reported on to the Shareholders' Meeting arose in the year under review.

The Supervisory Board would like to thank the Board of Management and all employees of the group for their commendable dedication. Together they showed great commitment in shaping the company's development in the 2012 financial year. 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 seperate 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 Opening a further sales and service office in Yokohama, Japan
2005	Constuction of new production plant at Gersthofen
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 contex.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 Shanghai (China) Opening of a further sales and service office in Melbourne (Australia)
2008	Two employees' representatives are elected to the Supervisory Board (One-Third Employee Representation Act) Transfer of the cleaning systems product area to Sassenberg
2009	Production operations are halted at the Mt. Prospect (USA) and Gersthofen (Germany) locations and transferred to Sassenberg, and the structures in Asia are consolidated
2010	Transfer of technical operations for ink supply systems from Gersthofen to Sassenberg Partnership with Termotek AG, resulting in entry into the laser market Business Units define and evaluate 30 projects outside the printing industry
2011	Acquisition of Termotek AG technotrans becomes serial supplier of the toolsmart (for cooling lubricant preparation) to Sauer GmbH
2012	Partnership with KLH Kältetechnik GmbH resulting in increased presence in the market for laser cooling systems Merger of Chinese production operations at the KLH location in Taicang Spray lubrication for forming technology makes debut at the Euroblech show Acquisition of a majority interest in Sprachenwelt GmbH by gds AG
2013	Acquisition of majority interests in KLH Kältetechnik GmbH and its sister companies in Singapore and PR China

CORPORATE CALENDAR

Annual Report 2012	**March 12, 2013**
Analyst Meeting and Annual Press Conference	**March 12, 2013**
Interim Report 1-3/2012	**May 14, 2013**
Annual Shareholders' Meeting	**May 16, 2013**
Interim Report 1-6/2011	**August 13, 2013**
Interim Report 1-9/2011	**November 5, 2013**
Annual Report 2013	**March 11, 2014**

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