TRANSFER

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Annual Report 2013

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Sharing

Experience

TRANSFER

/
The technotrans year 2013
Insights, outlooks and achievements
/

Openness

Performance

Staying power

Responsibility

„2013 was another year of change for technotrans. Even though the waters were occasionally choppy or we sometimes didn't have enough wind in our sails, we held our course and are confident we will ultimately be able to steer technotrans into the right harbour.“

Henry Brickenkamp Board of Management Spokesman

KEY DATA OF THE TECHNOTRANS GROUP (IFRS)

		2013	2012	2011	2010	2009
Earnings						
Revenue	€'000	**105,207**	90,662	97,265	85,887	82,210
Technology	€'000	**65,988**	53,733	61,673	51,388	48,808
Services	€'000	**39,219**	36,929	35,592	34,499	33,402
Gross profit	€'000	**33,124**	31,652	30,779	25,457	16,657
EBITDA[1]	€'000	**7,815**	8,319	7,980	6,585	–4,284
Earnings before interest and tax (EBIT)	€'000	**4,626**	5,357	4,787	3,036	–11,929
Net profit for the period[2]	€'000	**3,016**	3,094	3,019	1,517	–10,347
as % of revenue	%	**2.9**	3.4	3.1	1.8	–12.6
Net profit per share (IFRS)	€'000	**0.47**	0.48	0.47	0.24	–1.65
Dividend per share	€'000	**0.20***	0.12	0	0	0
Balance sheet						
Issued capital	€'000	**6,908**	6,908	6,908	6,908	6,908
Equity	€'000	**43,743**	40,865	37,291	33,884	31,287
Equity ratio	%	**59.9**	63.2	55.5	50.0	45.2
Return on equity	%	**7.1**	7.9	8.5	4.7	–29.6
Balance sheet total	€'000	**73,019**	64,705	67,215	67,779	69,242
Net debt[3]	€'000	**–887**	–8,462	4,890	5,895	12,374
Working Capital[4]	€'000	**28,254**	27,087	18,527	17,126	7,847
ROCE[5]	%	**8.4**	10.1	8.9	5.7	–21.3
Employees						
Number of employees (average)		**763**	646	659	620	676
Personal expenses	€'000	**37,022**	32,651	33,224	30,843	31,975
as % of revenue	%	**35.2**	36.0	34.2	35.9	38.9
Revenue per employee	€'000	**138**	140	148	139	122
Cashflow						
Cashflow[6]	€'000	**2,693**	10,979	5,868	7,418	3,640
Free Cashflow[7]	€'000	**–3,433**	13,172	3,606	6,287	2,435
Shares						
Number of shares at end of period		**6,493,474**	6,455,404	6,432,775	6,340,035	6,311,415
Share price (max)	€'000	**10.35**	7.20	7.51	7.25	6.10
Share price (min)	€'000	**6.90**	4.10	4.01	4.40	2.97

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

* Proposal to the Shareholder Meeting.

TABLE OF CONTENTS

TRANSFER – OR HOW TO ACHIEVE MORE *WITH EXPERIENCE*

Henry Brickenkamp Board of Management Spokesman/ **Dirk Engel** Finance Director/ **Dr. Christof Soest** Technical Director

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The technotrans Group never stands still. Nor does it run headlong into something new. Because we make sure we look in the right direction whenever we seek to broaden our horizons. That way, we transfer everything we can to new areas and into the future.

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In 2013, too, the technotrans Group demonstrated that it is capable not just of changing, but also of systematically accessing new markets and potential. It thus remained on its successful course and received a resounding endorsement of its direction. One reason for the company's success is its ability in every area to accomplish transfer. Henry Brickenkamp, member of the Board of Management and its Spokesman, explains what that means in this interview.

Mr Brickenkamp, the 2013 Annual Report takes the theme of "Transfer". Why is that topic so important for you?

technotrans has changed dramatically in recent years. Not only have we uncovered fresh market potential in our divisions operating within the printing industry; we have also used our core skills to successfully gain a foothold in other industries. Transfer, in all its facets, was not merely an essential part of this process; it also proved a very valuable asset. We always reflected on how we could use our core skills to be successful in other areas, too. For that approach to work long-term, you have to be very focused about exploiting and applying the various aspects of transfer.

Could you explain more?

Certainly. Transfer is all about sharing. With others within the company, with customers, and with other partners. At technotrans, that means making sure we regularly share our experience. Since 2009, we have been pooling the technical knowledge that underpins our core skills throughout the entire company. Also, in 2009 we launched technotrans industrial system solutions (ttis) alongside the Print Solutions area to bring together all the various customer-specific requirements efficiently under one roof. That helped us make sure the systems we supply for different markets are actually similar in technical terms. And all customers benefit from that in equal measure. By combining volume with broader technological expertise, we can offer sophisticated, innovative technologies at competitive prices. If we want to keep it that way, continually sharing is absolutely essential.

technotrans: using its own skills for success in established and new markets.

USING PAST EXPERIENCE TO LOOK TO THE FUTURE:
THE TECHNOTRANS BOARD OF MANAGEMENT.

Transfer, in all its facets, is the key to our success

What else, apart from sharing, does effective transfer involve?

I'd say another essential feature is experience. It helps prevent mistakes, because mistakes cost money and also, in the worst case, your customers' confidence in you. We can't afford that in either the print area or in other markets. That's why we are systematically concentrating on our core skills. We have put a robust knowledge management system and professional project procedures in place to cover that. They also for instance help us to familiarise apprentices or new employees with particular tasks. At the same time, experience is the basis for future ventures by the group. We get involved wherever we see scope for using our knowledge and skills to bring us success, and for applying our experience productively.

How does that impact your day-to-day work? In other words, what are the key practical issues?

Performance is definitely important. technotrans operates in exciting markets with sophisticated customers. To succeed there in the long term, we need to keep up the company's performance in every area. Our challenge is to complete projects within the given timescale, to premium quality standards, and in an economically efficient way. We are trying to build that level of performance into technotrans' DNA and make it part and parcel of how we do things. It will then ensure we are able to maintain the competitive edge that we have secured.

Anyone who has been watching technotrans over the past few years will have seen a company that has been successfully transformed. What do you see as the reasons for this success?

One of our strengths is openness. We are not satisfied to leave things the way they are, we are actively on the lookout for fresh opportunities. That approach has enabled us to tap into a great many projects and markets. It is also why it is a big priority for our employees to be open. We encourage everyone to use their ideas and skills to take our company forward. This desire for openness unlocks further opportunities, and that in turn brings us new strategic options. So we transform change into something we can perpetually use to our benefit.

How do you see technotrans' future, and what role will transfer play in it?

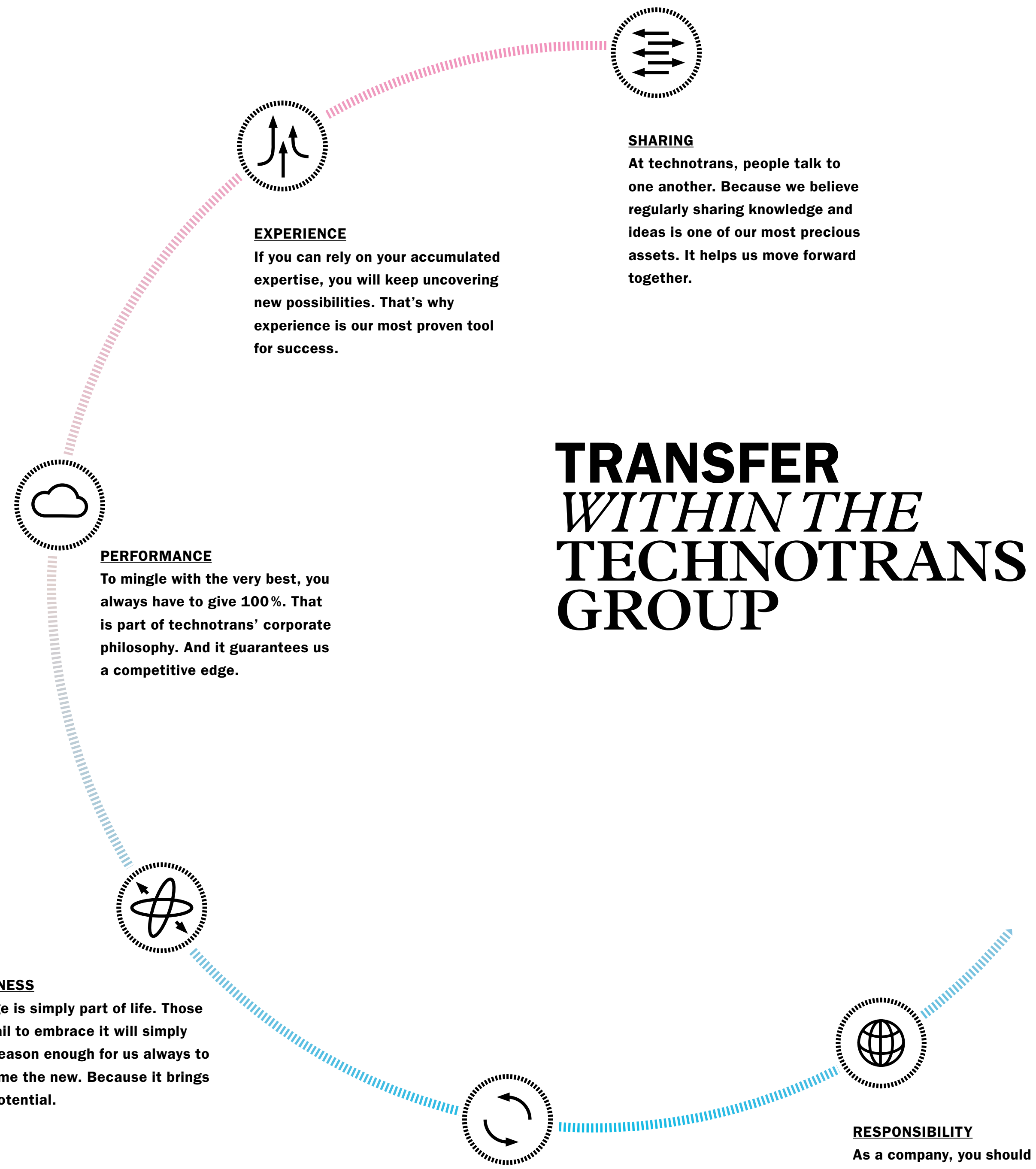
Transfer will continue to be a core element at technotrans. We believe it is also about staying power. The new markets not only have a complex product spectrum, they often also feature lengthy development cycles. Without staying power, we wouldn't be able to operate in them successfully. The good thing is we have such staying power and are reaping its rewards, year after year.

Corporate responsibility has become an increasingly important topic in recent years. What role does it have at technotrans, and what does transfer mean for you in that context?

As an international group of companies, we are mindful that we bear responsibility wherever we operate. In that respect social aspects are every inch as important as environmental factors. We at technotrans signed up to the Global Compact initiative quite some years ago; it places the spotlight on important issues such as human rights and sustainability. We also launch and support projects that seek to make the world a better place in the long run. Not because we want to be a force for good per se, but because we believe that in the future economic success will only be possible if the worldwide conditions are right.

Thank you for the interview.

TRANSFER *WITHIN THE* TECHNOTRANS GROUP



SHARING
At technotrans, people talk to one another. Because we believe regularly sharing knowledge and ideas is one of our most precious assets. It helps us move forward together.

EXPERIENCE
If you can rely on your accumulated expertise, you will keep uncovering new possibilities. That's why experience is our most proven tool for success.

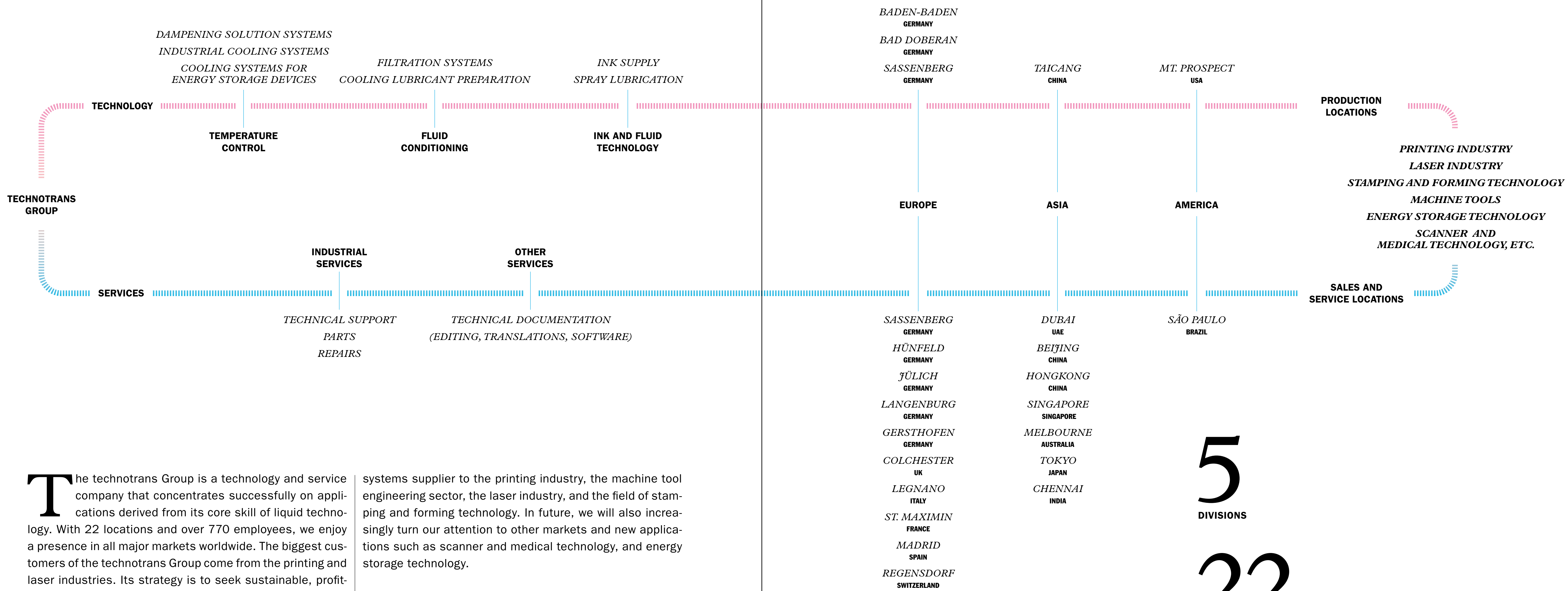
PERFORMANCE
To mingle with the very best, you always have to give 100%. That is part of technotrans' corporate philosophy. And it guarantees us a competitive edge.

OPENNESS
Change is simply part of life. Those who fail to embrace it will simply fail. Reason enough for us always to welcome the new. Because it brings new potential.

STAYING POWER
Success is normally not something that comes overnight. That is why at technotrans we are always on the ball. To guarantee the success of our projects.

RESPONSIBILITY
As a company, you should act in a way that causes no harm to humans or the environment. Whether locally or globally. That is our contribution to a better future.

TECHNOTRANS AT A GLANCE



The technotrans Group is a technology and service company that concentrates successfully on applications derived from its core skill of liquid technology. With 22 locations and over 770 employees, we enjoy a presence in all major markets worldwide. The biggest customers of the technotrans Group come from the printing and laser industries. Its strategy is to seek sustainable, profit-driven corporate development.

technotrans' business is divided into two segments: Technology and Services. The Technology segment generates just under two-thirds of total revenue. Its three business units bring together the core skills of cooling/temperature control, filtering/separating and spraying/pumping of liquids, along with the corresponding control and process engineering. The focus is on customer-specific systems that technotrans develops and sells in its capacity as the leading systems supplier to the printing industry, the machine tool engineering sector, the laser industry, and the field of stamping and forming technology. In future, we will also increasingly turn our attention to other markets and new applications such as scanner and medical technology, and energy storage technology.

The Technology segment is complemented by the Services segment. The technotrans business model is rounded off by an extensive range of services. These include installation work, in-situ maintenance and a worldwide parts supply with technical support, as well as customer-specific service concepts and training. Activities in the field of Technical Documentation are another key area of activity for the group, with its practical services, software solutions and translations used by a diverse portfolio of customers from many different sectors.

5
DIVISIONS

22
LOCATIONS

777
EMPLOYEES

FLEXO

/ PRINT SOLUTIONS /

KNOW-LEDGE

/

For all its successful evolution, technotrans' core area of business is still the printing industry. It is not only continually changing; the rapid emergence of flexographic printing is also presenting technotrans with a succession of fresh challenges to use its expertise innovatively and flexibly. The question we are confronted with is always the same: how can we transfer our core skills to other areas?

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EXPERIENCE MAKES YOU GOOD

FLEXOGRAPHIC PRINTING:
A SOPHISTICATED TECHNOLOGY.

OUR HERITAGE, OFFSET PRINTING.
KEEPING UP THE TRADITION.

WE LEARN WITH EACH OTHER AND FROM EACH OTHER; THAT PUTS OUR EXPERTISE ON A BROAD FOOTING.

PETER BÖCKER
He has held positions of responsibility at technotrans since 1995. As worldwide Head of Sales, he knows the printing industry inside out and believes its future prospects are anything but dim.

TRANSFER = KNOWLEDGE SYNERGY + *SUCCESS*

SHARING
Sharing helps us all move forward together.

The main task for 2013 in the Print Solutions area was to optimise and increase the market share. Not just in offset and flexographic printing, but also in digital printing. Customers are wanting greater efficiency and higher performance from printing presses. In other words, even fewer printing presses are being used to print even more. On top of which, there is a shift towards large printing houses capable of significantly higher output; this is ousting smaller printers from the market. Another important development is the gradual supplanting of newspaper printing by digital media. Packaging is a notable success story for the Print Solutions area. Steadily rising worldwide demand for all types of packaging brings opportunities for technotrans in virtually all printing methods. Alongside the transfer potential that our innovative products and technologies offer, we pay a great deal of attention to environmental aspects, such as energy efficiency or the ecological footprint of our products; we are therefore well placed to handle the challenges of the future in every arena.

The market movements in the printing industry are also challenging technotrans as a supplier to adopt new approaches and processes. With its expertise and international outlook, the company has a valuable springboard on which to build. Our subsidiaries worldwide, effective group-wide communication and a well-oiled service network put us in a position to keep achieving new goals and results. With transfer playing a decisive role.

THE PRINTING INDUSTRY IS IN A STATE OF CHANGE. GOOD TO KNOW THAT WE ARE SO FLEXIBLE.

"I learn a lot from my colleagues. And they do from me."

For technotrans, sharing experience across the divisions and disciplines is a major priority. Such an approach ensures the company's full knowledge remains available to all. Our apprentices are already instructed in the internal processes and procedures that span the various disciplines. One task that involves all divisions is the vital transfer of knowledge to potential new business areas. All this has engendered a culture of high flexibility and responsiveness. It means technotrans delivers what the market wants, and can satisfy existing and new customers in the printing industry.

Measures and innovative technologies that have been launched or already implemented in Print Solutions thus offer a promising basis for the future in the printing press market and also for expansion into new business areas. We yet again increased our market share here in 2013. One milestone was undoubtedly the clinching of another single-source agreement with one of the oldest manufacturers of offset printing presses. technotrans has been supplying dampening solution circulators and ink roller temperature control units for over 20 years, and has now secured this blanket agreement on the back of a long-standing partnership. By increasing the volume of standard business, it provides a high degree of sales and revenue stability, which is tantamount to lasting success for the Print Solutions area. An existing single-source agreement with another major printing press manufacturer has moreover been extended. This exclusive business relationship demonstrates both the huge confidence that major machinery manufacturers have in technotrans, and its commitment to excellence in service, price and quality.

But technotrans would not be true to itself if the company did not also seek out fresh potential. The proof: it has actively acquired new printing press manufacturers and clients among representatives and end customers. It has been focusing especially on the growing markets in Brazil, India, Southeast Asia and China. International cooperation in the domain of digital printing is proving equally successful. This printing technology calls for new technological solutions in the supply industry, too. A great many projects with digital printing press manufacturers show technotrans to be a very attractive partner on the strength of its product portfolio and market experience, and one that is capable of developing and supplying new, appropriate product solutions through its transfer strategy. In this area, too, we are active worldwide and are systematically unlocking new applications and markets.

"PRINT WILL CHANGE, AND WE WILL CHANGE WITH IT, THANKS TO OUR INNOVATIVE TECHNOLOGIES."

The prospects for 2014 are uninspiring and to some extent difficult to predict, because of conflicting currents. On the one hand some areas of the printing press industry will grow, such as digital printing as portrayed above, but also flexographic and packaging printing. On the other hand there are segments of the printing industry that will remain flat or will shrink. We have adjusted to these changing conditions and continue to plan on increased market shares and above-average growth within those market segments that are expanding, in order to remain a firm, reliable partner as a systems supplier for all areas of the printing industry.

12.6 %

Our high proportion of apprentices safeguards our long-term success.

METAL

/ LASER INDUSTRY /

SCI-
ENCE

/

To make a name for yourself in a new market, you need to have something real to offer. Such as experience and expertise that will prove useful in the new task area. And the courage to look beyond your own horizons. technotrans has supplied ample evidence of all these virtues in its successful entry into the laser industry.

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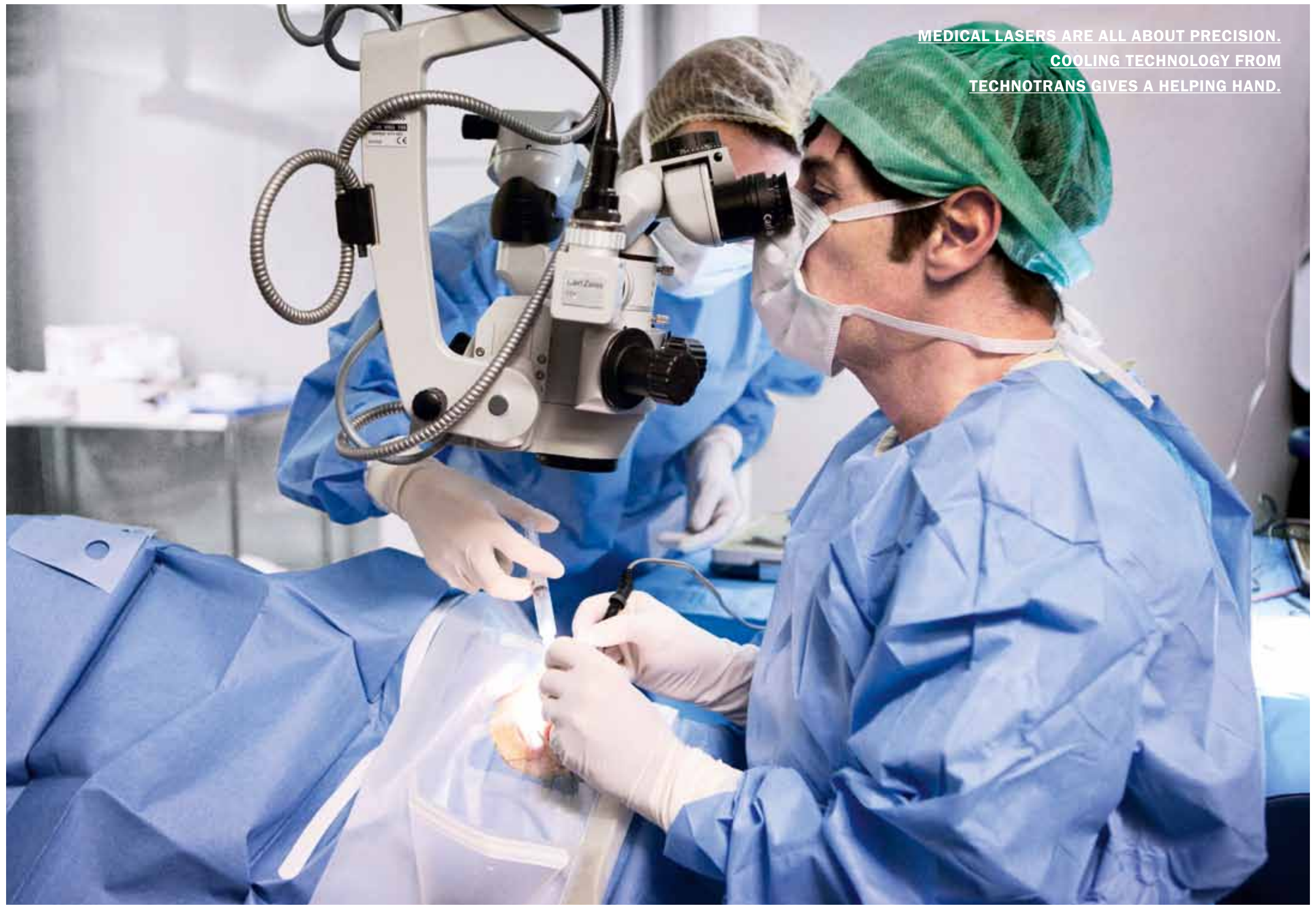
SCALING TECHNOLOGIES

INDUSTRIAL LASERS REMAIN ON THE ADVANCE. AND WE'RE PART OF THAT PROGRESS.



MEDICAL LASERS ARE ALL ABOUT PRECISION. COOLING TECHNOLOGY FROM TECHNOTRANS GIVES A HELPING HAND.

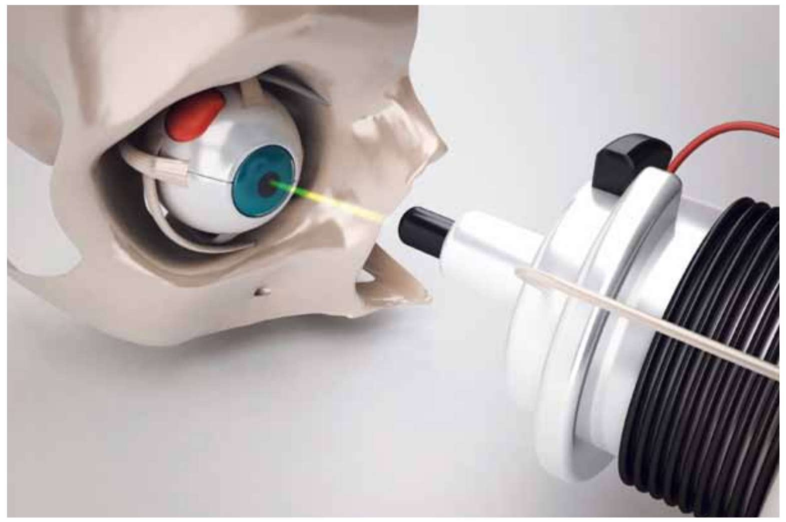
LASERS EVERYWHERE FROM HEAVY INDUSTRY TO MEDICAL TECHNOLOGY STAY COOL BECAUSE WE ARE SUCCESSFULLY APPLYING OUR EXPERIENCE IN NEW MARKETS.

EXPERIENCE
Our accumulated knowledge is our most proven tool for success.

The laser industry is one of the fastest-growing markets around, and is continually finding new areas of application. It ranges from the micro to macro scale, and is an innovation driver. For many applications, it will see its volume double over the next ten years. The growth rates, across areas as diverse as medical technology and machine tool engineering, average around 7 % annually. In the field of production engineering, laser technology already accounts for about 12 % of the machine tool industry. Tendency rising.

USING FAMILIAR KNOWLEDGE *TO BUILD NEW SUCCESS*

It is hard to avoid superlatives when talking about the laser industry. Not just based on the experience of recent years, but also on the forecasts for the future. Reason enough for technotrans to tap fresh potential in this business area – and successfully so. Through the takeover of KLH and Termotek, as well as a large number of development projects, it has rapidly gained a foothold in this new market. Transfer has played a decisive role throughout. More than simply wanting to buy up other companies, we have specifically been on the lookout for options that will allow



us to apply technotrans' wealth of experience. At the same time it was important to us to integrate companies that are already known quantities in the laser market into the technotrans Group, as a reliable basis for future success.

In many areas, laser technology is redefining the benchmark for industrial production. The reliability, speed and versatility of lasers are hugely relevant. The sheer diversity of applications is an equally important part of this market's present and future shape. Alongside established uses in metalworking, the electronics industry, medicine and research or in optical storage media, lasers will become increasingly common in the textile and food industry, as well as in process engineering sectors such as fine chemicals and pharmaceuticals. This is delivering average growth rates of more than 5% per year. In Germany, the revenue volume will soar from EUR 17 billion in 2011 to potentially EUR 44 billion in 2020. Anyone wanting to operate successfully in this highly fragmented competitive environment needs to fulfil a number of important criteria, which technotrans does with verve.

"THE LASER MARKET IS REVOLUTIONISING INDUSTRIAL PRODUCTION."

The customer structure in the laser industry is similar to that in the printing industry, for which the technotrans Group acts as systems supplier. What this means for us is that here, too, we can exploit the global corporate structure of our comprehensive range of products and services, such as our international service network, and that customers benefit from working with a reliable partner.

Another advantage is technotrans' many years of experience in the sphere of industrial cooling. In alliance with our subsidiaries Termotek and KLH, we build devices for low, medium or high cooling performance and therefore present ourselves as a full-line supplier for laser cooling.

We are consequently operating in a very promising niche area – one in which we have already achieved a substantial market share that we now intend to increase. As well as offering customers innovative, individual solutions, we have the advantage of a well-established international service network, plus production locations in Germany, the USA and China, guaranteeing swift local deliveries.

With its setup, technotrans is well placed to tap directly into industry trends. On the one hand customers increasingly want to realise applications at project level. Such projects enable us to profile ourselves as a successful development partner that will be an asset for production supplies. On the other hand there is a trend towards knowledge-based systems and solutions in every area.

technotrans can tap into its resources of expertise to develop and supply practical, synergy-based products for its customers. We have already been able to demonstrate in a large number of customer projects that we can successfully supply both customised and standard products for the laser industry, whatever the laser source. As a full-line supplier we can supply appropriate cooling systems for all beam sources, from gas to solid lasers. From standalone to integrated systems featuring varying levels of intelligence, we generally discuss our customers' needs with them and provide a solution tailored to what they want. Obviously we also treat forward-looking issues such as efficiency and the total cost of ownership over the entire life cycle as major priorities here.

Developing, expanding and continually optimising the technology is also very much in our focus, along with the pioneering make-up of this technotrans product range. For instance, we are working on a platform concept that clearly differentiates between the performance ranges and embraces the common-part principle for both mechanical and electronic subsystems. Offering both clear performance ranges and modular assemblies means we can respond flexibly to individual customer requests.

OUR STRENGTH: DEVELOPING EFFICIENT SYSTEMS IN TANDEM WITH INDIVIDUAL SOLUTIONS.

GLOBAL

/ SERVICE SOLUTIONS /

LO-
CALS

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When it comes to Service Solutions, technotrans is in the top flight internationally. Not just with its slick network of technicians and locations all over the world, but also through the products of gds, which promote understanding worldwide. Making everything run even more smoothly.

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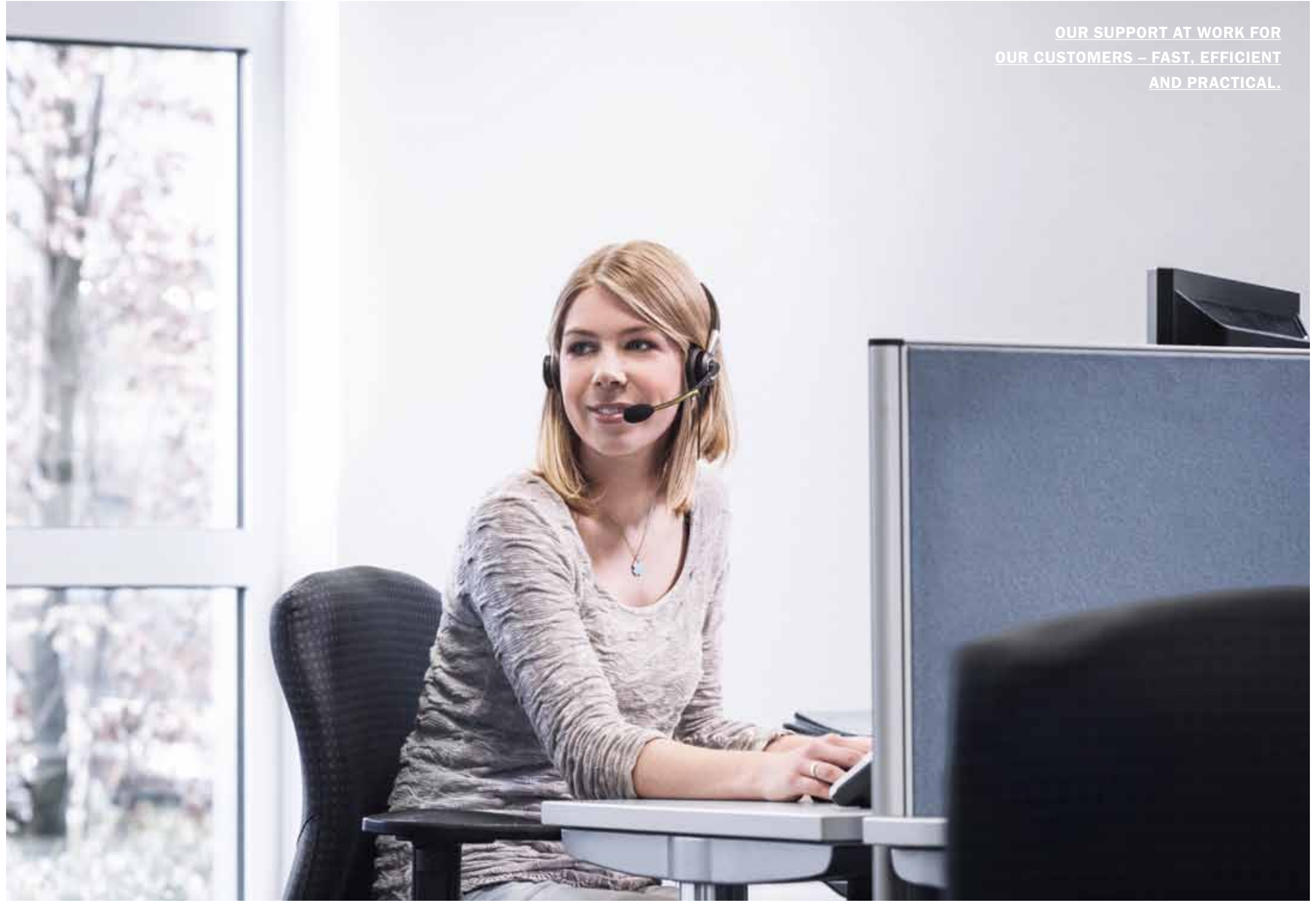
A WORLDWIDE PRESENCE IS OUR STRENGTH

TECHNICAL EDITING FROM GDS ENSURES THAT OUR CUSTOMERS' PRODUCTS ARE UNDERSTOOD PROPERLY EVERYWHERE.



OUR SUPPORT AT WORK FOR OUR CUSTOMERS – FAST, EFFICIENT AND PRACTICAL.

HENDIRK NIESTERT
As Head of the Service Solutions area, he is always in tune with what customers need and knows that services will become increasingly important in the future.

A PHONE CALL FROM OUT *IN THE FIELD*

PERFORMANCE
The reason for our competitive edge: we always give 100%.

It is Thursday. The phone rings in the Customer Service department in Sassenberg. The caller is a customer working on the world's biggest container ship, and needs assistance. Quickly. The converter cabinet cooling system made by KLH needs to be modified to meet the customer's requirements. One day later, we receive the plans of the ship; by Sunday, one of our technicians from Singapore is boarding the ship in Malaysia and gets to work. One of many success stories. Alongside its innovative products, the technotrans Group is especially renowned for its services. Quick response, short distances and efficient solutions are what make us so highly valued by our customers worldwide. Both long-standing and new ones.

In 2013, for instance, the research laser of an astrophysics institute was equipped with a central cooling system from KLH. The challenge here was to run the leads to the laser in such a way that it can operate without any vibration whatsoever.

In the area of smaller diode lasers, too, for which Termotek makes cooling devices, a leading weather institute was impressed by our service. The automotive industry was another area of activity. Although the applications here were of a more standard nature, it was very exciting to get to know the production process and its requirements, then add it to our portfolio of services.

"OVER 12,000 SERVICE CALL-OUTS A YEAR HELP US TO KEEP IMPROVING OUR PRODUCTS."

Internationally in particular, leading suppliers and car manufacturers know they can rely on technotrans' service. The printing industry still accounts for the bulk of service work. There, too, we increased our market shares. Many printing houses are adding digital printing presses to their machine park. technotrans has been able to help here thanks to its well-established project planning and commissioning services.

REGULAR SERVICING AND RAPID ASSISTANCE ENSURE CUSTOMERS DO NOT NEED TO WORRY ABOUT MACHINERY BREAKDOWNS.

BE IN GOOD HANDS WITH OUR NETWORK

In addition to our service network, our subsidiary gds AG has contributed to the Service Solutions success story. gds not only provides its customers with a mature tool for technical documentation in all languages in the shape of docuglobe, but also with an efficient web-based platform for handling support cases and documentation projects through docuportal. In addition, gds offers professional translations and comprehensive training courses on all aspects of technical documentation, and is constantly working to identify and set market trends.

All this has been made possible by the way Service Solutions continually redefines how it does things. Just like its professional processes, its experience and expertise can easily be transferred to other areas, among other reasons because many familiar technologies are suitable for use in other industries, too. By expanding our portfolio of services, we can help our customers swiftly, efficiently and individually. To maintain these standards, the Service Solutions area underwent further optimisation in 2013. The spotlight was on fine-tuning and adding to the range of services for Termotek and KLH products.

The international network was further expanded, information flows were improved and new products were integrated. In addition, the training programme for employees and customers was extended to ensure steady growth in the transfer of expertise. The same approach will be taken in 2014. In all this, technotrans remains true to the principle of “rather do 1,000 things 1 % better than dabble in a few things”. That is part of our corporate philosophy of delivering maximum customer satisfaction.

It makes us more competitive and enables us to offer customers what they expect from us: excellent products and excellent service.

technotrans is continually working on improving its services in order to support its customers optimally.

"Our customers are delighted if they find people everywhere who can understand them easily."

GDS MAKES INFORMATION AVAILABLE ON MULTIMEDIA – FOR THE SIMPLEST SOLUTION.

LIQUID

/ INDUSTRIAL SOLUTIONS /

PRO-GRESS

/

technotrans does not believe in standing still. That is why we launched the Industrial Solutions area in 2009. Here, we draw on the knowledge and findings that are available throughout the entire company to access new business areas and keep creating fresh potential, in order to safeguard the success of the group's international operations.

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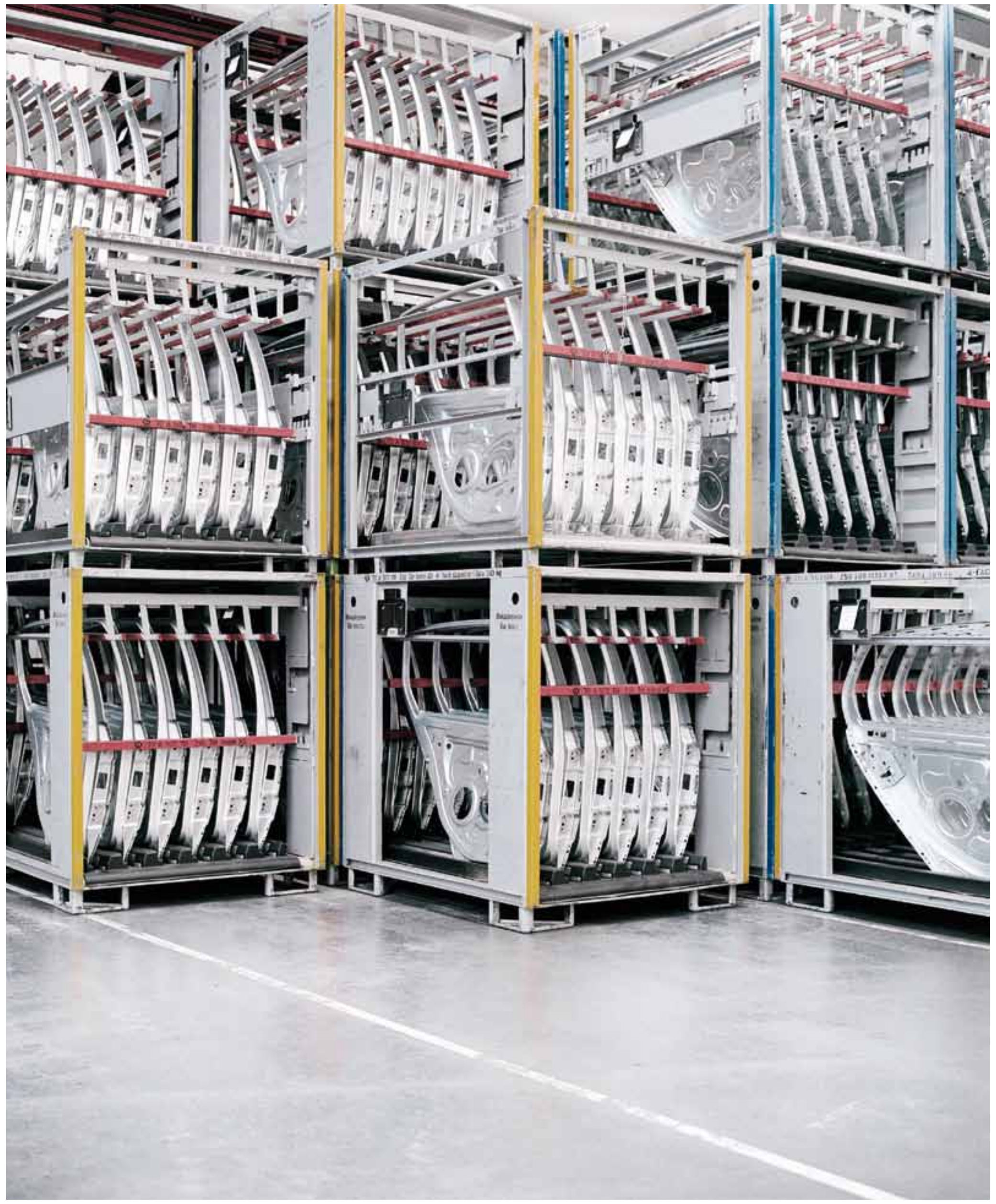
THE ACTIVE, CREATIVE WAY TO DISCOVER POTENTIAL

OUR PRODUCTS ARE IN USE ON VIRTUALLY EVERY NEWSPAPER WEB PRESS.

RECENT DEVELOPMENT: INNOVATIVE SPRAY LUBRICATION FOR THE AUTOMOTIVE WORLD.



BECAUSE WE AT TECHNOTRANS ARE ALWAYS RECEPTIVE TO THE NEW, WE ARE CONSTANTLY TAKING ON NEW CHALLENGES.

CHRISTIAN WALCZYK
The Head of Sales for the Industrial Solutions area knows the challenges of new industries and sees technotrans continuing to apply its expertise successfully in new projects.

COOPERATION WORKS

OPENNESS
Because we anticipate change, we can exploit new potential.

Panta rhei – as the Ancient Greeks realised, "everything flows", i.e. is in a constant state of change. We at technotrans know exactly what they meant – after all, liquid technology is our speciality. So what could be more obvious for us than to contribute our expertise from the print area in other industries, too? The key principle was to be receptive to new ideas and technologies. We actively sought out opportunities and partners who share our vision. As a result, we have been able to embark on a whole array of highly promising projects. Since 2012 we have had a supply agreement with Sauer (DMG MORI SEIKI), with which we have launched our successful toolsmart series. Within the framework of this cooperation the product range was gradually extended, and technotrans is now already regarded as the specialist for sophisticated filtration solutions for special materials such as carbon fibre and ceramic. But this success came not just from the products; the commissioning work and support service provided by technotrans also played a part.

The transfer worked, and new projects demonstrate why we were right to take such a receptive stance. 2013 saw us venture into further new areas of business. These include cooling for battery systems, which involves exacting requirements in terms of environment and function. Through our project work, we secured the status of systems supplier among our partners. There is a similarly promising partnership with a manufacturer of medical technology in China, with which we are developing temperature control systems for magnetic resonance and computer tomography (MRT and CRT) in Asia. It enables us to exploit the group's entire synergy potential, spanning the sales, service, purchasing, development and production areas.

What can we achieve by applying our experience in other industries? This is the question that drives the Industrial Solutions area.

Our international setup is a particularly important asset here. For this project, the customer talks and the initial technical expositions took place in China. The design and the final technical exposition were then developed in Sassenberg. Meanwhile purchasing of the components and the production are taking place over in China. That is what we call international cooperation. It shows that we can meet customer requests very flexibly by handling the various project stages – whether product idea, product design/qualification, series-production procurement or manufacturing – on an international scale at a variety of locations.

Our new “spray.xact” product was another success story in 2013. This product is used for spray lubrication in stamping and forming technology and has proved a real crowd-puller at industry exhibitions such as the Blechexpo. A large number of new and potential customers have been able to witness the practical advantages of this innovative technotrans technology. “spray.xact” is based on mechatronic valve technology that technotrans has already used very effectively for performing spraying functions in the printing press industry. By refining it for this specific application and reflecting the specific requirements of spray lubrication, we have succeeded in developing a new generation that achieves precise, economical oil coatings. Without question it offers many benefits for customers. With its wide range of advantages, this product is a true innovation for the oiling of coils and is a prime example of successful technology transfer by technotrans.

This broad range of applications constantly throws up new production, technical and sales challenges. It highlights how important technotrans’ well-rehearsed network is to our success. Our flat hierarchies are conducive to rapid decisions and mean responsibility is extensively delegated to individuals. At the same time, high standards of quality and technical performance guarantee our long-term success. We intend to keep the Industrial Solutions area moving along this course in 2014, building on long-term customer relationships, new system partnerships and pioneering projects that stem from the core capabilities of the group.

7 ms

Seven milliseconds is the fastest opening time of our spray.xact nozzle – about the time it takes for a bee to flap its wings.

We like to send our developers into the lab from time to time, because testing and simulating early on saves precious time. The result is prototypes, new technologies and innovative ideas for our core business areas and wherever else we can use our technologies and developments to impress.

WE ARE CONTINUALLY USING OUR CORE BUSINESS AREA OF THE PRINTING INDUSTRY AS A SPRINGBOARD TO VENTURE INTO NEW TERRITORY.

COOL

/ TEMPERATURE CONTROL /

PO-
WER

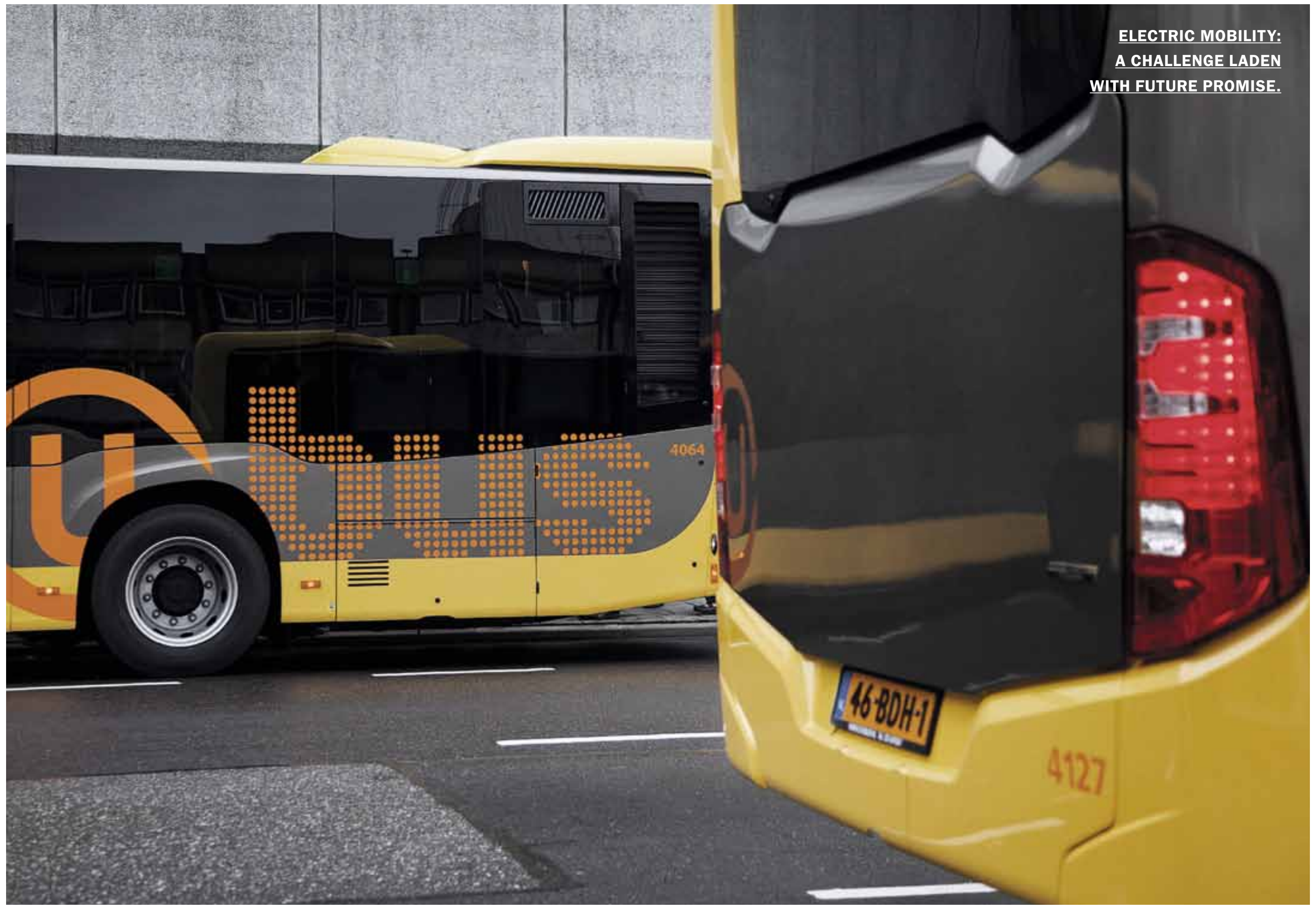
/

Keeping things hot when they need to be hot and cold when they need to be cold is all about temperature control – another core skill of technotrans. Thanks to our ability to combine a variety of core skills, we can generate special product characteristics and therefore benefits for our customers.

/

STAYING POWER: ONE STEP AT A TIME TOWARDS OUR GOAL

NEW AND EXCITING: TECHNOTRANS IN BIOTECHNOLOGY.



ELECTRIC MOBILITY: A CHALLENGE LADEN WITH FUTURE PROMISE.

DEVELOPMENT: WHERE THE BUILDING BLOCKS OF OUR SUCCESS TAKE SHAPE.

- 01 IDEA
- 02 PROJECT OUTLINE
- 03 DEVELOPMENT
- 04 PROTOTYPE CONSTRUCTION
- 05 PRODUCT QUALIFICATION
- 06 FIELD TESTS
- 07 PILOT PRODUCTION
- 08 PRODUCTION

SOME LIKE IT HOT

STAYING POWER
We make our projects succeed by always staying on the ball.

Temperature control in the printing industry is one of the most crucial core skills of technotrans, and the basis of our expertise. We have successfully transferred this expertise to other industries and built up a reputation as a specialist for temperature control in other areas, too. Our big advantage: we can put our many years of experience in dealing with customers to good use when taking on development projects that present new challenges. At the same time, we make optimum use of the available capacities.

In every area of the company, this approach has led to exciting projects that have helped us increase and consolidate our market presence.

technotrans effectively applies its skills and strengths in the area of temperature control in other industries.

50,000 m

of copper piping were fitted in our cooling systems in 2013.

As in the printing industry, these projects have a multi-year horizon and pass through various phases until production readiness. After the brainstorming, construction, design and feasibility study phases, a prototype is built. It is then put through a series of tests and qualifications internally, and next sent out to customers for field tests, possibly with intensive backup from the service technicians. In this project stage, the prototype is observed in operation and modified as necessary. Then production of the pilot run begins, with further tests conducted before volume production can start. But this sequence is no more than the basic outline of a project – it is often tailored to the specific needs and requirements of a customer.

KLH has developed modular cooling concepts that for example feature different cooling circuits to cool four components on the same machine. Termotek, too, was able to realise an array of new projects that called for customer-specific applications. As well as its lasers, Termotek developed products such as temperature control systems for innovative cooling/heating sleeves for the medical and sport sectors, a new design of IT cabinet for servers and computers requiring ultra-space-saving solutions, and coolers for airport scanners. Termotek has thus unlocked new areas of activity in the field of temperature control. The same is true of technotrans, which impressed various customers with projects in the machine tool sector (industrial cooling), for energy storage systems, for laser systems and in medical technology.

All these achievements are not down to pure chance – they reflect the ability of the technotrans Group to attract customers through innovation, experience and ongoing support. And in everything that we do, we demonstrate conspicuous staying power because we always strive for the best solution, whatever the area, and because we are experts at transferring our knowledge. Energy efficiency, for example, is becoming increasingly important. By drawing on its relevant expertise from a wide range of application areas, technotrans is able to offer innovative products that tick all the boxes.

“WHATEVER WE LEARN AND WHEREVER WE LEARN IT, WE USE THAT KNOWLEDGE IN EVERY AREA.”

How do our products react in different conditions, e.g. as part of technologies in the mobility sector, when movement and vibrations are the norm? The various ways in which our products interact in new application areas are obviously also of huge interest. Efficiency, noise emissions and climatic conditions are just some of the relevant topics. These and other questions continually arise in our projects and keep yielding new findings. We then use them as gateways to new applications and systems, for instance in the printing industry. This completes the transfer cycle, highlighting the importance of endurance and discipline as success factors. ▬

"Our customers and project partners are the prime movers behind innovations and development."

RESPONSIBILITY
Respecting people and the environment everywhere is our contribution to a better future.

OUR MISSION – TODAY, TOMORROW *AND BEYOND*

/

Every company bears responsibility. Towards its employees, the environment and society. At technotrans we accept that responsibility worldwide in a variety of ways, for instance through our commitment to the Global Compact initiative, or by supporting Friedensdorf International e.V. We always remain faithful to the THINK – LEARN – ACT philosophy that is actively practised throughout the entire group.

/

The Global Compact of the United Nations is a strategic initiative that seeks to promote corporate social responsibility and sustainability in organisations and enterprises.

technotrans bears responsibility for people and the environment. Wherever we are.

Its centrepiece is ten universally acknowledged principles spanning human rights, labour standards, environmental protection and anti-corruption measures. Over 12,000 signatories representing industry and key stakeholders in 145 countries have already made a commitment to uphold these principles.

technotrans has been a member of the initiative since 2006 because we want to play an active role in furthering its long-term goal – defining the social and ecological aspects of globalisation – while also consciously measuring our activities and strategies against these standards. Implementing the ten principles is a permanent challenge in our day-to-day work. In view of the group's international operations, we continually need to reassess whether we are meeting the standards of the Global Compact and what we need to do to further its aims.

The human factor

We act consistently to protect human rights.

technotrans promotes and protects human rights. We advocate compliance with worldwide labour standards, and are involved in the fight against child and forced labour, as well as against discrimination in employment. Our employees are appointed solely on the basis of their qualifications – and nothing else. Checks are regularly carried out to assess whether the guidance to that effect, as laid down for instance in management manuals or compliance guidelines, has been followed. This audit of our group again brought to light no departures from the application of the principles in respect of labour standards and human rights in 2013.

Entirely natural

Environmental protection and sustainability govern our actions.

In its economic activity, technotrans consciously seeks to advance and support the Global Compact principles from an environmental viewpoint, too. Our technology is all about the use of energy-saving components and pollution-cutting solutions. We will continue to give environmental protection and sustainability primacy throughout our development of products and use of resources. We are currently exploring a highly promising solution for sustainable energy storage technology in stationary and mobile applications.

Transparency wins

Corruption is a danger to everyone. It hampers development, deepens poverty and has a devastating effect on society, both economically and socially. It causes legal uncertainty, distorts competition and inflates costs. According to the European Commission, every year it costs the European Union economy alone some 120 million euros. That is why corruption is a crime, not a mere peccadillo. To protect our group against potential losses, we maintain transparency and implement internal control mechanisms. In particular, we have adopted a worldwide, binding set of anti-corruption guidelines.

Much remains to be done, all over the world. For that reason, we will continue to do all in our power to support the Global Compact through our business activities and strategies, which we will adjust as necessary to bring them into line with these principles.

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.

SO THAT THE WORLD DOES NOT STAY *THE WAY IT IS*

They said Tamana would never walk. Today there is scarcely any stopping her.

You can change the world. One step at a time. That is why technotrans again lent its support to the Friedensdorf International project in 2013. This charity attends to children from war-torn and crisis zones, supporting them with medical and psychological help, education, projects and relief supplies. Whether on the ground or at the Friedensdorf in Oberhausen. Tamana's story illustrates how this approach to relief works. The four-year-old girl was growing up in a small Afghan village close to the Uzbekistan border. At some point Tamana started feeling severe pain in her leg, which was ulcerating. The diagnosis of the doctors at the provincial clinic: inflammation of the bone with ulceration. Medical support and medicines were in short supply. A familiar story for Friedensdorf children. But the parents did not give up, and took their daughter to the paediatric clinic in Kabul, from where she was transferred to a special clinic in Pakistan. But after six operations, her condition still did not improve. The doctors, believing they had done all they could, sent Tamana and her parents home.

That would probably have been the end of the story if her uncle had not heard on the radio that a team from Friedensdorf International was coming to Kabul, to take sick children to Germany for treatment free of charge. So the family embarked on another long journey and showed Tamana to the team. It quickly became clear the girl needed medical treatment in Germany. Along with 60 other children, she landed in Düsseldorf and was transferred directly to a children's hospital. The doctors there removed part of her thigh bone, and also the source of the inflammation. That banished her pain and the swelling. An initial success. But she was now left with a gap between her hip and her thigh bone. The doctors believed Tamana would never be able to walk properly. Tamana was sent to the Friedensdorf for rehabilitation, where she met other children she already knew. Six weeks on, and her progress was astonishing: Tamana was running, laughing and playing with her friends. Although she will never be able to run without problems or walk long distances, as of early 2014 she is ready to return to her family in Afghanistan.

The whole scheme relies on donations and voluntary assistance. While the clinics cover the cost of the treatment, Friedensdorf International pays for the flights, transport, personnel, accommodation, meals and care. technotrans is an active supporter of Friedensdorf International because it performs constructive work with long-term benefits for the future. We – technotrans – are successful internationally, but all over the world there are the weak, who will have no future prospects if we do not join together to support them. Children and young people are in an even precarious position – which is why they need our help particularly urgently.

FRIEDENSDORF IS A PLACE WHERE CHILDREN WITH NO FUTURE ARE GIVEN A NEW TOMORROW. FILLED WITH LIFE, LAUGHTER AND LEARNING.

"It's nice to achieve something together."

"Only if the company performs in every department will you succeed long-term."

THE BOARD OF MANAGEMENT: DIRK ENGEL, HENRY BRICKENKAMP, DR CHRISTOF SOEST

/ SEVEN HUNDRED AND SEVENTY SEVEN TIMES

THANK YOU!

TO OUR EMPLOYEES FOR THEIR COMMITMENT **AND ENTHUSIASM.** /

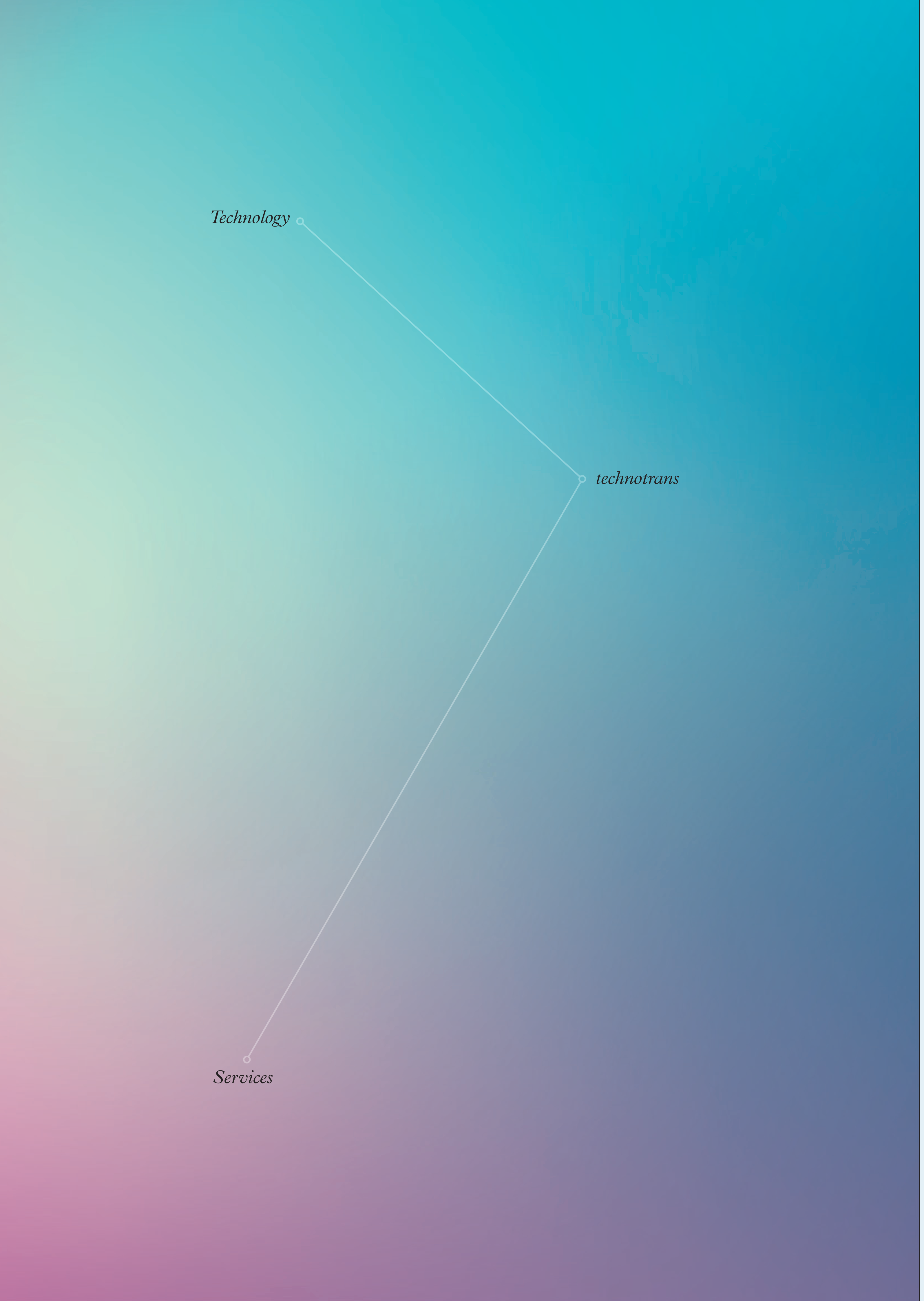


TABLE OF CONTENTS

DEAR SHAREHOLDERS,
DEAR BUSINESS ASSOCIATES,

A challenging year lies behind us – one in which our attention was focused on solutions in the double sense of the word. The 2013 financial year saw the technotrans Group achieve its goal of increasing its revenue share from outside the printing industry initially to 30 percent. The key factor behind this development was the acquisition of a majority interest in KLH Kältetechnik GmbH (Bad Doberan) and its Asian sister companies at the start of the year. Following the takeover of Termotek AG in 2011, we have thus added considerable breadth to our presence in the growing market of the laser industry.

Unfortunately our expectations of a more dynamic development in the past financial year went unrealised. The muted framework conditions had an impact on most target markets of the technotrans Group that extended into the second half of the year, because industry's propensity to invest remained very restrained. Even demand from the Chinese market, normally a growth driver for exports, lost momentum. However this short-term weaker business performance must not be allowed to mask the fact that the company's medium and long-term prospects remain positive.

Implementing our strategy is increasingly bearing fruit, not just through the acquisitions but also through the internal and external projects that seek to identify applications for our own core skills outside the printing press industry. Various projects that in some cases had lead times of three to four years are now beginning to bring in revenue. For instance, our spray lubrication systems for stamping and forming technology have now been successfully introduced at OEMs (the machinery manufacturers) and in the retail market. In addition, we have further increased our activities in the area of energy storage technology (e.g. battery cooling) and tapped fresh potential in the field of medical and scanner technology.

The integration of our latest acquisition KLH is making good progress. Both it and our subsidiary Termotek have already been detecting a slight upturn in the laser sales market since the fourth quarter. We therefore also expect to see correspondingly positive effects for the 2014 financial year from implementing the synergy potential we had previously identified.

Our business with customers from the printing industry continues to be dominated by the general economic fortunes of that sector; judging by the latest announcements by our clients in the offset printing area, no rise in the market volume can be expected any time soon. Nevertheless, 2013 saw us build on our position as the leading systems supplier for liquid technology in the printing industry. This market-leading position gives our company a sound basis on which to develop and expand into new markets for technotrans.

The success of the past year is down to the efforts of a large team. The Board of Management of technotrans AG therefore takes this opportunity to thank not just its management personnel, but also all employees for their exceptional commitment.

In line with the general business cycle, we expect the coming year to bring a noticeable revival and fresh impetus. All the same, we continue to take a rather more sober view of the development of various sub-segments, in the printing industry in particular. We intend to see technotrans grow, both organically through actively developing new products, and non-organically through further targeted acquisitions. Our focus in this respect is on companies which make technological niche products and give us an attractive gateway to target markets such as the metalworking/machine tool industry, energy storage technology, and medical and scanner technology.

Our strategic focus is on companies that have their own value chain and offer a high standard of technical expertise. That is the only way we can secure sustained growth of a calibre that will maintain and progressively enhance our profitability.

The recent business results have confirmed our resolve to press ahead with addressing new customers in different markets. We will therefore continue to invest in building up the necessary expertise and capacities, in an effort to progress along technotrans' growth pathway.

We will be delighted to see you accompany us in our quest for a successful 2014 for technotrans, and we thank you for your confidence in us.

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. The Board of Management and Supervisory Board of technotrans AG again gave in-depth consideration to the fulfilment of the requirements of the German Corporate Governance Code, and in particular to the amendments decided upon by the government commission responsible on May 13, 2013. Both bodies submitted a joint Declaration of Conformity in September 2013 pursuant to Section 161 (1) of the German Stock Corporation Act (AktG):

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 13, 2013 have been complied with in the 2013 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, for example 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.

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 2013 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 2013 financial year, the Supervisory Board considered the economic position and operational and strategic development of the company and its divisions at length in five meetings, which took place on March 11, May 15 and 16, September 25 and December 13, 2013, 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 2013 were:

- The economic development (revenue and profit) of the company, but also in particular of Termotek AG and of the newest majority interest KLH Kältetechnik GmbH, as well as possible measures to shore up earnings in view of the structural problems of the printing industry
- Discussing the financial statements for 2012 and passing the appropriate resolution
- The proposals for resolutions and the agenda items for the Shareholders' Meeting, in particular the proposal on the shareholders' representatives who were to be put forward to the Shareholders' Meeting for re-election
- The strategic positioning and development of the company's divisions
- Liquidity planning and the new financing concept
- Examination of the remuneration system and of the appropriateness of the Board of Management's remuneration
- The general acquisitions strategy and the integration of KLH Kältetechnik
- Budgeting for the 2014 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 term of office on the Supervisory Board of Dr Norbert Bröcker and myself ended with the close of the Shareholders' Meeting on May 15, 2013. Based on the proposal of the Nominating Committee, at its meeting in March the Supervisory

Board resolved to propose our re-election to the Supervisory Board at the next Shareholders' Meeting. Dr Norbert Bröcker and I were both re-elected to the Supervisory Board by large majorities at this year's Shareholders' Meeting as representatives of the shareholders.

The composition of the Supervisory Board changed in 2013 in terms of the employees' representatives. There were corresponding elections at the German establishments in April for two employees' representatives. At the constituent meeting of the Supervisory Board following the Shareholders' Meeting, the employees' representatives Reinhard Aufderheide and Thomas Poppenberg were welcomed as new members of the Supervisory Board; the Supervisory Board then proceeded to elect me as its Chairman.

The Supervisory Board would like to thank Klaus Beike and Matthias Laudick, who had belonged to the supervisory body as the employees' representatives since 2008, for their dedication and constructive support for the company's development over the past five years. An Audit Committee has, in addition, been formed (members: Dieter Schäfer, Helmut Ruwisch and Heinz Harling) as well as a Committee for Board of Management Affairs (Personnel Committee; members: Heinz Harling, Dr Norbert Bröcker and Helmut Ruwisch). The latter met twice and dealt in particular with the composition of the Management Board and with drawing up the contracts and agreeing the remuneration of the members of the Board of Management. At the committee's proposal, the full Supervisory Board unanimously approved the extension of the contract (three years) for Dr Christof Soest at its meeting in December 2013.

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 in advance by the members of this committee. In preparing its recommendation to the Supervisory Board on the election of the auditors, the Audit Committee moreover considered at length a possible change of auditor. To that end, it for example conducted discussions with several potential alternative candidates. However following extensive consultations the Audit Committee ultimately decided to recommend that the Supervisory Board re-elect KPMG AG Wirtschaftsprüfungsgesellschaft, Bielefeld, as auditors of the annual financial statements and Consolidated Financial Statements for the 2014 financial year

The audit reports and documents for the accounts as well as the Board of Management's proposal on the appropriation of profit for the 2013 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 10, 2014. The firm of auditors, represented by the two independent auditors appointed to carry out the task, also 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 2013 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 auditor's findings and signed off the annual and Consolidated Financial Statements at the meeting on March 10, 2014. 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 at 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 dedication in shaping the company's development in the 2013 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

TABLE OF CONTENTS

GROUP MANAGEMENT REPORT

THE 2013 FINANCIAL YEAR AT A GLANCE

The 2013 financial year saw the technotrans Group achieve its goal of increasing the revenue share from outside the printing industry initially to 30 percent. The key factor behind this development was the acquisition of a majority interest in KLH Kältetechnik GmbH (Bad Doberan) and its Asian sister companies at the start of the year. Following the takeover of Termotek AG in 2011, we have thus added considerable breadth to our presence in the growing market of the laser industry.

The printing industry, on the other hand – still technotrans' most important sales market – again performed more weakly than expected in the past financial year. In consequence, revenue of € 105.2 million ultimately came in merely at the bottom end of the target range for the year as a whole (€ 110 million, +/– 5 percent). The 16.0 percent growth is first and foremost attributable to the takeover of KLH. The below-target revenue volume affected exclusively the Technology segment, which in turn explained why the revenue targets for the 2013 financial year were not achieved, the actual EBIT margin of 4.4 percent (previous year: 5.9 percent) contrasting with the target of 6 to 7 percent.

Developments in the 2013 financial year confirmed our resolve to maintain our assertive pursuit of a course of strategic reorientation. The process of tapping new sales markets with the goal of actively taking control of organic growth again made good progress in 2013. However it is taking longer than we anticipated to realise the revenue potential of a number of projects. We therefore view the 2013 financial year as a year of transition, and will continue following our chosen course consequently.

BASIC PROFILE OF THE GROUP

BUSINESS MODEL OF THE GROUP

Organisational Structure of the Group

The technotrans Group comprises technotrans AG and 14 subsidiaries in which it has an interest directly, as well as five companies in which it holds an interest indirectly. The parent company, technotrans AG, with its registered office in Sassenberg (Westphalia), directly or indirectly has a majority interest in all subsidiaries. The companies in the group and their locations are listed in the Notes section, 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 business area, technotrans develops and sells equipment and systems based on its core skills of temperature control, filtering and separating, spraying and pumping liquids, along with the corresponding control and process engineering. It supplies these to customers in a variety of industries such as the printing industry, machine tool engineering, the laser industry, stamping and forming technology; in the future it will increasingly also supply customers in other markets such as medical technology and energy storage technology.

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 is used to generate that documentation.

Locations

With 22 locations, numerous joint undertakings and 777 employees (December 31, 2013), 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 as well as filtering, separating, spraying and pumping liquids is the result of many years of experience. 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, therefore 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 already brought in 30 percent of revenue in 2013.

Business Processes

The principal business processes encompass the development, assembly, testing and sale of equipment, along with providing various services for major customers and their end users. The low manufacturing penetration is needed in order to respond flexibly and cost-effectively to the requirements of customers. technotrans therefore generally sources the components for its systems and equipment from specialist suppliers.

Sales Markets

The biggest customers of the technotrans Group come from the printing and laser industries. In the sphere of the printing industry, we supply all leading printing press manufacturers worldwide. The technotrans market share here is well over 50 percent. 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 also generates a significant proportion of revenue.

The largest customer of the technotrans Group from the laser industry is Trumpf Laser GmbH. In addition, there are long-standing business and supplier relationships with almost all laser suppliers, in particular via the group companies Termotek AG and KLH Kältetechnik GmbH. As well as the laser industry, major companies in the machine tool industry such as DMG Mori Seiki AG and INDEX are customers of the technotrans Group.

Alongside technotrans AG, the market for suppliers of peripheral equipment to the printing industry essentially includes a large number of smaller companies, predominantly with a regional focus. In the other lines of industry in which technotrans is active, the supplier market is highly fragmented. The main success factor for technotrans is the approach of positioning itself as a systems supplier of complex, custom-made solutions with its own international service network, unlike out-and-out component suppliers.

External Factors Influencing Business

The investment propensity of the target industries in which the technotrans Group is active 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 strong influence on its business performance. The specific branching-out of business activities into high-growth industries such as laser/machine tool or medical technology, and also into Asia, is designed to significantly 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 also includes the acquisition of companies with core skills that usefully complement those present in every area of the group. For example, the takeover of Termotek AG, the company's own range of refrigeration and temperature control solutions and the product portfolio of KLH Kältetechnik have transformed the company into a high-performance supplier of customer-specific industrial refrigeration technology for all performance ranges.

With regard to the core skills of filtration and separation as well as spraying and pumping liquids, the company likewise targets the acquisition of technology and/or market access as options for accelerating growth.

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 mostly concentrates on niche markets where it is possible to achieve a market share in the region 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 held 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, however, assumed that this basis for offset printing business is likely to involve a broadly flat future market volume, with moderate growth limited to individual areas (such as emerging markets).

In order to achieve its ambitious growth targets, technotrans has therefore been paying considerable attention to applications outside the printing industry since 2010. The focus of the activities that are bracketed together in the technotrans industrial system solutions (ttis) sales division is on the use of technotrans core skills in industries with long-term growth potential, such as machine tool engineering, stamping and forming technology, laser and medical technology, and the area of energy storage technology. 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 this strategy, three goals (milestones) were defined. The first milestone specified that the share of revenue from outside the printing industry is to rise initially to 30 percent. That goal was achieved in the 2013 financial year, thanks in part to targeted acquisitions. The next milestone is to return "in the medium term to the levels of revenue and earnings last seen before the global economic crisis". The benchmark figures here are from the 2007 financial year. Last but not least, various activities focus on increasing revenue and earnings in the long term. To achieve these goals, 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 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). Corporate planning as a whole is furthermore based on cash flow.

At group level, the plan for the 2013 financial year was to generate revenue in the region of € 110 million, +/– 5 percent. The corresponding EBIT margin was to reach between 6 and 7 percent. Another weaker-than-expected performance by the printing industry – still technotrans' most important sales market – and higher start-up costs in the new markets meant that revenue for the full year ultimately came in at € 105.2 million, at the bottom end of this target range. The below-target revenue volume in the 2013 financial year affected exclusively the Technology segment, which in turn explained why the revenue targets were not achieved, with the EBIT margin reaching 4.4 percent.

The operating performance overall therefore fell short of 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 the 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. The Remuneration Report contains the itemised remuneration by individual member of the Board of Management and Supervisory Board of technotrans AG, as well as particulars of fringe benefits provided by the company for each individual member. The basic features of the remuneration system are also explained there.

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 (management bonus). 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 serve as the basis for the targets for budgeting purposes. 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 management bonus 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 management bonus is only paid out to the extent that the respective targets for the assessment year are attained in subsequent years. The deferred management bonus 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 management bonus component lapses. If a Board of Management member leaves the company, their entitlement to a management bonus from previous years does not automatically lapse.

The company moreover provides fringe benefits (insurance premiums) 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 each Board of Management member is approved by the Supervisory Board. No share-based payment components were envisaged for the 2013 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	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Fixed basic remuneration	200	200	160	160	160	160
Fringe benefits	48	33	46	31	43	28
Management bonus, year under review	145	168	116	134	94	79
Total remuneration	**393**	**401**	**322**	**325**	**297**	**267**
Entitlement dependent on the attainment of future performance targets	100	126	80	101	80	79

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 received the following remuneration for the year under review of 2013:

	2013			2012		
	Total remuneration	of which fixed	of which variable	**Total remuneration**	of which fixed	of which variable
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Heinz Harling	**33**	22	11	**34**	22	12
Reinhard Aufderheide [1]	**8**	5	3	**0**	0	0
Klaus Beike [2]	**5**	3	2	**13**	8	5
Dr. Norbert Bröcker	**23**	15	8	**23**	15	8
Matthias Laudick [2]	**5**	3	2	**13**	8	5
Thomas Poppenberg [1]	**8**	5	3	**0**	0	0
Helmut Ruwisch	**20**	15	5	**21**	15	6
Dieter Schäfer	**17**	11	6	**17**	11	6
Total	**119**	79	40	**121**	79	42

[1] since May 16, 2013. [2] until May 16, 2013.

RESEARCH AND DEVELOPMENT

Research and development naturally plays a crucial role in unlocking new sales markets and accomplishing the related transfer of expertise for technologies and core skills. The task involved is broad in scope: as a service provider, the company takes on projects that, on the one hand, the business units and technotrans industrial system solutions (ttis) sales area bring to it. On the other hand, it conducts technology monitoring and deals with future trends that can influence technotrans' technologies in future years. Both an effective technology network with research establishments and close cooperation with and in external work groups produce a continuing dialogue on innovations and technologies, thus offering fresh scope for further transfer opportunities.

The spotlight of activities in 2013 was on projects that exemplify the transfer of expertise between technologies that have previously been used within the printing industry, and on their application in other industry sectors that are new to technotrans. The focus here is on the machine tool market, metal forming, energy storage systems, laser systems and medical technology, etc. The broadening of the spectrum of filtration solutions for cooling lubricant used on machine tools is just one example. Different combinations of components are used for the various contaminant loads; this is, in effect, a toolkit approach to offering custom-made solutions in order to cover specific sets of requirements. Methods of filtration and separation for innovative materials (e.g. carbon fibre) that will become increasingly important in industrial manufacturing over the next few years are a particular area of interest.

The development of cooling systems for energy storage is a priority task area. technotrans is using these activities to gain a foothold in the mobility area, in other words systems for mobile or movable applications. One major challenge here is the vastly different operating parameters for such systems. Component qualification is a correspondingly complex process; as well as having to comply with all the relevant regulations, the components need to withstand unconventional testing procedures. Aspects such as vibration, acoustics and varying ambient temperatures need to be taken into account. These projects are being taken forward in partnership with leading manufacturers such as Siemens, Saft and ACTIA, with a view to securing a high profile for technotrans as a specialist for battery cooling in emerging mobility solutions in the foreseeable future.

Spray lubrication, a still-nascent area of application, presented further development challenges. Different applications in stamping and forming technology mean different sets of requirements concerning the amount of oil needed, its specific properties such as its individual viscosity, and the appropriate control engineering for each application. Both here and in other projects, the key to success is to supply the customer with the best solution for any given task, in the most efficient way, for instance by standardising early on and by using common parts.

This then almost inevitably has a positive knock-on effect for development work on other applications of the same technologies. New findings, experience and lessons learned from the projects thus also filter through into the development projects for the printing industry. One conspicuous example of this is the filtration and separation area, where innovations from other projects can yield direct benefits.

Innovation workshops were again held in the 2013 financial year both for customers and internally, to make sure technotrans sets the right market and technology trends in the long term.

To build on the link between theory and practice in day-to-day business, technotrans regularly acts as a 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 young talents and future specialists.

The Research and 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, 2013 came to € 1.6 million (previous year: € 0.9 million). The R&D ratio (development spending in relation to revenue) was 2.8 percent in the past financial year (previous year: 2.5 percent).

In rare instances, external capacity is called upon for special development tasks – normally focusing on specific components – and equally rarely, 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 taken in 2013.

technotrans owns a large number of patents, licences and similar rights. It again filed several patent applications in 2013, though in sheer numerical terms fewer than in previous years. This development reflects a careful weighing-up of the advantages to be gained from such protection and the disadvantages arising from their disclosure and, not least, the costs involved in doing so.

ECONOMIC REPORT

GENERAL AND INDUSTRY-SPECIFIC ECONOMIC ENVIRONMENT

According to the Institute for the World Economy (IfW), the global economy gained considerable momentum over the course of 2013. However, after its very slow growth in the latter half of 2012, the global economy continued to perform weakly at the start of 2013. The IfW experts therefore expect the average increase in gross domestic product globally to reach only 2.9 percent in 2013, making for an even slower rate of growth than in the previous year, when growth was merely a very modest 3.1 percent.

According to the IfW the health of the German economy improved in the course of 2013, but without the anticipated onset of an economic recovery. In the final months of the year, the mood indicators signalled a very favourable outlook. The business climate has palpably improved, bolstered by the upturn in the relevant performance indicators elsewhere in the eurozone. Meanwhile economic activity has not yet firmed up, with the order backlog and industrial output remaining on the weak side. The Munich-based Ifo Institute calculated the growth rate for gross domestic product as just 0.4 percent in 2013.

The German mechanical engineering industry was forced to abandon all hopes of growth – however slight – as early as summer 2013. According to the German Engineering Federation VDMA, the downgraded production forecast for 2013 of minus 1 percent can be confirmed. In nominal terms, the VDMA estimates that the German mechanical and plant engineering sector flatlined in 2013.

The printing industry again performed significantly worse than the mechanical engineering sector overall. Revenue from printing presses after the full twelve months was 10 percent down on the previous year, and incoming orders were 9 percent below the figure for 2012. This represents an overproportional downturn, given that incoming orders had risen by 2 percent in the drupa year 2012.

The general expectation is that the volume of investment in the printing industry – for the time being still technotrans' largest sales market – will, at best, stabilise at current levels.

BUSINESS PERFORMANCE

The 2013 financial year saw the technotrans Group achieve its goal of increasing the revenue share from outside the printing industry initially to 30 percent. The key factor behind this development was the acquisition of a majority interest in KLH Kältetechnik GmbH (Bad Doberan) and its Asian sister companies at the start of the year. On the other hand, the printing industry, still technotrans' most important sales market, again performed more weakly than expected in the past financial year. In consequence, revenue of € 105.2 million ultimately came in merely at the bottom end of the target range for the year as a whole (€ 110 million, +/– 5 percent). The 16.0 percent growth is, first and foremost, attributable to the takeover of KLH. The below-target revenue volume affected exclusively the Technology segment, which in turn explained why the revenue targets for the 2013 financial year were not achieved, the actual EBIT margin of 4.4 percent (previous year: 5.9 percent) contrasting with the target of 6 to 7 percent.

The lower revenue volume was a major factor in the poorer-than-forecast earnings. Our expectations for 2013 in the markets that are relevant for technotrans, especially the printing industry but also the laser sector, were not fulfilled. At the same time, we continued to add to our product pipeline for future revenue mainstays. There is a time lapse between this outlay and realising revenue and profit as a result of it. The integration of KLH is making very good progress, and the planned effects on improved profitability derived from synergy potential identified in the purchasing and production areas, but also in sales and service, will materialise as the year progresses.

Developments in the 2013 financial year confirmed our resolve to maintain our assertive pursuit of a course of strategic reorientation. The process of tapping new sales markets with the goal of actively taking control of organic growth again made good progress in 2013. However it is taking longer than we anticipated to realise the revenue potential of a number of projects.

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 customers from the mechanical engineering sector.

FINANCIAL PERFORMANCE, FINANCIAL POSITION AND NET WORTH

REVENUE

The technotrans Group generated revenue of € 105.2 million, which represents an increase of 16.0 percent compared with the previous year (previous year: € 90.7 million). The goal for the full year of taking revenue back over the € 100 million threshold was achieved, as was the goal of increasing the share of revenue from outside the printing industry to initially 30 percent. Because the printing industry – still technotrans' most important sales market – again performed more weakly than expected in the past financial year, full-year revenue nevertheless ultimately came in merely at the bottom end of the target range (€ 110 million, +/– 5 percent).

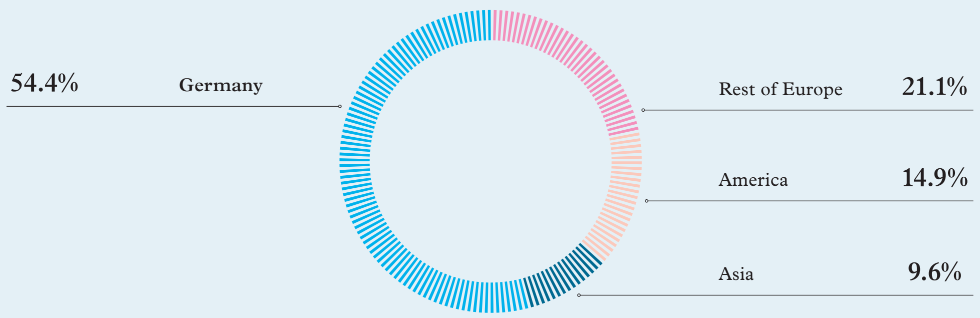
Revenue growth was driven primarily by the acquisition of KLH and its impact was mainly limited to the Technology segment. Revenue here climbed from € 53.7 million in the previous year to € 66.0 million, an increase of 22.8 percent over the year. After a weak third quarter, revenue for the segments recovered to healthy levels in the fourth quarter, making a substantial contribution to the overall result. Activities away from the printing industry in particular contributed towards revenue as expected.

The Services segment made good progress in the 2013 financial year, too. Revenue rose again by 6.2 percent to € 39.2 million (previous year: € 36.9 million). The growth in current business is substantially attributable to business expansion following the takeover of KLH Kältetechnik and to the positive performance of our subsidiary gds AG, which supplies technical documentation services.

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. In 2013, it succeeded in more than offsetting a further contraction in the revenue share from that group of customers with activities involving our new customers and revenue contributions following the takeover of KLH; as a result, there was a slight increase in the revenue share from German customers from 53.7 percent to 54.4 percent. In other European countries, despite revenue growth in absolute terms the revenue share was not maintained at the prior-year level and fell from 22.9 percent to 21.1 percent. Asia did not experience growth overall in the 2013 financial year, meaning that the revenue share declined from 11.3 percent to 9.6 percent. On the other hand, America's revenue share again benefited from the more positive underlying conditions and the takeover of KLH, rising from 12.1 percent to 14.9 percent.

Revenue by Region



Development in Prices

Price adjustments to reflect the market trend were implemented mainly in the Service area in 2013. 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, partner-like 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. 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 year-on-year revenue growth, the financial performance of the technotrans Group did not improve. The (organic and non-organic) expansion of activities in other sales markets, as well as the weak business performance with customers from the printing industry, weighed more heavily on net profit for 2013 than originally expected.

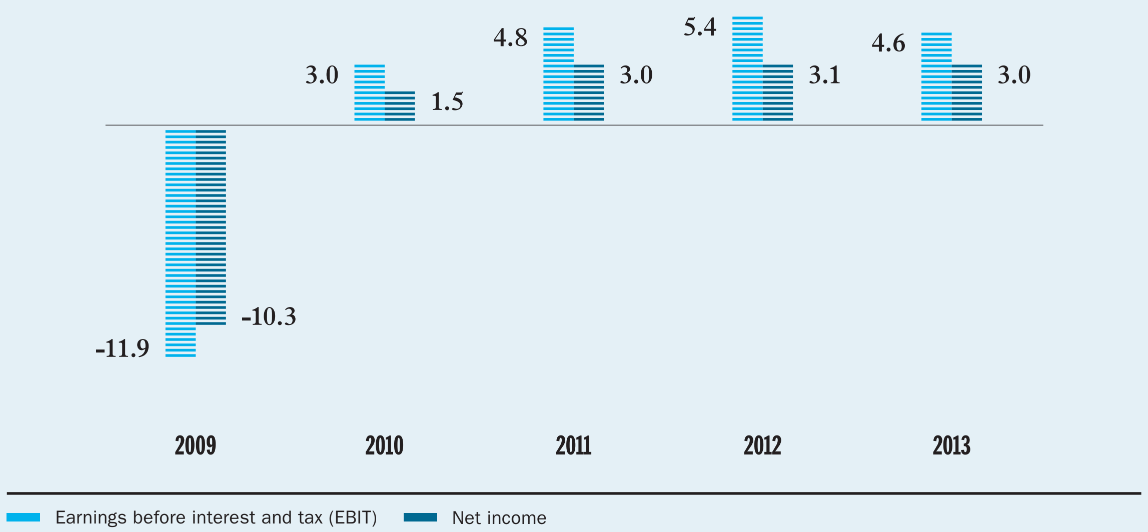
Gross Profit

Gross profit – in other words, revenue less cost of sales – reached € 33.1 million (previous year: € 31.7 million). The growth of 4.7 percent compared with the previous year reflects both the impact of the Technology segment's higher revenue share and the effects of a change in the product mix following the takeover of KLH. Hand in hand with this development, there was a rise in the cost of purchased materials ratio over the year from, 36.5 percent to 39.3 percent. The gross margin was 31.5 percent at the end of the year (previous year: 34.9 percent), 3.4 percentage points down on the previous year.

Earnings Before Interest and Taxes (EBIT)

Earnings before interest and taxes (EBIT) for the 2013 financial year came to € 4.6 million, down 13.6 percent on the previous year (previous year: € 5.4 million); this was equivalent to an EBIT margin of 4.4 percent (previous year: 5.9 percent). We did not achieve our goal of an EBIT margin of between 6 and 7 percent for the 2013 financial year.

Earnings in € millions



Fixed costs increased as a result of the acquisition of KLH. Our investment in activities outside the printing industry also represents a financial burden because it is not yet being recouped in the form of adequate revenue from those activities. Distribution costs moved more or less in line with revenue, growing 11.6 percent to € 15.0 million (previous year: € 13.5 million). General administrative expenses, too, increased by 13.0 percent to € 12.2 million (previous year: € 10.8 million). Development costs were somewhat higher in 2013 at € 3.0 million (previous year: € 2.2 million); in addition, development expenditure for projects outside the printing industry amounting to € 0.9 million (previous year: € 0.6 million) was recognised as an intangible asset.

Whereas there had been a positive balance of other operating income and expenses of just € 0.2 million in the previous year, in 2013 the figure was € 1.7 million. The total for 2013 includes income from the reversal of provisions of € 0.1 million (previous year: € 0.2 million) as well as higher other operating income than in the previous year thanks to insurance payouts and development grants. This contrasted with a net loss of € 0.3 million (previous year: € 0.6 million) due to the sharp currency fluctuations, though this figure mainly comprised unrealised losses. No hedging instruments were used to reduce the impact of exchange rate fluctuations on the operating result.

Personnel expenses for the 2013 financial year came to € 37.0 million (previous year: € 32.7 million). The 13.4 percent increase compared to 2012 reveals the acquisition-led growth in the employee total, on the one hand, and the effect of the pay increase, on the other. The personnel costs ratio of 35.2 percent was slightly below the previous year's level (36.0 percent).

Depreciation and Amortisation

Depreciation and amortisation came to € 3.2 million (previous year: € 3.0 million) in the year under review and was increased by the assets identified and capitalised in the context of the acquisition of KLH. The figure for the 2013 financial year consequently again exceeded investment in property, plant and equipment of € 2.3 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 developed as scheduled over the course of the year. From € 9.3 million in the previous year, liabilities grew to € 14.9 at December 31, 2013 as a result of the takeover of KLH. Thanks to the favourable contracts secured, this had little impact on the net finance costs as a whole. The net figure was € 0.9 million (previous year: € 0.7 million).

Tax Expense

The tax expense for the past financial year amounted to € 0.8 million (previous year: € 1.6 million). Compared to 2012, there was a positive effect on income tax expense (actual income taxes and deferred taxes) in particular from tax effects from the use of previously impaired deferred tax assets. For the 2013 financial year, this therefore produces an effective tax rate for the group of 21.0 percent (previous year: 33.8 percent).

The net profit for the 2013 financial year is € 3.0 million (previous year: € 3.1 million), equivalent to a rate of return of 2.8 percent (previous year: 3.4 percent). The earnings per share figure for shares outstanding is therefore € 0.47 (previous year: € 0.48).

SEGMENT REPORT

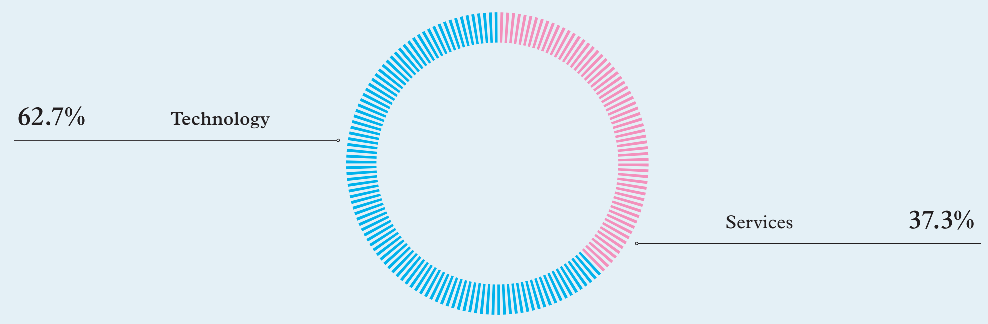
Revenue

The Technology segment benefited considerably from the takeover of KLH Kältetechnik GmbH and its Asian sister companies, which earned € 15.4 million in revenue in their first year as part of the group. Revenue for the segment reached € 66.0 million (previous year: € 53.7 million), a growth rate of 22.8 percent. This took the revenue share of the Technology segment up to around 63 percent (previous year: 59 percent). Print business continued to recede throughout the year and the anticipated revival in demand for printing presses in the second half failed to materialise. Meanwhile activities outside the printing industry made healthy progress. Cooling lubricant preparation for the machine tool industry and the self-developed spray lubrication system for stamping and forming technology applications brought in higher revenue shares in 2013; we secured the status of serial supplier to various renowned customers. Nevertheless, all these highly promising projects were not yet sufficient to compensate for the renewed downturn in business with printing press manufacturers in the 2013 financial year.

As expected, our subsidiary Termotek AG achieved double-digit growth in the past financial year. Its revenue total of € 10.1 million was the highest since the founding of the company. Thanks to the upturn in business in the latter half of the year and the healthy level of project business forecast, we expect Termotek to enjoy further revenue growth in 2014.

The Services segment likewise improved its position year on year, increasing its revenue by 6.2 percent to € 39.2 million (previous year: € 36.9 million). One of the key factors in this development was our subsidiary gds AG, which offers services, software and translations; its year-on-year growth for technical documentation was in the order of 26 percent. On the other hand, classic service business (parts, installation and servicing) with customers from the printing industry remained stable. Service business is similarly being implemented with growing success in the new subsidiaries and our non-print activities. The Services segment brought in a total of 37 percent (previous year: 41 percent) of revenue in the past financial year.

Revenue by Segments



Earnings (EBIT)

The Technology segment was unable to carry the previous year's improvement in profitability over into the 2013 financial year. While the renewed fall in revenue from the printing industry adversely affected profit contributions, so far our investment in accessing new sales markets has not produced a counterbalancing effect. The amortisation of intangible assets to the tune of € 0.7 million in connection with the acquisition of KLH also diminished the return for the segment last year. Overall, earnings before interest and taxes (EBIT) for the Technology segment thus deteriorated year on year from € –0.8 million to € –1.8 million. We are working on the assumption that further synergy potential from the integration of the KLH companies and from our own activities in the new markets will have a major effect on profit performance over the coming quarters. If revenue stabilises at fourth-quarter levels, we would consider the future prospects of a positive result for the segment to be good.

The Services segment profited from the slight revenue growth and improved its result by 5.7 percent to € 6.4 million (previous year: € 6.1 million). This represents an EBIT margin of 16.5 percent, virtually unchanged from the previous year. The overall financial performance in the Services segment again proved to be very stable.

By Region

Because of the customer structure, the revenue of the Technology segment is traditionally very strongly focused on Germany. The proportion of revenue generated by German customers was only 62.2 percent, compared with 64.6 percent in the previous year. The revenue share in the remainder of Europe was unchanged from the previous year at 15.3 percent (previous year: 15.4 percent). The Asian region was no longer able to act as growth driver and contributed only 9.4 percent of Technology revenue (previous year: 12.3 percent). The substantial increase in America, in both absolute and relative terms, produced a revenue share of 13.1 percent there, compared with 7.7 percent in the previous year, reflecting the successful expansion of the new companies Termotek and KLH in the laser market.

The year 2013 brought palpable changes in the regional composition of revenue in the Services segment, especially in Germany and elsewhere in Europe. While the revenue share in Germany forged ahead from 38.0 percent to 41.2 percent, other European countries brought in only 30.8 percent of revenue, compared with 33.9 percent in the previous year. Asia, with a revenue share of 10.1 percent (previous year: 9.7 percent), and America, with a 17.9 percent share (previous year: 18.4 percent), were broadly flat.

Employees

At the end of the year, 529 employees belonged to the Technology segment (previous year: 428) and 248 employees to the Services segment (previous year: 234). 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 2013 financial year. Selective investment spending (€ 2.3 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, Termotek AG and KLH Kältetechnik GmbH. 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 beyond the 2013 reporting date.

Capital Structure

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

In the course of 2013, three aspects of the financing structure were adjusted to reflect the future requirements of the group: long-term loans totalling € 5.5 million were rescheduled, including € 1.5 million in the context of the available credit facilities collateralised by land charges. The amount of € 4.0 million was borrowed at the start of 2013 to finance the acquisition of the interest in KLH. In May 2013, the three-year period of the previous working capital finance arrangements ended. To coincide with this, new short-term credit lines with a total volume of € 11.5 million were agreed with the existing principal banks. The financing concept for KLH was adjusted in the course of the year by new short and medium-term loans (€ 1.1 million) with better terms. The short-term credit lines were used only intermittently in the past financial year. All measures were implemented with varying maturities, making use of the best-possible interest terms.

At the balance sheet date, the average weighted interest rate for borrowing was approx. 2.92 percent (previous year: 3.8 percent). This financing concept means the group has overall borrowing arrangements in place amounting to some € 28.4 million, with a strong emphasis on medium to long-term maturities. At December 31, 2013, the technotrans Group had available but unused borrowing facilities for € 13.5 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 2013, 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 2014 to meet the anticipated payment obligations.

The Board of Management and Supervisory Board will propose to the Shareholders' Meeting in May 2014 that a dividend of € 0.20 per share outstanding be distributed for the 2013 financial year. Our future goal is to distribute 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, Depreciation and Amortisation

Investment came to € 2.3 million (previous year: € 1.4 million) in the 2013 financial year. In line with the business performance, spending thus remained at a reasonable minimum level. Investment spending was mainly for replacement purchases or IT equipment. Of the overall volume, € 1.9 million was attributable to the Technology segment and € 0.4 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 € 3.0 million; this amounts to 2.8 percent of revenue. Development costs of € 0.9 million were also recognised as an intangible asset in the financial year, representing a capitalisation ratio of 22.6 percent (previous year: 21.4 percent). Development costs within intangible assets increased to € 1.6 million (previous year: € 0.9 million). In the year under review, the amortisation of development expenditure recognised as an intangible asset came to € 0.1 million (previous year: € 0.1 million).

Depreciation and amortisation for the 2013 financial year totalled € 3.2 million (previous year: € 3.0 million). Of this, € 2.6 million was attributable to the Technology segment and € 0.6 million to the Services segment. The main sources of depreciation and amortisation are the customer base acquired along with KLH, the property in Sassenberg and the fixed assets of the international sales and service network.

No further definite investments that would require an exceptional level of financing are currently planned for fixed assets or intangible assets.

Investment / Depreciation and Amortisation in € millions

Liquidity

On the basis of net income for the year of € 3.0 million (previous year: € 3.1 million), the cash flow from operating activities before working capital changes totalled € 7.6 million (previous year: € 8.8 million).

The changes in working capital had a negative cash flow effect of around € 3.4 million (previous year: positive effect of € 3.5 million). The reduction in liabilities had an especially high impact on liquidity over the course of the year. The assets such as receivables and inventories produced cash inflows totalling € 0.8 million.

Overall, the net cash from operating activities therefore reached € 2.7 million (previous year: € 11.0 million). There was a net need for financial resources of € 1.6 million (previous year: € 1.3 million) from the payment of interest and income taxes.

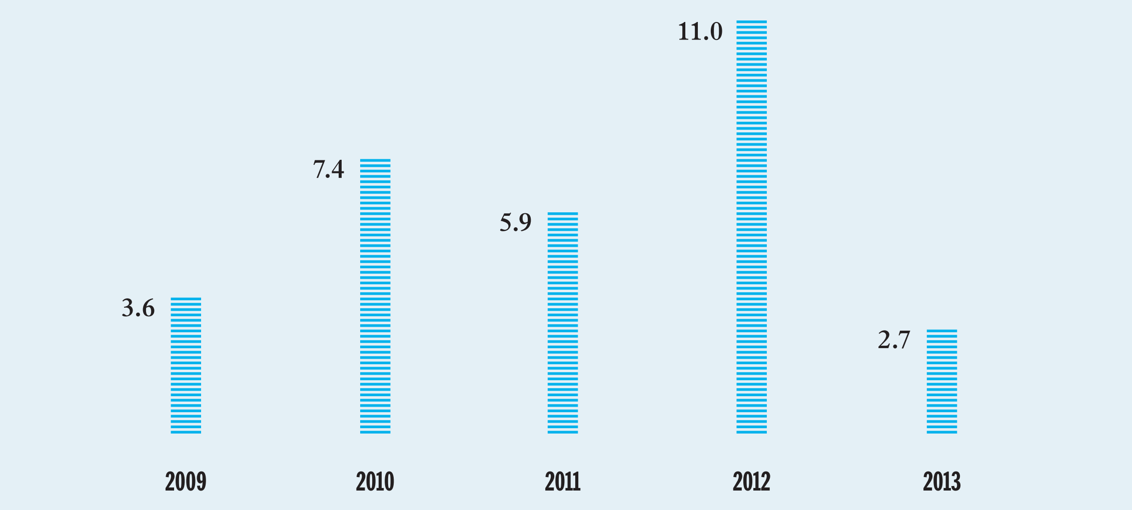
The positive operating cash flow was initially sufficient to cover investment spending (€ 2.3 million). A total of € 3.3 million in additional financial resources was needed for the acquisition of the interest in KLH Kältetechnik GmbH and its sister companies, and € 0.8 million for a conditional purchase price component (earn-out) for Termotek AG. The overall net cash employed for investing activities thus came to € 6.1 million in 2013.

The net cash employed for financing activities had a positive balance in the 2013 financial year, amounting to € 1.6 million (previous year: € –7.2 million). New loans totalling € 6.6 million were raised in connection with the interest acquired. In all, € 4.2 million was used for the repayment of borrowings over the course of the year, and € 0.8 million was paid out to technotrans shareholders for the distribution of a dividend.

The free cash flow remained negative at € –3.4 million, thus not repeating the exceptionally positive prior-year figure (previous year: € 13.2 million).

Cash and cash equivalents at year-end came to € 16.7 million, only € 2.0 million down on the prior-year level (previous year: € 18.7 million). From a capital management perspective, the group's liquidity remains highly satisfactory; in 2014, the group thus continues to be in a position to meet its payment obligations from business operations.

Cash Flow from Operating Activities in € millions



NET WORTH

Balance Sheet Total and Equity Ratio

The balance sheet total for the technotrans Group at December 31, 2013 comes to € 73.0 million and has therefore increased by 12.8 percent since the prior-year reporting date (previous year: € 64.7 million), mainly as a result of the wider scope of consolidation. The equity ratio of 59.9 percent was slightly below the previous year's level (previous year: 63.2 percent). The return on equity, representing net income as a proportion of equity, was 7.0 percent (previous year: 7.9 percent). The total return on investment for the past financial year was 4.0 percent (previous year: 4.8 percent).

Assets

At the reporting date, the non-current assets were up 33.2 percent from € 22.4 million to € 29.8 million, first and foremost as a consequence of the takeover of KLH Kältetechnik GmbH and its Asian sister companies, along with the resulting goodwill (€ 2.7 million) and the capitalisation of an intangible asset to be amortised (customer base, € 2.9 million).

By contrast, the current assets merely edged up from € 42.3 million to € 43.2 million. Taking account of the increased scope of consolidation and the revenue growth, the inventories of € 14.3 million were only 6.2 percent up on the prior-year level, with the trade receivables of € 10.2 million up 17.7 percent. Cash and cash equivalents decreased from € 18.7 million to € 16.7 million (–10.6 percent).

Equity and Liabilities

Within equity and liabilities, equity again improved by 7.0 percent, rising from € 40.9 million to € 43.7 million. The main factor at work here was the net income for the year.

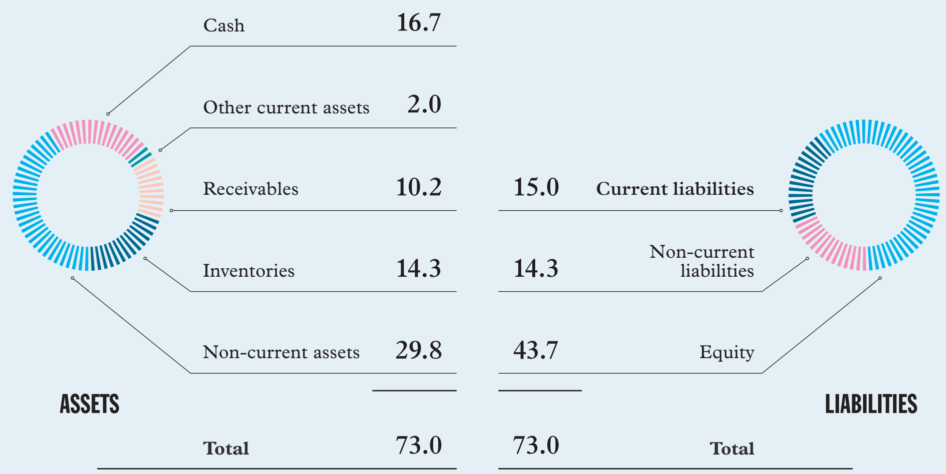
The liabilities at the balance sheet date totalled € 29.3 million (previous year: € 23.8 million). They consist of non-current liabilities, which climbed sharply from € 8.6 million to € 14.3 million (+66.3 percent) as a result of the acquisition, and current liabilities of € 15.0 million, which did not rise compared to the previous year (previous year: € 15.2 million).

Material changes in the non-current category included borrowings, which rose from € 6.4 million to € 11.6 million in connection with the interest acquired (purchase price and increased scope of consolidation). The € 0.9 million carrying amount for other financial liabilities at the balance sheet date was lower than for 2012; it basically consists of the conditional purchase price components resulting from the interests acquired in KLH (€ 0.6 million from 2013) and gds-Sprachenwelt (€ 0.3 million from 2012). The deferred tax liabilities of € 0.9 million stem from the capitalisation of a customer base following on from the acquisition of KLH Kältetechnik. In the current category, the balance sheet figures generally remained constant compared with the previous year, despite business expansion. The financial liabilities include € 0.9 million for the outstanding conditional purchase price component for Termotek AG.

At the balance sheet date, technotrans reported total financial liabilities of € 14.9 million (previous year: € 9.3 million), of which the amount of € 0.5 million is subject to an interest rate risk. No current bank overdrafts were in use at December 31, 2013. The non-current financial liabilities stem principally from investments in fixed assets, as well as from acquisitions of interests; 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 € 16.7 million in cash and cash equivalents at the balance sheet date, a net cash position of € 0.9 million and borrowing facilities agreed but not used amounting to € 13.5 million. 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 perform 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 € millions



Working Capital

The changes in the balance sheet structure had only a minor impact on the development of working capital (current assets – current liabilities) for the group in 2013. Totalling € 28.3 million at year-end, working capital was at a comparable level to one year earlier (previous year: € 27.1 million) and consequently revealed a much slower percentage increase than business expansion. Cash and cash equivalents still account for the lion's share of current assets.

Net Debt and Gearing

The group's net liquidity, in other words interest-bearing liabilities less cash and cash equivalents, came down to € 0.9 million at the 2013 reporting date (previous year: € 8.5 million). Gearing, in other words the ratio of net debt to equity, is consequently negative at –2.0 percent (previous year: –20.7 percent).

Provisions

Provisions fell slightly from € 5.8 million to € 5.4 million in 2013.

The long-term provisions of around € 0.9 million comprise both personnel-related obligations (including partial retirement and pensions) and those Board of Management remuneration components that focus on sustainable corporate performance. The short-term provisions amounting to € 4.5 million (previous year: € 4.9 million) consist of other obligations towards personnel (€ 2.4 million), payments to be made under warranty (€ 0.9 million) and other provisions (€ 1.2 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, 2013, the balance sheet total of technotrans AG came to € 59.1 million (previous year: € 60.0 million). The equity ratio was 65.4 percent (previous year: 61.0 percent). Revenue of € 56.5 million was earned in the past financial year (previous year: € 60.5 million). The reported net income for the year is € 2.5 million (previous year: € 1.5 million).

OVERALL STATEMENT

The delay in the recovery coming has been compounded by the unexpectedly sharp downturn in business with customers from the printing industry, causing the original targets for 2013 to be missed. We are more optimistic about the coming financial years. We fundamentally continue to have faith in the technotrans growth story.

NON-FINANCIAL PERFORMANCE INDICATORS AND OTHER PARTICULARS

PURCHASING AND PROCUREMENT

The group's central procurement operations have grown in importance as a result of the acquisitions of Termotek (2011) and KLH (2013). In order to secure optimum terms from suppliers, volumes were pooled in order to unlock synergies gradually. In view of the duration of these contracts, not all their effects will be immediate; their positive impact will continue to unfold over the coming quarters. Design measures, such as the increased use of common parts or the development of platform strategies within the group, will likewise be closely supervised by the procurement specialists. This makes the roll-out of material group management on a group-wide scale increasingly important.

As well as cost aspects, we constantly take account of other criteria in our relationships with suppliers. When working through the complex selection process for suppliers, we consider our task to include weighing up a wide range of aspects that together represent the most advantageous solution for our customers and the group as a whole. The result is often a partnership-based relationship characterised by openness and reliability, enabling supplier relations to grow steadily along the entire supply chain.

In terms of the total cost of ownership, too, we see it as a positive 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. We naturally also pursue a similar strategy at all production locations throughout the technotrans Group.

Following the methods of the German Association of Materials Management, Purchasing and Logistics (BME), we monitor around 25 efficiency ratios for processes and costs, quality, structure and methods in order to gauge how efficient our procurement activities are. 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. As a result, no serious problems in this respect have been encountered yet, 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. We instead counter disadvantageous developments in prices by agreeing long-term binding terms. We also seek out creative solutions by supporting suppliers' purchasing activities, for example, so that we can then benefit from improved competitiveness in that way.

PRODUCTION, TECHNOLOGY AND LOGISTICS

The technotrans Group has manufacturing locations in Germany (Sassenberg, Baden-Baden and Bad Doberan), China (Taicang) and the USA (Mt Prospect). 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 the components that we use to build equipment and systems. Our level of vertical integration is therefore quite 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. We apply lean, fast processes as well as other aspects of the lean philosophy, because time-to-market is equally an important criterion for technotrans production.

As in every financial year, further measures to improve all internal processes and procedures were again taken in 2013. This continuous improvement process to optimise products and throughput times has yielded further effectiveness and efficiency gains, reduced production times and increased productivity. In order to respond even faster to new-customer business with additional variants for new applications, we have also set up our own control cabinet assembly line.

In view of the group's expansion and the broader performance range of the equipment it now makes, refrigeration technology training was again a focal area of training and advancement measures in 2013. Employees from production and the worldwide service organisation, as well as apprentices, acquire an in-depth knowledge of refrigeration systems engineering at our own refrigeration technology training centre.

technotrans applies a modern, integrated **quality management system** that was successfully accredited again in 2013. This was the first time that a cross-group audit was carried out, and it was brought to a successful conclusion with accreditation to DIN EN ISO 9001:2008. In this organisational form, processes that are uniform throughout the group were handled by technotrans AG, while individual processes are dealt with at the level of the individual companies. These individual processes reflect the size of the company, on the one hand, and the range of products and services that it supplies, on the other. With an eye to the future structure of the group, the management system has already been designed in a way that provides scope for it to be extended to other companies.

In implementing the group management system, both the effectiveness of the processes was improved and the process at the individual group companies was assimilated to facilitate internal exchanges of personnel and projects.

The demands from the activities in new sales markets, too, were supported constructively by quality management in the past financial year. As a result, technotrans for example became a certified specialist company to DIN EN 15085-2 for welding in the field of manufacturing railway locomotives and rolling stock.

Alongside preventive quality assurance, other priority task areas involve supplier qualification and measures to improve product and process quality. All equipment is tested using a proven process prior to its dispatch, to establish that it is free from faults. Systems and equipment types that have not yet reached production maturity are initially qualified using a professional process before they are put through extensive field tests by a team of engineers.

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, and 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. The main task of distribution logistics is to make goods available efficiently, while observing defined general parameters. Laws, national requirements, customer wishes and the internal organisational constraints all influence how consignments are packed, shipped and processed. The status of “known consignor” was also achieved in 2013 as a result of an audit by the Federal Aviation Office (LBA).

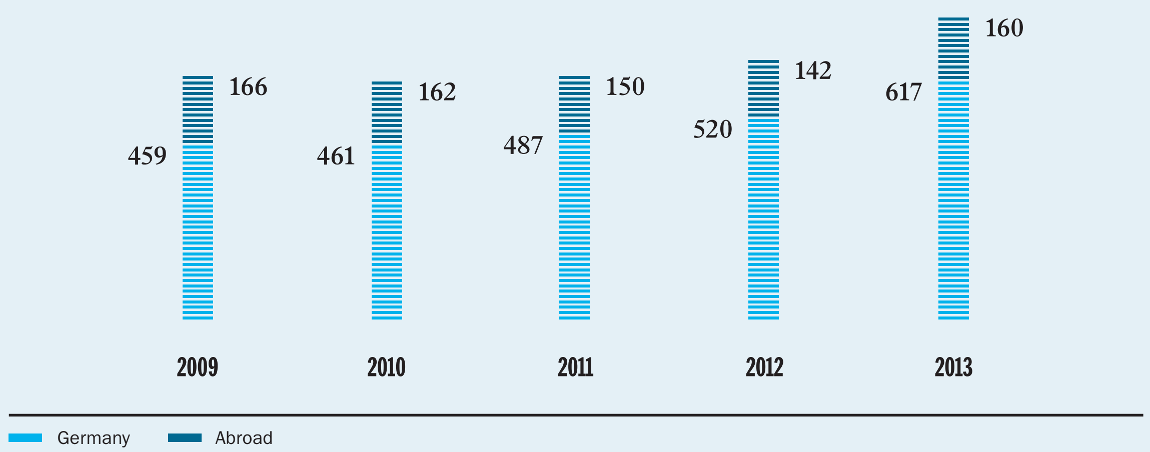
The priority for optimisation processes in the 2013 financial year was the integration of the new subsidiaries. Logistics within the technotrans Group were harmonised, for example. In the distribution logistics area, the German locations of technotrans, Termotek and KLH were synchronised by uniform blanket agreements. This helped to improve the supply of materials to the German production locations, among other things.

EMPLOYEES

Total and Changes

The number of employees in the technotrans Group increased to 777 in the course of 2013 (662 on December 31, 2012). The rise was driven primarily by the acquisition of KLH Kältetechnik and its sister companies.

Employees by Region



technotrans was again able to respond flexibly to temporary fluctuations in the level of orders in 2013 by means of time accounts, with time credits then earned or used as necessary. In addition, we occasionally hire temporary workers and subsequently take them on permanently if a sustained positive business trend emerges.

In recent years, we have had recourse to short-time as a means of managing a temporary dip in the volume of business, in order to keep important expertise within the company. 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. The current imbalance between revenue volume and the number of employees reflects the start-up investment in projects through which we aim to tap into additional sales markets, but which are not yet bringing in the volume of revenue being targeted. Taking account of the planned growth, we consequently only plan to adjust capacity in isolated cases.

Apprentices

technotrans traditionally treats training as a very important matter. On the one hand, it aims to continue recruiting juniors from within its own ranks. On the other hand, it is in the interests of both society and the company to respond in a timely manner to the challenges of demographic change. An ageing society and the shortages of skilled staff are already having an impact, and this development will become even more marked over the next few years.

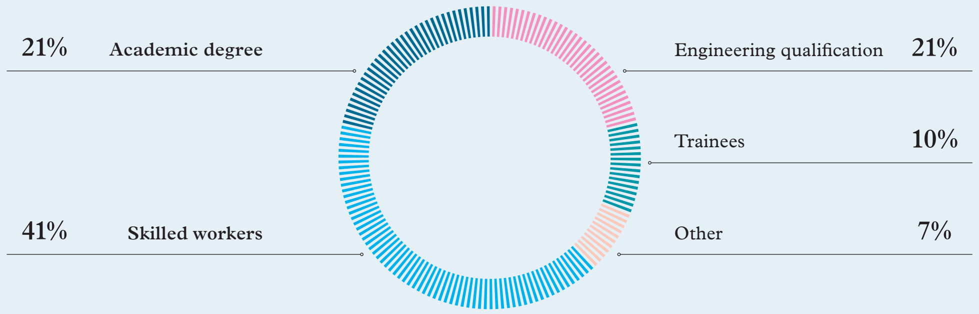
The number of apprentices rose sharply from 48 to 78 during the year; the integration of the new group companies was the main reason. The effect of two school years graduating simultaneously in 2013 was also noticeable at technotrans: instead of 12 apprentices, 21 young women and men embarked on their vocational training at Sassenberg, a record tally for the company. This meant that at the end of the year there were 51 apprentices on the company’s books at that location, more than 12 percent of the workforce. technotrans had already been actively involved in the “Doubly Strong” initiative of the North Westphalia Chamber of Commerce. The initiative specifically sought to create additional apprenticeships for high-school graduates as an attractive alternative to “studying in overcrowded lecture theatres”. The range of vocations for which technotrans now provides training is correspondingly diverse: Bachelor of Science in Mechanical Engineering, Industrial Engineer/Bachelor of Engineering, Mechatronics Engineer, Mechatronics Engineer for Refrigeration Technology, Industrial Manager, Office Administrator, IT Administrator, IT Specialist for Applications Development, Technical Product Designer, Technical Systems Planner, and Warehouse Specialist.

In order to broaden the horizons of its apprentices during their training, technotrans encourages exchanges between the apprentices and their colleagues at neighbouring businesses. It also aims to promote specialist exchanges within the group.

Qualifications and Age Structure

technotrans is a technology company, a fact that is also reflected in the qualifications of its employees. Not counting the apprentices, 41 percent of employees have undergone training leading to qualifications, 21 percent have an engineering qualification and 21 percent have an academic background. technotrans is furthermore a young company: around 48 percent of the workforce are under 40 years of age, and only 4 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



To make it easier for employees to strike a balance between working and family life, the flexible child care options have been significantly broadened in partnership with a municipal kindergarten. The arrangements are aimed especially at women who would like to keep pursuing their career objectives while bringing up a family.

Personnel Expenses

Personnel expenses totalled € 37.0 million in 2013 (previous year: € 32.7 million). The increase is attributable, on the one hand, to the build-up in worldwide personnel resources following the latest acquisitions, and, on the other hand, to the pay increase averaging 3.0 percent that took effect in Germany during the financial year.

The personnel costs ratio for the group (personnel expenses as a proportion of revenue) was 35.2 percent (previous year: 36.0 percent). The aim is to bring this ratio down to around 30 percent in the future.

Revenue per capita remained virtually stable in 2013 despite the higher revenue, reaching € 138 thousand (previous year: € 140 thousand). This key performance indicator therefore still falls short of former levels and from an operational perspective is not satisfactory. However, from a strategic viewpoint it is important for technotrans to hold onto qualified expertise carriers in order to develop new markets and as a basis for future growth.

Projects in 2013

In its capacity of "shared service centre" for the group, the parent company's personnel department conducted a number of projects in the past financial year. For example, an "electronic personnel file" was introduced as the basis for centralising administrative tasks while preserving the operational autonomy of the divisions. This increases efficiency and reduces costs. Further locations are scheduled for integration into the group in 2014. In addition, accounting for the German subsidiaries has been centralised in Sassenberg and the remuneration system harmonised across the board.

Remuneration Model

The remuneration of employees at technotrans AG is a reflection of their individual positions within the company. They are each allocated to grades, which in turn comprise a number of remuneration bands. Annual decisions on percentage pay increases are negotiated between the Board of Management and the Works Council. With wages and salaries having risen on average by 3.0 percent in the 2013 financial year, making a combined pay increase over the past three years of up to 11.5 percent, a pay freeze was agreed for the 2014 financial year.

The employees' profit share is in addition tied to the EBIT margin. Upward of an EBIT margin of 5 percent, a bonus is paid out to those who are not entitled to a management bonus. Performance-related pay components, e.g. for service technicians, were also introduced.

Throughout the group, managers receive (management) bonuses that are agreed individually in their contracts and depend half on the attainment of company targets, and half on their personal performance. They receive part of annual pay increases in the form of shares. There are no other incentive schemes involving share components.

CORPORATE COMMUNICATIONS

For technotrans as a technology company, shows and exhibitions are very important. In 2013, technotrans took part in four different shows worldwide, all focusing on the print sector: Hunkeler Innovationdays, China Print, Graphitec and IfraExpo. Appearing at such shows is first and foremost about supporting our major customers, because technotrans benefits indirectly from the orders they place. They are also important wherever end customers have scope for deciding for or against equipping their systems with technotrans technology. Once they do opt for our equipment for their printing presses, this in turn sends out a message to printing press manufacturers that they are giving the market what it wants in fitting technotrans equipment.

technotrans took part in six shows addressing markets outside the printing industry. These included major exhibitions such as the EMO trade fair for metalworking in Hanover, and the Stuttgart Blech-Expo, but also took part in smaller, more specialised events such as KSS Augsburg, the 5th Stamping Technology Congress and – for the first time – Northern Manufacturing and Southern Manufacturing in the UK. The solutions in the spotlight included ones with which the individual cooling tasks for machine tools can be combined in a compact, cost-effective way, or the extended family of spray.xact solutions and its spray lubrication variants – offering a flexible, easy way to equip both new and existing stamping and forming presses.

Termotek AG participated in two shows in 2013: Photonics West in San Francisco (USA), an annual laser industry exhibition, and Laser in Munich, a trade show that takes place only once every two years, gave us the opportunity to meet our existing customers and make contact with new ones.

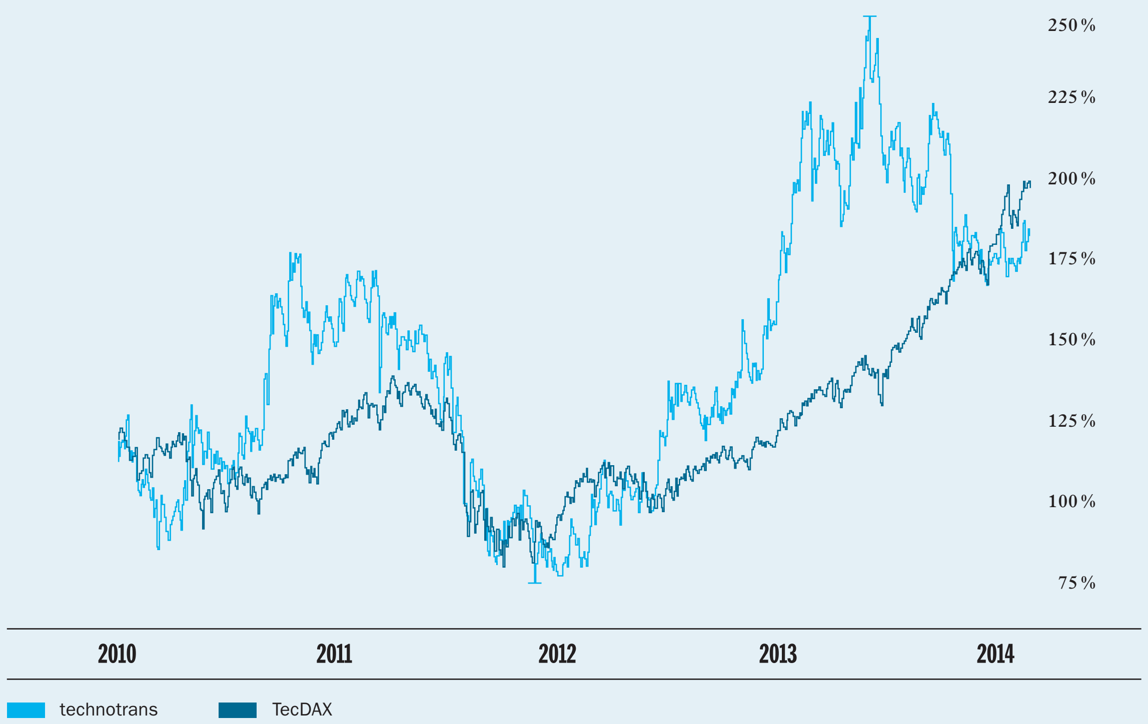
SHARES

The 2013 financial year brought two contrasting halves for technotrans' shares, too. The positive share price performance in the first half began with a climb from € 6.93 to around € 10 mid-way through the year. This development was underpinned by the wider economic environment, which envisaged a recovery scenario for the second half. The prospects for the many new product areas in which technotrans had identified future growth potential also gave added momentum.

By contrast, the economic environment did not improve appreciably in the second half of the year. With the publication of the First-Half Report, it moreover became clear that it would take quite some effort to achieve the goals for the full year, which now looked fairly ambitious. The subsequent announcement of further economy measures and job cuts by a number of major customers drove home the fact that technotrans is still operating in an extremely difficult environment and that turning to other markets to compensate for a downturn in its main sales market is no easy matter.

The profit warning in October then prompted the trading price to slip to around € 7.50. technotrans shares remained more or less at that level and closed the year on € 7.71, up only 11.3 percent on the end of the previous year.

Share Price January 1, 2010 to February 28, 2014



The shares were covered by four analysts (Bankhaus Lampe, HSBC Trinkaus and Burkhardt, M.M. Warburg, and Montega). We expect to see a further increase in interest along with our entry into attractive new markets outside the printing industry and the gradual shift of our peer group.

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 gives us the additional advantage of being able 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, the 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.

REPORT ON POST-BALANCE SHEET DATE EVENTS

No events of particular significance affecting the financial performance, financial position or net worth of the company occurred after the end of the 2013 financial year.

EXPECTED DEVELOPMENTS, 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 specifically of the printing press industry, the machine tool industry and the laser industry, 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

The outlook for the global economy brightened at the turn of 2013/2014 according to the IfW. The factors that have been proving a serious drag on economic activity in the past two years have declined in significance, with the result that the IfW experts anticipate a faster growth rate for gross domestic product over the next two years. In the advanced economies, the rise in production should reach 1.9 percent in the coming year, whereas it was no better than an estimated 1.1 percent in the year that has just ended. The signs for the German economy likewise point towards expansion. The experts suggest that a quickening investment cycle will provide a noticeable boost to economic activity in the next two years. As well as the customary replacement demand, rising capacity utilisation will also increasingly prompt investment for business expansion. This will be fuelled by the extremely favourable financing options available for investors.

According to Ifo, exports should likewise continue to rise. This would be good news for German mechanical and plant engineering companies. The VDMA, too, believes that the business situation has the potential to develop much more healthily in 2014, if the right political framework is put in place and the wide-ranging structural problems in emerging economies do not severely hamper growth. Alongside moderate growth in China, there should once again be growth potential in Europe and the USA in particular.

Relevant Market

For 2014 as a whole, the VDMA (German Engineering Federation) expects a further upturn in business with production rising by 3 percent. As the driving force behind its more optimistic overall assessment, it assumes that the global economy generally will recover further in 2014.

Industry experts anticipate that the offset printing industry will see the web offset market retreat further, while sheet-fed offset printing will maintain a constant business volume.

By contrast, manufacturers in the machine tool and laser market are approaching 2014 with confidence. Almost all laser and machine tool manufacturers are aiming for further growth in 2014, because they are well positioned in crucial markets such as China and the USA.

Risk: The actual economic development of the global economy and the German economy, but especially of the export-oriented capital 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.

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 exit from the market would potentially have a considerable impact on the financial position and financial performance of the company in the short term. We consider the risk of a major debt default to be moderate, among other things based on the latest information from customers and despite the further fall in volumes. Wherever possible, we have insured against default losses on receivables and have thus further limited the risk.

Future Development of the Group

technotrans has good prospects of making the new financial year a success through its own efforts. If business progresses according to plan, the technotrans Group will achieve a further slight increase in revenue in 2014. 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 in 2014. In a conservative scenario, we expect that demand for offset presses worldwide in the 2014 financial year will remain roughly on a par with 2013. Growth in emerging markets and in the area of packaging printing is likely to be cancelled out by the continuing fall in demand from established markets and the newspaper sector. On the other hand, we expect robust demand for digital and flexographic printing presses. We have successfully stepped up our activities in these growth areas in recent years. We have built a rise in revenue into our plans for the 2014 financial year.

As well as our most recent acquisitions – KLH and Termotek – technotrans' own development projects for the new markets will produce a substantial revenue contribution for the first time. These include, for instance, the application areas of spray lubrication in forming technology, and refrigeration and filtration systems in the machine tool market. This kind of project often involves a lead time of three to four years before tangible revenue can be realised. We will therefore continue to work on filling the pipeline and attracting new customers in 2014, so that we likewise achieve our growth targets in the next few years.

As before, the Board of Management views acquisitions as an appropriate means of forcefully bolstering the company's future growth. It is continually scouting for and analysing suitable options. For technotrans as a strategic investor, suitable targets must both fit in with its market and growth-led expansion strategy, and offer the prospect of unlocking appropriate synergy potential. In addition, technologies that would specifically broaden its core skills are fundamentally of great interest.

The Services segment brings in a relatively high proportion of overall revenue and thus plays an important part in keeping our business stable. We expect that area, too, to deliver a further slight rise in revenue in 2014, and we anticipate being able to tap fresh potential through the mere fact that the new group companies are now using our worldwide service network.

Overall, our plans envisage the technotrans Group achieving revenue of € 110 million in the 2014 financial year (+/– 5 percent). Having already envisaged that level for the past financial year, and given the underlying situation, we consider this goal to be realistic; in our assessment, it takes appropriate account of the opportunities and risks of the new financial year.

Risk: If the expected economic or industry-specific developments 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.

The anticipated revenue growth and the continuing optimisation processes should help improve the financial performance in the 2014 financial year and bring technotrans an EBIT margin of between 4 and 6 percent.

To handle successfully the many customer projects currently in the start-up phase, we continue to invest in resources and are also stepping up our sales activities in the new markets. The revenue volume and the time required to get the new projects off the ground will in turn materially influence the earnings position. 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 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 2014 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.

On the financial side, based on the planned business performance we expect our borrowings to come down yet further as a result of scheduled repayments (around € 3.3 million). However, the terms agreed remain very favourable, so the overall impact on interest expenses for the 2014 financial year will continue to decline. The effective tax rate for the group is expected to be in the region of 30 percent.

The planned profitability should have a positive impact on cash flow, with the result that technotrans will still be able to finance operating business and its envisaged investment spending from cash flow in 2014. After interest and capital repayments, the current view is that the free cash flow should be positive once more.

Investment and Finance

technotrans had cash and cash equivalents amounting to € 16.7 million at the December 31, 2013 reporting date. This is ample to be able to finance ongoing business in all group companies. technotrans also has unutilised borrowing facilities which, together with the surplus financial resources, provide considerable flexibility for following up strategic options where appropriate. Investment spending on property, plant and equipment is still limited 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 compared with the plans for the 2014 financial year could result in our banks dictating corresponding credit clauses for certain financial ratios (covenants) when providing future financing. Based on our plans for 2014, we rate this risk as low.

The prospects for the distribution of a dividend for the 2014 financial year are good, provided the revenue and earnings targets are achieved. technotrans AG has a sound balance sheet structure. 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. Given these conditions, we stand by our dividend declaration that we again intend to distribute half of our consolidated net profit in the future.

Miscellaneous risks: There are fundamentally procurement and purchasing risks, e.g. in respect of 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

The recent business results with customers in the printing industry have confirmed our resolve to press ahead with exploring applications for our core skills in other markets. We will therefore continue to invest in building up the necessary expertise and capacity, even if those activities are not yet bringing in the corresponding levels of revenue, in an effort to progress along technotrans' growth pathway.

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. We plan to take part in the following shows in 2014: Southern Manufacturing in the UK, World Tobacco Middle East, and the AMB, Euroblech and Battery Conference in Germany.

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 the strategic importance of these markets of the future, we are investing considerable resources in developing them.

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 and Development activities on innovations and optimising our technologies, both for the printing industry and for other sales markets. The projects are both instigated by the business units and are initiatives of 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.

All in all, we do not expect any significant increase in Research and Development spending in 2014.

No major purchase price increases are expected for 2014. On the contrary, the enlarged group of consolidated companies means we can, if anything, expect more favourable terms for some groups of materials.

Future Projects to Increase Efficiency and Optimise Processes

The year 2014 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 are therefore prompted to move. We counter this risk by involving employees at an early stage, by providing them with comprehensive information, briefings and training, and by shifting skills from individuals to entire teams. Overall, we therefore rate this risk as low.

Overall Statement

At the start of 2014, the indications are that there will be a moderate economic development. technotrans has good prospects of making the new financial year a success through its own efforts. The technotrans Group will achieve a further slight increase in revenue in 2014.

Our goal is for the technotrans Group to achieve revenue of € 110 million in the 2014 financial year (+/– 5 percent). Having already envisaged that level for the past financial year, given the underlying situation we consider this goal to be realistic; an improvement in the business climate would prompt us to review our targets.

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.

We are planning to achieve an EBIT margin of between 4 and 6 percent for the group on the basis of the anticipated revenue volume, assuming business progresses as expected. We expect to see a further improvement in the group companies' profitability. Synergy potential identified in the course of KLH's integration will continue to have a positive impact on the profit performance.

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

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. Within 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 are 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 Accounting and 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, management, 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 Accounting and 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, notwithstanding 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 and Controlling. 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 (quarterly). 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 net 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 2014
- as low if the risk potential is assessed at a value of less than 10 percent of the plan result,
- as medium if the risk potential is assessed at a value of between 10 and 20 percent of the plan result, and
- as high or as 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.

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, 2013 comprises 6,907,665 fully paid no par value 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 10 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 2013. 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, 2013, 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, at the end of 2012 22,629 shares, and at the end of 2013 a further 33,918 shares were voluntarily distributed to the employees as part of their Christmas bonus, along with 4,152 shares by way of a remuneration component. 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.

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/de/investor-relations/corporate-governance/erklaerung-zur-unternehmensfuehrung.html

DISCLAIMER

The Group Management Report contains future-related statements. Considerable variation between anticipated developments and actual outcomes 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.

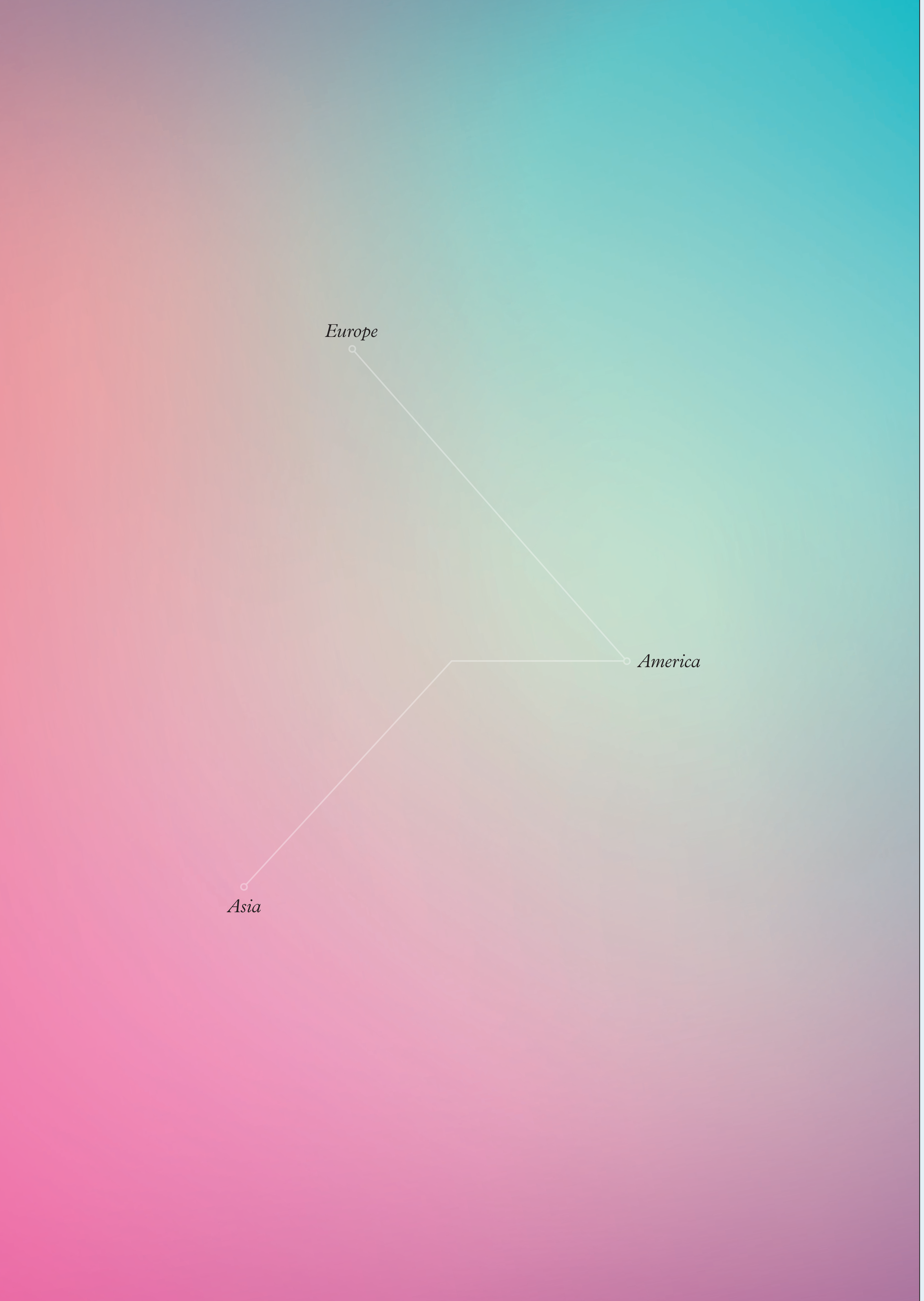


TABLE OF CONTENTS

FINANCIAL STATEMENT

FURTHER INFORMATION

CONSOLIDATED BALANCE SHEET

ASSETS	Note	31/12/2013	31/12/2012	31/12/2011
		€ '000	€ '000	€ '000
Non-current assets				
Property, plant and equipment	1	15,990	14,208	15,782
Investment property	2	0	0	4,016
Goodwill	3	5,828	3,134	2,549
Intangible assets	4	5,050	1,681	1,862
Income tax receivable	8	171	224	276
Financial assets	5	49	119	384
Deferred tax	27	2,721	3,021	3,716
		29,809	**22,387**	**28,585**
Current assets				
Inventories	6	14,330	13,490	14,030
Trade receivables	7	10,178	8,651	9,985
Income tax receivable	8	648	356	394
Financial assets	9	684	613	332
Other assets	9	647	493	1,091
Cash and cash equivalents	10	16,723	18,715	12,798
		43,210	**42,318**	**38,630**
Total assets		**73,019**	**64,705**	**67,215**

EQUITY AND LIABILITIES	Note	31/12/2013	31/12/2012	31/12/2011
		€ '000	€ '000	€ '000
Equity	11			
Issued capital		6,908	6,908	6,908
Capital reserve		12,928	12,928	12,928
Retained earnings		32,275	30,231	27,394
Other reserves		–12,327	–12,296	–12,958
Net profit for the period		3,016	3,094	3,019
Total equity attributable to technotrans AG shareholders		**42,800**	**40,865**	**37,291**
Non-controlling interests in equity		943	0	0
		43,743	**40,865**	**37,291**
Non-current liabilities				
Borrowings	12	11,620	6,395	6,819
Provisions	16	923	925	1,127
Other financial liabilities	13	888	1,271	1,857
Deferred tax	27	889	18	18
		14,320	**8,609**	**9,821**
Current liabilities				
Borrowings	12	3,293	2,933	9,742
Trade payables	14	2,644	2,142	3,123
Prepayments received	15	1,290	2,321	1,019
Provisions	16	4,483	4,874	4,404
Income tax payable	17	564	201	181
Financial liabilities	18	1,212	1,064	641
Other liabilities	18	1,470	1,696	993
		14,956	**15,231**	**20,103**
Total equity and liabilities		**73,019**	**64,705**	**67,215**

CONSOLIDATED INCOME STATEMENT

	Note	2013	2012	2011
		€ '000	€ '000	€ '000
Revenue	19	**105,207**	**90,662**	**97,265**
of which Technology		65,988	53,733	61,673
of which Services		39,219	36,929	35,592
Cost of sales	20	–72,083	–59,010	–66,486
Gross profit		**33,124**	**31,652**	**30,779**
Distribution costs	21	–15,025	–13,459	–14,419
Administrative expenses	22	–12,221	–10,813	–11,469
Development costs	23	–2,985	–2,241	–2,046
Other operating income	24	2,860	2,101	4,240
Other operating expenses	25	–1,127	–1,883	–2,298
Earnings before interest and taxes (EBIT)		**4,626**	**5,357**	**4,787**
Financial income		30	39	37
Financial charges		–918	–720	–925
Net finance costs	26	**–888**	**–681**	**–888**
Profit before tax		**3,738**	**4,676**	**3,899**
Income tax expense	27	–786	–1,582	–880
Net profit for the period		**2,952**	**3,094**	**3,019**
of which:				
Profit attributable to technotrans AG shareholders		3,016	3,094	3,019
Profit/loss attributable to non-controlling interests		–64	0	0
Earnings per share (€)	28			
basic		0.47	0.48	0.47
diluted		0.47	0.48	0.47

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Note	2013	2012	2011
		€ '000	€ '000	€ '000
Net profit for the period	11	**2,952**	**3,094**	**3,019**
Other result				
Items that were or must be reclassified to Income Statement				
Exchange differences from the translation of foreign group companies		–115	729	178
Exchange rate differences from net investments in a foreign operation		–511	–382	109
Deferred tax		–8	90	–43
Change in the amount recognised within equity (net investments in a foreign operation)		–519	–292	66
Change in the market values of cash flow hedges		87	–153	–38
Amount transferred to the Income Statement		–9	10	0
Deferred tax		–23	43	11
Change in the amount recognised within equity (cash flow hedges)		55	–100	–27
Other profit after tax		**–579**	**337**	**217**
Overall result for the financial year		**2,373**	**3,431**	**3,236**
of which:				
Profit attributable to technotrans AG shareholders		2,437	3,431	3,236
Profit/loss attributable to non-controlling interests		–64	0	0

CONSOLIDATED CASH FLOW STATEMENT

	Note	2013	2012	2011
		€ '000	€ '000	€ '000
Cash flow from operating activities	29			
Net profit for the period		**2,952**	**3,094**	**3,019**
Adjustments for:				
Depreciation and amortisation		3,189	2,962	3,193
Share-based payment transactions		274	143	184
Income tax expense		786	1,582	880
Gain (–)/loss (+) on the disposal of property, plant and equipment		8	–108	–109
Foreign exchange losses (+) / gains (–)		–457	465	25
Financial income		–30	–39	–37
Financial charges		918	720	925
Cash flow from operating activities before working capital changes		**7,640**	**8,819**	**8,080**
Change in:				
receivables and other current assets		–446	1,903	1,212
inventories		1,226	540	2,356
other non-current assets		70	959	267
liabilities		–3,527	–152	–2,388
provisions		–713	215	–1,843
Cash from operating activities		**4,250**	**12,284**	**7,684**
Interest income		20	27	22
Interest expense		–1,054	–638	–820
Income taxes paid/income tax rebates		–523	–694	–1,018
Net cash from operating activities		**2,693**	**10,979**	**5,868**

	Note	2013	2012	2011
		€ '000	€ '000	€ '000
Cash flow from investing activities	30			
Cash payments for investments in property, plant and equipment and in intangible assets		–2,342	–1,427	–1,405
Cash payments for the acquisition of consolidated companies		–4,158	–762	–1,016
Proceeds from the sale of property, plant and equipment		374	4,382	159
Net cash used for investing activities		**–6,126**	**2,193**	**–2,262**
Cash flow from financing activities	31			
Cash receipts from the raising of short-term and long-term loans		6,600	3,300	0
Cash payments from the repayment of loans		–4,234	–10,533	–3,831
Distributions to investors		–776	0	0
Cash payments for the acquisition of non-controlling interests		0	0	–316
Net cash used in financing activities		**1,590**	**–7,233**	**–4,147**
Net increase/decrease in cash and cash equivalents		–1,843	5,939	–541
Cash and cash equivalents at start of period		18,715	12,798	13,125
Net effect of currency translation in cash and cash equivalents		–149	–22	214
Cash and cash equivalents at end of period	10, 32	**16,723**	**18,715**	**12,798**

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	Total equity attributable to technotrans AG shareholders	Non-controlling interests in equity	Group equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
01/01/2011	**6,908**	**12,928**	**28,557**	**–5,177**	**–1,155**	**–9**	**–8,168**	**33,884**	**0**	**33,884**
Overall result for the financial year										
Net profit for the period	0	0	3,019	0	0	0	0	3,019	0	3,019
Other result	0	0	0	178	66	–27	0	217	0	217
Overall result for the financial year	**0**	**0**	**3,019**	**178**	**66**	**–27**	**0**	**3,236**	**0**	**3,236**
Transactions with owners										
Acquisition of minority interests not leading to a change in control	0	0	–285	0	0	0	0	–285	0	–285
Issuance of treasury shares	0	0	–878	0	0	0	1,334	456	0	456
Transactions with owners	**0**	**0**	**–1,163**	**0**	**0**	**0**	**1,334**	**171**	**0**	**171**
31/12/2011 / 01/01/2012	**6,908**	**12,928**	**30,413**	**–4,999**	**–1,089**	**–36**	**–6,834**	**37,291**	**0**	**37,291**
Overall result for the financial year										
Net profit for the period	0	0	3,094	0	0	0	0	3,094	0	3,094
Other result	0	0	0	729	–292	–100	0	337	0	337
Overall result for the financial year	**0**	**0**	**3,094**	**729**	**–292**	**–100**	**0**	**3,431**	**0**	**3,431**
Transactions with owners										
Issuance of treasury shares	0	0	–182	0	0	0	325	143	0	143
Transactions with owners	**0**	**0**	**–182**	**0**	**0**	**0**	**325**	**143**	**0**	**143**
31/12/2012 / 01/01/2013	**6,908**	**12,928**	**33,325**	**–4,270**	**–1,381**	**–136**	**–6,509**	**40,865**	**0**	**40,865**
Overall result for the financial year										
Net profit for the period	0	0	3,016	0	0	0	0	3,016	–64	2,952
Other result	0	0	0	–115	–519	55	0	–579	0	–579
Overall result for the financial year	**0**	**0**	**3,016**	**–115**	**–519**	**55**	**0**	**2,437**	**–64**	**2,373**
Transactions with owners										
Acquisition of subsidiaries with non-controlling interests	0	0	0	0	0	0	0	0	1,007	1,007
Distribution of profit	0	0	–776	0	0	0	0	–776	0	–776
Issuance of treasury shares	0	0	–274	0	0	0	548	274	0	274
Transactions with owners	**0**	**0**	**–1,050**	**0**	**0**	**0**	**548**	**–502**	**1,007**	**505**
31/12/2013	**6,908**	**12,928**	**35,291**	**–4,385**	**–1,900**	**–81**	**–5,961**	**42,800**	**943**	**43,743**

NOTES

SEGMENT REPORT BY DIVISION		Technology	Services	Consolidated/ not allocated	Group
		€ '000	€ '000	€ '000	€ '000
External revenue	**2013**	**65,988**	**39,219**	**0**	**105,207**
	2012	53,733	36,929	0	90,662
	2011	61,673	35,592	0	97,265
Internal revenue	**2013**	**7,156**	**7,608**	**–14,764**	**0**
	2012	6,027	7,011	–13,038	0
	2011	7,456	6,904	–14,360	0
Inter-segment revenue	**2013**	**0**	**1,216**	**–1,216**	**0**
	2012	0	1,049	–1,049	0
	2011	0	957	–957	0
Segment result	**2013**	**–1,841**	**6,467**	**0**	**4,626**
	2012	–762	6,119	0	5,357
	2011	–897	5,684	0	4,787
Segment assets	**2013**	**37,056**	**15,675**	**20,288**	**73,019**
	2012	28,901	13,311	22,493	64,705
	2011	33,338	16,693	17,184	67,215
Investment	**2013**	**1,909**	**433**	**0**	**2,342**
	2012	1,214	213	0	1,427
	2011	959	446	0	1,405
Depreciation and amortisation	**2013**	**2,599**	**590**	**0**	**3,189**
	2012	2,243	719	0	2,962
	2011	2,093	1,100	0	3,193

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, 2013 were approved for presentation to the Supervisory Board by resolution of the Board of Management of February 27, 2014. 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

The Consolidated Financial Statements include technotrans AG and the 18 subsidiaries over which it can exercise direct or indirect control. Control is routinely deemed to exist where a majority of voting rights is held. In addition, one special purpose entity is consolidated because – taking account of the economic content of its relationship with technotrans – a controlling influence can be exercised on the special purpose entity a defined by SIC-12.10.

The balance sheet date for all companies included in the Consolidated Financial Statements is December 31.

COMPANY		Domicile	Interest	Equity*	Revenue*	Profit after tax*
			in %	€ '000	€ '000	€ '000
technotrans AG	D	Sassenberg	parent company	39,158	56,464	2,672
Termotek AG	D	Baden-Baden	100	2,486	10,255	755
gds AG	D	Sassenberg	100	2,781	4,374	89
gds-Sprachenwelt GmbH	D	Hünfeld	51	295	1,796	135
ISD GmbH	CH	Regensdorf	100**	–26	116	–4
technotrans graphics ltd.	GB	Colchester	100	772	3,115	135
technotrans france s.a.r.l. (Saint-Maximin and Madrid)	F	Saint-Maximin	100	1,312	5,026	103
technotrans italia s.r.l.	I	Legnano	100	864	2,434	84
technotrans scandinavia AB	S	Åkersberga	100	416	0	420
technotrans america inc.	USA	Mt Prospect	100	3,977	9,397	693
technotrans américa latina ltda.	BR	São Paulo	100	–1,962	1,555	–39
technotrans Asia Pacific limited (Hong Kong and Tokyo)	CHN	Hong Kong	100	–1,520	1,503	2
technotrans printing equipment, (Beijing) co. Ltd.	CHN	Beijing	100	–263	1,577	49
technotrans technologies pte. ltd. (Singapore and Melbourne)	SGP	Singapore	100	522	2,109	56
technotrans middle east FZ-LLC	UAE	Dubai	100	431	941	29
technotrans india pvt ltd	IN	Chennai	100	–14	328	3
KLH Kältetechnik GmbH	D	Bad Doberan	65	332	13,359	25
KLH Cooling International Pte. Ltd.	SGP	Singapore	65	265	2,289	234
Taicang KLH Cooling Systems Co. Ltd.	CHN	Taicang	65	284	3,163	49
SHT Immobilienbesitz GmbH & Co. Vermietungs KG	D	Mainz	94***	–1	0	0

* 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.
*** LIMITED PARTNERSHIP INTEREST HELD BY KLH KÄLTETECHNIK GMBH; SPECIAL PURPOSE ENTITY AS DEFINED BY SIC-12.

On January 1, 2013 technotrans AG acquired 65.0 percent of the shares, and thus control, of KLH Kältetechnik GmbH, Bad Doberan (Germany), as well as of its sister companies KLH Cooling International Pte. Ltd (Singapore) and Taicang KLH Cooling Systems Co. Ltd., Taicang (PR China). The acquired companies offer cooling solutions for laser technology. The reason for this acquisition is the expansion of the company's presence in the growth market of the laser industry and its increased activities outside the printing industry.

At the same time technotrans AG acquired an indirect interest in SHT Immobilienbesitz GmbH & Co. Vermietungs KG, Mainz (Germany), in which KLH Kältetechnik GmbH holds a limited partnership share of 94 percent. SHT Immobilienbesitz GmbH & Co. Vermietungs KG is the owner of the factory premises in Bad Doberan, which are let out to KLH Kältetechnik GmbH. Because this company is controlled by KLH Kältetechnik GmbH based on an economic assessment of the relationship, SHT Immobilienbesitz GmbH & Co. Vermietungs KG is consolidated as a special purpose entity as defined by SIC-12.

By way of counter-performance for the entire acquisition, technotrans AG granted the sellers a fixed payment of € 4,000 thousand. A conditional purchase price component dependent on the profit performance over the years 2013 to 2017 was also agreed. If EBIT of at least € 600 thousand is achieved in a given year, technotrans AG is obliged to pay the selling shareholders 15 percent of the amount over and above that figure by way of a retroactive purchase price. The conditional purchase price is capped at € 600 thousand. This obligation was recognised as a liability of € 565 thousand at the time of acquisition. The amount recognised as a liability was determined on the basis of EBIT estimates for the acquired companies. The conditional purchase price payments based on this calculation were discounted with effect from the date of acquisition. The acquired companies contributed € 16,399 thousand towards consolidated revenue. Their contribution to the net profit for the period was € –183 thousand. The companies were included in consolidation from the date of their acquisition.

In connection with the business combination, incidental acquisition costs totalling € 119 thousand were incurred for legal fees and due diligence costs. These costs were reported under the administrative expenses.

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

	Carrying amount before acquisition	Revaluation of assets and liabilities	Fair value
	€ '000	€ '000	€ '000
Intangible assets	14	3,600	3,614
Property, plant and equipment	3,159	– 231	2,928
Deferred tax assets	177	0	177
Inventories	2,106	0	2,106
Receivables and other assets	1,458	0	1,458
Cash and cash equivalents	675	0	675
Total assets	**7,589**	**3,369**	**10,958**
Provisions	320	0	320
Liabilities	6,680	0	6,680
Deferred tax liabilities	0	1,080	1,080
Total liabilities	**7,000**	**1,080**	**8,080**
Identifiable assets and debts	**589**	**2,289**	**2,878**
Goodwill			2,694
Non-controlling interests based on the share of assets and liabilities			– 1,007
Cost of acquisition			**4,565**
of which paid			4,000
of which conditional purchase price			565
Total			**4,565**
Cash and cash equivalents acquired			– 675
Net cash outflow			**3,325**

The trade receivables comprise gross amounts due for contractual receivables totalling € 1,044 thousand, of which the € 171 thousand were estimated to be probably uncollectable at the time of acquisition.

The fair value of the customer base of € 3,600 thousand was determined using the discounted cash flow method, on the basis of assumptions. The starting point for the cash flow forecasts for the customer base was the revenue trends for the relevant customer group for the 2013 to 2017 financial years. For calculation purposes, an average growth trend of 5.4 percent and an average EBIT of 7.4 percent were forecast. Discounting of the anticipated cash flows is based on weighted after-tax cost-of-capital rates of 5.5 percent and 9.5 percent, depending on country. The useful life is five years. The customer base is amortised by the straight-line method.

The goodwill of € 2,694 thousand includes non-separable intangible assets such as anticipated synergy and earnings potential, which was not recognised separately. Purchase price allocation has been completed. The goodwill is not deductible for income tax purposes.

The shares in gds Schweiz GmbH, Regensdorf (Switzerland) were disposed of with effect from July 1, 2013. The company was deconsolidated in the financial year under review. In connection with its deconsolidations a profit of € 50 thousand was realised and is reported under other operating income.

In addition, technotrans trading co. Ltd., Shanghai (PR China) was wound up with effect from November 26, 2013 and likewise deconsolidated in the financial year. The deconsolidation gain was € 55 thousand and was recorded under other operating income.

The operating activities of technotrans scandinavia AB, Åkersberga (Sweden) were halted 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, 2013.

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. The non-controlling interests were measured at acquisition cost (partial goodwill method). Changes in the group's interest in a subsidiary that do not lead to a loss of control are reported as equity transactions. 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. Key exercises of judgment outside the context of estimates concern the definition of the cash-generating units, the consolidation of the special purpose entity and the measurement method for the non-controlling interests.

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. Responsibility for regularly monitoring all key fair value measurements, including the Level 3 fair values, rests with Group Controlling. Changes are reported to the Finance Director. Regular reviews of the key non-observable input factors and of fair value adjustments are carried out.

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. KLH Kältetechnik GmbH, KLH Cooling International Pte. Ltd. and Taicang KLH Cooling Systems Co. Ltd. were acquired in the 2013 financial year. Fair values for all identifiable assets and liabilities were established and recognised 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 interest acquired in Termotek AG in 2011 and the acquisition of gds-Sprachenwelt GmbH in 2012. 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 2013”, see the Notes, Section 3 “Goodwill” and Section 4 “Intangible Assets”.

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 2013”, see the Notes, Section 1 “Property, Plant and Equipment”.

3) Recognition and Measurement of Provisions

The determination of all provisions, and in particular of provisions for warranties, inherently involves estimates. With regard to “key exercises of judgment in the context of financial reporting for 2013”, 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.

The reported **goodwill** constitutes the difference between the purchase price and the fair value of the net assets acquired through business combinations. Pursuant to IAS 36, goodwill is to be tested for impairment once a year or if any basis for a reduction for impairment is established. For the impairment test, from the acquisition date any goodwill acquired through a business combination is allocated to the group’s cash-generating units which benefit from the synergy effects from the business combination. 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, industrial and similar rights and values acquired for consideration, and the customer base 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 items relate 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). With the exception of the conditional purchase price payments from corporate transactions, borrowings are not measured at fair value through profit and loss. When initially recognised, they are measured at fair value including the transaction costs and subsequently at amortised cost, using the effective interest method. Conditional purchase price payments are measured at fair value. Changes in the fair value are recognised through profit and loss.

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 pensions and provisions for similar obligations are measured according to the projected unit credit method. Actuarial gains and losses are recognised within other comprehensive income 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, 2013. 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 2013 financial year.

Foreign 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. In a departure from this principle, the euro is considered to be the functional currency of the subsidiary technotrans technologies pte ltd., Singapore, as its primary economic environment (revenues and expenses) is determined predominantly by the euro. The US dollar is moreover considered to be the functional currency of KLH Cooling International Pte. Ltd., Singapore, because its invoices are determined predominantly by the US dollar.

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 operation (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		
	2013	**2012**	**2011**	**31/12/2013**	**31/12/2012**	**31/12/2011**
USD	**1.3282**	1.2850	1.3923	**1.3791**	1.3194	1.2937
JPY	**129.6643**	102.4903	110.9696	**144.7200**	113.6100	100.1000
GBP	**0.8492**	0.8110	0.8679	**0.8337**	0.8161	0.8369
SEK	**8.6515**	8.7048	9.0305	**8.8591**	8.5820	8.9210
CNY	**8.1649**	8.0905	9.0010	**8.3491**	8.2207	8.2162
HKD	**10.3018**	9.9671	10.8390	**10.6933**	10.2260	10.0510
CHF	**1.2311**	1.2053	1.2329	**1.2276**	1.2072	1.2164
BRL	**2.8683**	2.4930	2.3205	**3.2576**	2.7036	2.4188
AED	**4.8766**	4.7441	5.1536	**5.0555**	4.8428	4.7974
INR	**77.9266**	68.6051	65.0803	**85.3660**	72.5600	70.4508

CHANGES IN RECOGNITION AND MEASUREMENT PRINCIPLES

The Consolidated Financial Statements of technotrans AG at December 31, 2013 include all standards and interpretations adopted by the European Union, the application of which is mandatory from January 1, 2013.

The following standards were 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 1:** First-time Adoption	**January 1, 2013**	The amendments to IFRS 1 concern the accounting of government loans.	None
Amendment to **IFRS 1:** Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	**January 1, 2013**	The amendment contains rules for enterprises whose currency was subject to hyperinflation.	None
Amendment to **IFRS 7:** Financial Instruments	**January 1, 2013**	The amendments to IFRS 7 concern disclosures regarding the offsetting of financial assets and financial liabilities.	No significant
IFRS 13: Fair Value Measurement	**January 1, 2013**	This standard provides a standard framework for the treatment of fair value measurement in IFRS financial statements.	No significant
Amendment to **IAS 1:** Presentation of Items of Other Comprehensive Income	**July 1, 2012**	The amendments to IAS 1 concern the presentation of other comprehensive income within the Statement of Comprehensive Income (Statement of Recognised Income and Expense).	Minor changes to presentation
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.	None
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
IFRIC 20	**January 1, 2013**	This interpretation seeks to standardise the accounting of stripping costs for a surface mine.	None
Improvements to IFRS (2009 to 2011)	**January 1, 2013**	In the context of the annual improvement project, amendments were made to five standards (IAS 1, IAS 16, IAS 32, IAS 34, IFRS 1).	No significant
Amendment to **IAS 36:** Recoverable Amount Disclosures for Non-Financial Assets	**January 1, 2013**	By way of a consequential amendment from IFRS 13, a new disclosure obligation on the goodwill impairment test according to IAS 36 had been introduced and was deleted again by this amendment.	No significant

The amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets, were adopted voluntarily ahead of their introduction.

During the 2013 financial year the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) published further standards and interpretations as well as amendments to existing standards, the application of which was not yet mandatory in the 2013 financial year.

The following standards as adopted by the European Union by December 31, 2013 have not yet been observed in these accounts:

STANDARD/INTERPRETATION	Applicable from (financial years starting on or after …)	Content	Anticipated effects on Consolidated Financial Statements
IFRS 10: Consolidated Financial Statements	**January 1, 2014**	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 **IFRS 10, IFRS 11, IFRS 12:** Transitional provisions	**January 1, 2014**	The amendments contain a clarification and additional simplification rule for the transition to IFRS 10, IFRS 11 and IFRS 12.	No significant
Amendment to **IFRS 10, IFRS 12, IAS 27:** Investment Entities	**January 1, 2014**	The amendments contain a definition of terms for investment entities and remove such entities from the scope of IFRS 10.	None
Amendment to **IAS 27:** Separate Financial Statements	**January 1, 2014**	The amendment to IAS 27 transfers 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:** 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
Amendment to **IAS 39:** Novation of Derivatives and Continuation of Hedge Accounting	**January 1, 2014**	As a result of these amendments, derivatives continue to be designated as a hedge in continuing hedging relationships despite novation of a hedge.	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, 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 / January 1, 2013	**18,915**	**15,786**	**0**	**34,701**
Foreign currency translation differences	–40	–104	0	–144
Additions from corporate acquisition	2,108	815	0	2,923
Additions	9	888	9	906
Disposals	0	–1,304	0	–1,304
Cost at December 31, 2013	**20,992**	**16,081**	**9**	**37,082**

* 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.

There is an opposite effect from additions to property, plant and equipment following the inclusion of the KLH companies in the consolidated companies.

	Property*	Other assets, plant and other equipment	Construction in progress	Property, plant and equipment
	€ '000	€ '000	€ '000	€ '000
Accumulated depreciation at 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 / January 1, 2013	**7,996**	**12,497**	**0**	**20,493**
Foreign currency translation differences	–35	–89	0	–124
Depreciation for the year	747	1,174	0	1,921
Disposals	0	–1,198	0	–1,198
Accumulated depreciation at December 1, 2013	**8,708**	**12,384**	**0**	**21,092**
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**
Residual carrying amounts at December 31, 2013	**12,284**	**3,697**	**9**	**15,990**

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

As in previous years, no self-constructed assets were capitalised in the 2013 financial year. No write-downs or reversals were performed in the year under review. Property amounting to € 12,284 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 / December 31, 2013	**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 / January 1, 2012	**2.703**
Depreciation for the year	70
Disposals	– 2.773
Position at December 31, 2012 / December 31, 2013	**0**
Residual carrying amount at December 31, 2011	**4.016**
Position at December 31, 2012 / December 12, 2013	**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.

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 / January 1, 2013	**3.134**
Additions from corporate acquisition	2.694
Cost at December 31, 2013	**5.828**
Accumulated impairment at December 31, 2011	**0**
Accumulated impairment at December 31, 2012	**0**
Accumulated impairment at December 31, 2013	**0**
Residual carrying amounts at December 31, 2011	**2.549**
Residual carrying amounts at December 31, 2012	**3.134**
Residual carrying amounts at December 31, 2013	**5.828**

The following table shows the residual carrying values of technotrans goodwill at December 31, 2013, broken down by segment:

	2013	2012	2011
	€ '000	€ '000	€ '000
Technology segment: Laser Cooling	5,243	2,549	2,549
Services segment: Translation Services	585	585	0
	5,828	**3,134**	**2,549**

The acquisition of the shares in KLH Kältetechnik GmbH and the shares in its sister companies KLH Cooling International Pte. Ltd and Taicang KLH Cooling Systems Co. Ltd. with effect from January 1, 2013 results in goodwill of € 2,694 thousand.

The goodwill resulting from this acquisition and the acquisition of the shares of Termotek AG with effect from January 7, 2011 was tested for impairment at the level of the Laser Cooling group cash-generating units within the Technology segment, because synergies and advantages from the business combinations can only be determined at that level. Equally, the goodwill is monitored exclusively on the basis of this cash-generating unit.

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

The cash-generating units were tested for impairment according to IAS 36.10 in the 2013 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. The fair value measurement was classified as a Level 3 fair value based on the input factors of the measurement technique used.

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 2014 and revenue trends for the 2015 to 2018 financial years of the respective cash-generating units. For the Laser Cooling cash-generating unit an average growth trend of 7.8 percent (revenue) and 7.8 percent (EBIT) was assumed for the years 2015 to 2018, and for the Translation Services cash-generating unit a trend averaging 7.7 percent (revenue) and 15.4 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. All assumptions by the Board of Management are based on experience and reflect expectations concerning the relevant customers and industry.

Discounting of the anticipated cash flows is based on a weighted pre-tax cost-of-capital rate of 10.96 percent.

The values in use determined on the basis of these assumptions each exceed the carrying amounts of the cash-generating units.

A 2 percentage point increase in the weighted pre-tax cost-of-capital rate and a simultaneous halving of the growth rates mean there is no need for amortisation. Nor is there any need for amortisation for both cash-generating units 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, 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 / January 1, 2013	**13,669**	**7,328**	**20,997**
Foreign currency translation differences	–22	–9	–31
Additions			
from corporate acquisition	3,613	0	3,613
acquired separately	563	0	563
from internal development	0	873	873
Disposals			
from company sale	–132	0	–132
from sale / derecognition	–5,964	0	–5,964
Cost at December 31, 2013	**11,727**	**8,192**	**19,919**
Accumulated amortisation at January 1, 2011	**12,531**	**6,370**	**18,901**
Foreign currency translation differences	13	7	20
Depreciation for the year	853	38	891
Disposals	–1,254	0	–1,254
Accumulated amortisation at December 31, 2012 / January 1, 2012	**12,143**	**6,415**	**18,558**
Foreign currency translation differences	–3	–4	–7
Depreciation for the year	854	95	949
Disposals	–155	–29	–184
Accumulated amortisation at December 31, 2012 / January 1, 2013	**12,839**	**6,477**	**19,316**
Foreign currency translation differences	–16	–9	–25
Depreciation for the year	1,126	141	1,267
Disposals	–5,689	0	–5,689
Accumulated amortisation at December 1, 2013	**8,260**	**6,609**	**14,869**
Residual carrying amounts at December 31, 2011	**1,526**	**336**	**1,862**
Residual carrying amounts at December 31, 2012	**830**	**851**	**1,681**
Residual carrying amounts at December 31, 2013	**3,467**	**1,583**	**5,050**

In the 2013 financial year there was an increase in intangible assets, substantially as a result of the customer base identified within the context of purchase price allocation, with a value of € 3,600 thousand. Amortisation of € 720 thousand was applied to this in the financial year. Other amortisation decreased as a result of the end of amortisation of the ERP software mySAP in 2013.

In the financial year, technotrans AG retired patents carried at € 5,640 thousand that had already been written off in previous years.

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, Termotek AG and gds AG capitalised intangible assets which are the result of development activities amounting to € 873 thousand in the financial year (2012: € 610 thousand, 2011: € 189 thousand).

As in previous years, the items capitalised were predominantly development projects for products outside the printing industry. The priorities in the financial year were developments related to cooling systems for energy storage technology, filtration solutions for cooling lubricants, the development of a control unit for cooling equipment, and developments in the spray lubrication area of applications.

Due to nonfulfilment of the requirements for recognition as stated in IAS 38.57, development costs amounting to € 2,985 thousand (2012: € 2,241 thousand, 2011: € 2,046 thousand) were moreover recognised as an expense.

These include activities designed to optimise the energy efficiency of products from the existing portfolio, as well as to realise cost savings through improvements in the areas of design and production technology. Projects in technotrans' traditional sales markets are also being pursued, along with a large number of projects for its new markets. These involve transferring its expertise as well as the technologies that it has previously been using in the printing industry to applications in other industry segments.

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

5 FINANCIAL ASSETS

	31/12/2013	31/12/2012	31/12/2011
	€ '000	€ '000	€ '000
Rent deposits	38	39	173
Partial retirement bankruptcy cover	11	80	211
	49	**119**	**384**

To provide cover in the event of bankruptcy pursuant to Section 8 a of German Partial Retirement Act, corresponding funds totalling € 11 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 8 a of German Partial Retirement Act.

6 INVENTORIES

	31/12/2013	31/12/2012	31/12/2011
	€ '000	€ '000	€ '000
Raw materials and supplies	7,478	6,407	7,327
Work in progress	2,609	2,125	1,925
Finished goods and merchandise	4,243	4,958	4,778
	14,330	**13,490**	**14,030**

Of total inventories, the amount of € 2,539 thousand (2012: € 2,500 thousand, 2011: € 4,377 thousand) is reported at the fair value less production costs still to be incurred and distribution costs. Impairment of inventories totalling € 1,029 thousand (2012: € 1,356 thousand, 2011: € 1,257 thousand) was recognised as an expense in the 2013 financial year. In the same period, reversals led to an income of € 1,066 thousand (2012: € 1,043 thousand, 2011: € 467 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 and laser manufacturers, as well as by end customers.

In the year under review, additions to the impairment of receivables totalling € 200 thousand (2012: € 123 thousand, 2011: € 1,618 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 receivable from manroland AG of € 1,312 thousand to which impairment had been applied in 2011 was derecognised in the financial year.

The following table provides an overview of impairment of receivables:

IMPAIRMENT OF RECEIVABLES	31/12/2013	31/12/2012	31/12/2011
	€ '000	€ '000	€ '000
Opening level	2,321	2,512	1,277
Allocated	210	123	1,618
Derecognition of receivables	-1,406	-118	-20
Cash receipts for receivables written off	-16	-189	-369
Exchange differences	147	-7	6
Closing level	**1,256**	**2,321**	**2,512**

8 INCOME TAX RECEIVABLE

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

At December 31, 2013 technotrans AG had a remaining corporation tax credit balance of € 255 thousand from previous years. This rebate (Section 37 (5) of German Corporation Tax Act) has been capitalised at the present value of € 234 thousand (2012: € 288 thousand, 2011: € 340 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

	31/12/2013	31/12/2012	31/12/2011
	€ '000	€ '000	€ '000
Financial assets			
Receivables from suppliers	66	226	201
Reinsurance for pensions	22	56	52
Other	596	331	79
	684	**613**	**332**
Other assets			
Prepaid expenses	417	320	770
Creditable input tax	118	67	50
Other	112	106	271
	647	**493**	**1,091**
	1,331	**1,106**	**1,423**

10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise balances with banks and cash on hand. 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 € 43,743 thousand at December 31, 2013 (2012: € 40,865 thousand, 2011: € 37,291 thousand). Of this, € 943 thousand is attributable to non-controlling interests.

Issued Capital

At December 31, 2013 the issued capital (capital stock) of technotrans AG comprised 6,907,665 issued no par value registered shares, of which 6,493,474 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		
	2013	2012	2011	2013	2012	2011
Position at January 1	6,907,665	6,907,665	6,907,665	6,455,404	6,432,775	6,340,035
Issued to employees (as Christmas bonus)	0	0	0	33,918	22,629	43,740
Issued to employees (as remuneration component)	0	0	0	4,152	0	0
Issued for the acquisition of Termotek AG	0	0	0	0	0	49,000
Position at December 31	6,907,665	6,907,665	6,907,665	6,493,474	6,455,404	6,432,775

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 2013.

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 five 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 2013 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:

	31/12/2013	31/12/2012	31/12/2011
	€ '000	€ '000	€ '000
Other reserves	32,275	30,231	27,394
Net profit for the period	3,016	3,094	3,019
	35,291	**33,325**	**30,413**

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 € 274 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 € 1,816 thousand of the other retained earnings of the parent company may not be distributed due to the capitalisation of deferred taxes.

Other Reserves

	31/12/2013	31/12/2012	31/12/2011
	€ '000	€ '000	€ '000
Hedging reserve	–81	–136	–36
Reserve for net investments in a foreign operation	–1,900	–1,381	–1,089
Exchange differences	–4,385	–4,270	–4,999
Treasury shares	–5,961	–6,509	–6,834
	–12,327	**–12,296**	**–12,958**

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 2013 financial year, a gain of € 87 thousand (2012: € 153 thousand loss, 2011: € 38 thousand loss) was reported within equity with no effect on income and the sum of € 9 thousand (2012: €10 thousand, 2011: € 0 thousand) was realised. In return, deferred tax of € 23 thousand (2012: € 43 thousand, 2011: € 11 thousand) was booked with no effect on income.

technotrans AG has extended loans to its subsidiaries that are to be regarded as net investments in foreign operations. 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. Exchange rate differences are only recognised through profit and loss upon liquidation or partial liquidation of the company. No exchange rate differences were recognised through profit and loss in the financial year. In connection with the capital reduction of technotrans scandinavia AB, Åkersberga (Sweden), a loan that was classified as net investments in a foreign operation was repaid.

In the 2013 financial year, currency translation losses from the above loans and from other loans totalling € 510 thousand (2012: € 382 thousand loss, 2011: € 109 thousand loss) were netted directly within equity; the deferred tax on these amounts likewise netted within equity amounts to € 9 thousand (tax income) (2012: € 90 thousand tax expense, 2011: € 43 thousand tax expense).

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 2013. 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 2013 financial year, 33,918 no par value shares with a fair value of € 245 thousand were issued to employees by way of a Christmas bonus, and 4,152 no par value shares with a fair value of € 29 thousand by way of a remuneration component. At the reporting date of December 31, 2013 the total treasury shares amounted to 414,191 ordinary shares. They represent 6.0 percent of the share capital.

Capital Management

At December 31, 2013 the equity ratio was 59.9 percent (2012: 63.2 percent, 2011: 55.5 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.

The unsecured loan carries the obligation to adhere to certain financial indicators (financial covenants). The financial ratios, equity ratio, gearing and EBITDA margin are determined for the Consolidated Financial Statements and were complied with in the 2013 financial year.

12 BORROWINGS

	31/12/2013	31/12/2012	31/12/2011
	€ '000	€ '000	€ '000
Short-term borrowings	3,293	2,933	9,742
Long-term borrowings	11,620	6,395	6,819
	14,913	**9,328**	**16,561**

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	in %	
Variable € credit	571	2,286	714	3,571	3-month EURIBOR cover via interest rate swap (fixed rate: 1.00%)	None
€ fixed rate credit	667	1,000	0	1,667	4.92%	Land charge
€ fixed rate credit	245	981	429	1,655	3.31%	Land charge
Variable € credit	0	1,500	0	1,500	3-month EURIBOR cover via interest rate swap (fixed rate: 2.70%)	Land charge
Variable € credit	157	629	275	1,061	3-month EURIBOR cover via interest rate swap (fixed rate: 1.30%)	Land charge (subord.) Guarantee
€ fixed rate credit	400	600	0	1,000	2.82%	Land charge
€ fixed rate credit	96	384	480	960	4.64%	Land charge, guarantee
€ fixed rate credit	36	143	746	925	4.50%	Land charge
Variable € credit	188	703	0	891	3-month EURIBOR cover via interest rate swap (fixed rate: 2.81%)	Land charge
€ fixed rate credit	333	500	0	833	4.98%	Land charge
Variable € credit	500	0	0	500	3-month EURIBOR (currently 3.03%)	None
€ fixed rate credit	100	250	0	350	3.50%	Global assignment, assignment of ownership, guarantee
	3,293	**8,976**	**2,644**	**14,913**		

Amounts owed to banks with a carrying amount of € 7,545 thousand are collateralised by land charges on the company premises in Sassenberg.

Borrowings of € 850 thousand (2012: € 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.

At the reporting date KLH Kältetechnik GmbH had borrowings of € 2,021 thousand secured in full by land charges on the factory site Am Waldrand 10 in Bad Doberan and by guarantees.

SHT Immobilienbesitz GmbH & Co. Vermietungs KG has borrowings of € 925 thousand. The real estate Am Waldrand 10a in Bad Doberan serves as security.

13 OTHER FINANCIAL LIABILITIES

	31/12/2013	31/12/2012	31/12/2011
	€ '000	€ '000	€ '000
Conditional purchase price of KLH	571	0	0
Conditional purchase price of gds-Sprachenwelt GmbH	298	295	0
Conditional purchase price of Termotek AG	0	849	1,607
Conditional purchase price of gds Schweiz GmbH	0	121	111
Liabilities to employees	0	0	130
Other	19	6	9
	888	**1,271**	**1,857**

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 the production locations technotrans AG, KLH Kältetechnik GmbH, Taicang KLH Cooling Systems Co. Ltd. and Termotek AG.

	31/12/2013	31/12/2012	31/12/2011
	€ '000	€ '000	€ '000
Trade payables	2,090	1,566	3,006
Outstanding purchase invoices	554	576	117
	2,644	**2,142**	**3,123**

15 PREPAYMENTS RECEIVED

The prepayments received originate in the main from project business for technotrans AG, technotrans technologies pte ltd., technotrans middle east FZ-LLC and technotrans printing equipment (Beijing) co. Ltd. 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, 2013	**3,377**	**730**	**1,466**	**226**	**5,799**
Exchange rate movements	–29	–3	–23	0	–55
Used	2,271	601	970	4	3,846
Reversed	146	12	153	0	311
Allocated from company acquired	59	71	64	0	194
Disposal from company sale	4	0	1	0	5
Allocated	2,084	674	872	0	3,630
Closing level at December 31, 2013	**3,070**	**859**	**1,255**	**222**	**5,406**
Long-term provisions	646	0	55	222	923
Short-term provisions	2,424	859	1,200	0	4,483

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, 2013 one employee had a partial retirement employment contract. The obligation from this partial retirement employment contract was measured on the basis of an actuarial appraisal and the provision amounts to € 16 thousand (2012: € 123 thousand, 2011: € 282 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.

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. In previous years there were in addition provisions for impending losses from long-term tenancy agreements (2012: € 13 thousand, 2011: € 166 thousand). 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 components for tenancy obligations. Following the expiry of the tenancy agreement in February 2014 the provisions could be reversed in entirety.

A direct pension pledge has been made to employees of the former BVS Beratung Verkauf Service Grafische Technik GmbH. At the reporting date, one employee still had a vested benefit. Pensions are being paid for two employees. 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 3.30 percent (2012: 3.74 percent, 2011: 4.78 percent) and a pension trend of 2.0 percent (2012: 2.0 percent, 2011: 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 2013 amount to € 8 thousand (2012: € 10 thousand, 2011: € 10 thousand). The actuarial loss amounts to € 9 thousand (2012: € 5 thousand loss, 2011: € 19 thousand gain). Adoption of the amendments to IAS 19 have had no material effect. Pension payments amounting to € 6 thousand (2012: € 3 thousand, 2011: € 1 thousand) were made in 2013.

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 € 22 thousand (2012: € 56 thousand, 2011: € 52 thousand) and is reported under financial assets (Section 9). The income in the 2013 financial year was € 6 thousand (2012: € 4 thousand, 2011: € 3 thousand).

17 INCOME TAX PAYABLE

In the year under review, income tax payable relates substantially to Termotek AG and KLH Kältetechnik GmbH.

18 OTHER LIABILITIES

	31/12/2013	31/12/2012	31/12/2011
	€ '000	€ '000	€ '000
Financial liabilities			
Conditional purchase price of Termotek AG	931	761	444
Current liabilities from derivative financial instruments	117	210	61
Debtors with credit balances	92	83	86
Other Financial Liabilities	72	10	50
	1,212	**1,064**	**641**
Other liabilities			
Sales tax	387	486	462
Operating taxes	377	348	282
Liabilities in respect of social insurance	165	148	164
Other	541	714	85
	1,470	**1,696**	**993**
	2,682	**2,760**	**1,634**

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. € 86.7 million is the result of the sale of goods including sales of parts, and € 18.5 million from the provision of services. The geographical composition of revenue in 2013 was Germany € 57.2 million, rest of Europe € 22.2 million, America € 15.7 million and Asia € 10.1 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.

	2013	2012	2011
	€ '000	€ '000	€ '000
Cost of materials	41,341	33,123	38,939
Cost of labour	19,697	17,254	18,068
Subcontractors, personnel leasing	5,165	2,880	2,304
Travel expenses	1,404	1,378	1,406
Tenancy and leasing costs	748	692	641
Depreciation and amortisation	747	717	841
Warranty	712	288	999
Operating requirements	551	459	505
Other	1,718	2,219	2,783
	72,083	**59,010**	**66,486**

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.

	2013	2012	2011
	€ '000	€ '000	€ '000
Cost of labour	8,866	8,582	8,589
Logistics costs	1,856	1,720	1,783
Depreciation and amortisation	849	160	239
Travel expenses	782	787	721
Promotional and exhibition costs	566	943	511
Tenancy and leasing costs	455	372	311
Sales commissions	327	111	154
Impairment of receivables	210	123	1,618
Other	1,114	661	493
	15,025	**13,459**	**14,419**

The other distribution costs for the financial year consist primarily of entertainment expenses as well as repair and maintenance costs related to distribution activities.

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.

	2013	2012	2011
	€ '000	€ '000	€ '000
Cost of labour	6,303	5,650	5,258
Depreciation and Amortisation	1,457	1,992	2,058
IT costs	1,237	977	1,013
Consultancy, audits	946	1,100	1,344
Tenancy and leasing costs	582	507	443
Other	1,696	587	1,353
	12,221	**10,813**	**11,469**

In the 2013 financial year, the fees for the auditors recorded as an expense pursuant to Section 319 (1) first and second sentences German Commercial Code amounted to € 257 thousand (2012: € 264 thousand, 2011: € 332 thousand).

FEES FOR	2013	2012	2011
	€ '000	€ '000	€ '000
Auditing of the financial statements	236	237	251
Tax consultancy services	21	25	48
Other services	0	2	33
	257	**264**	**332**

The figures for the 2013 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 and KLH Kältetechnik GmbH.

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 (see Section 4 "Intangible Assets").

24 OTHER OPERATING INCOME

	2013	2012	2011
	€ '000	€ '000	€ '000
Income unrelated to the accounting period			
Reversal of provisions	112	175	1,322
Book profits on the disposal of assets	47	138	113
Other income unrelated to the accounting period	75	104	505
	234	**417**	**1,940**
Other operating income			
Foreign currency gains	488	593	1,238
Income from tenancy agreements	292	135	147
Insurance payments	273	125	79
Personnel-related revenue	144	111	113
Other	1,429	720	723
	2,626	**1,684**	**2,300**
	2,860	**2,101**	**4,240**

The income from the reversal of provisions comes mainly from the reversal of a provision for litigation risks, because the litigation was successfully concluded. The miscellaneous other operating income includes development cost contributions from customers as well as the one-off proceeds from the sale of a non-capitalised asset no longer in use.

25 OTHER OPERATING EXPENSES

	2013	2012	2011
	€ '000	€ '000	€ '000
Expenses unrelated to the accounting period			
Book losses on the disposal of assets	55	30	4
Other expenses unrelated to the accounting period	35	85	70
	90	**115**	**74**
Other operating expenses			
Foreign currency losses	779	1,213	1,488
Other operating taxes	151	129	172
Litigation risks	0	0	290
Other	107	426	274
	1,037	**1,768**	**2,224**
	1,127	**1,883**	**2,298**

Exchange rate losses mainly constitute unrealised changes in the measurement of intragroup assets and liabilities. In addition, in connection with the capital reduction of technotrans scandinavia AB exchange rate losses of € 101 thousand were reclassified from equity to the Income Statement.

26 NET FINANCE COSTS

	2013	2012	2011
	€ '000	€ '000	€ '000
Financial income	30	39	37
Financial charges	-918	-720	-925
Net finance costs	**-888**	**-681**	**-888**

The interest income relates predominantly to bank credit balances. Interest income of € 10 thousand (2012: € 12 thousand, 2011: € 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. The interest expenses moreover include the adjustment of the conditional purchase price payment for the acquisition of Termotek AG (€ 130 thousand) and the gains attributable to the non-controlling interests in gds-Sprachenwelt GmbH (€ 66 thousand). Furthermore, interest expenses from the compounding of the conditional purchase price payments amounting to € 6 thousand (2012: € 77 thousand, 2011: € 98 thousand) and from the compounding of the partial retirement obligations amounting to € 1 thousand (2012: € 5 thousand, 2011: € 8 thousand) were recognised within this item. No borrowing costs were capitalised in the reporting period.

27 INCOME TAX EXPENSE

	2013	2012	2011
	€ '000	€ '000	€ '000
Actual income tax expense			
Tax expense for the period	-562	-736	-555
Tax refund unrelated to the accounting period	14	-91	223
	-548	**-827**	**-332**
Deferred tax			
Deferred tax expense	-497	-887	-867
Deferred tax income	259	132	319
	-238	**-755**	**-548**
Income tax expense	**-786**	**-1,582**	**-880**

Income tax expense includes corporation income tax and trade earnings tax for the domestic companies, and also comparable taxes on income for the foreign businesses. 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 tax rate in Germany of 30.17 percent (2012: 30.17 percent, 2011: 30.06 percent) calculated for the year under review is based on a corporation tax rate of 15.0 percent, a solidarity surcharge of 5.5 percent and an effective trade earnings tax rate of 14.3 percent (2012: 14.3 percent, 2011: 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	2013		2012		2011	
	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000
Non-current assets	831	1,253	680	192	736	53
Inventories	292	38	321	18	408	26
Receivables	113	4	112	109	130	31
Provisions	160	105	153	105	126	107
Liabilities	40	14	66	14	31	19
Loss carryforwards	1,810	0	2,109	0	2,503	0
	3,246	**1,414**	**3,441**	**438**	**3,934**	**236**
Offsetting	525	525	420	420	218	218
	2,721	**889**	**3,021**	**18**	**3,716**	**18**

The deferred tax liabilities from non-current assets include € 864 thousand in deferred tax liabilities for the customer base capitalised in the context of the business combination. The remaining deferred tax assets and deferred tax liabilities from non-current assets result largely from temporary differences in intangible assets acquired.

The deferred tax assets from inventories in essence stem from the elimination of intercompany profits. The deferred tax assets from liabilities include deferred tax assets from cash flow hedges.

In the context of the business combination on January 1, 2013 deferred tax assets of € 197 thousand from non-current assets and deferred tax liabilities of € 21 thousand formed on temporary differences from inventories were acquired.

There are tax loss carryforwards amounting to € 19,929 thousand for 2013. Deferred taxes amounting to € 5,908 thousand were recognised as an asset on an amount of € 1,810 thousand in agreement with IAS 12.34. No deferred tax assets were recognised on the remaining loss carryforwards of € 14,021 thousand and on deductible temporary differences of € 2,571 thousand. The loss carryforwards may be carried forward for 20 years in the USA (€ 7,789 thousand), for nine years in Japan (€ 193 thousand), for five years in China (€ 177 thousand), for three years in Singapore (€ 274 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.

	2013 € '000	2012 € '000	2011 € '000
Applicable tax rate	**30.17%**	**30.17%**	**30.06%**
Consolidated earnings before taxes on income	**3,738**	**4,676**	**3,899**
Theoretical tax expense/income	–1,128	–1,411	–1,172
Impairment (–) or reversal of impairment (+) on deferred tax assets on tax loss carryforwards and temporary differences	–95	–24	–73
Expense from the non-recognition of deferred tax assets on tax losses occurring in the financial year and temporary differences	–33	–62	67
Tax effect from the use of deferred taxes on temporary differences and from tax loss carryforwards following impairment	536	163	298
of non-deductibility of business expenses and tax-exempt income	–93	–152	–176
Differences compared with local tax rates	32	–13	–44
Changes to deferred tax resulting from tax rate changes	–19	8	–3
Other taxes not relating to the period	14	–91	223
Actual and deferred income tax expense	**–786**	**–1,582**	**–880**

Deferred tax that was directly allocable to equity arose in the year under review, including € –23 thousand (2012: € 43 thousand, 2011: € 11 thousand) as a result of the change in cash flow hedges and € 9 thousand (2012: € 90 thousand, 2011: € –43 thousand) from exchange rate differences from net investments in a foreign operation.

28 EARNINGS PER SHARE

The figure for basic earnings per share is obtained by dividing the share of earnings attributable to the shareholders of technotrans AG by the weighted average number of ordinary shares outstanding in the financial year:

		2013	2012	2011
Net profit for the period	(in € thousand)	**2,952**	**3,094**	**3,019**
of which: Profit attributable to technotrans AG shareholders		3,016	3,094	3,019
of which: Profit/loss attributable to non-controlling interests		–64	0	0
Average number of ordinary shares outstanding in the year		6,465,803	6,433,581	6,364,150
Basic/diluted earnings per share	(in €)	**0.47**	**0.48**	**0.47**

In the 2013 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 areas of liquid technology and laser 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 € 105,207 thousand (previous year: € 90,662 thousand) comprises € 57,225 thousand (previous year: € 48,714 thousand) generated in Germany and € 47,982 thousand (previous year: € 41,948 thousand) internationally. Revenue is classified on the basis of the domicile of the customer with which the revenue is realised.

The non-current assets allocable to the segments amounting to € 26,889 thousand (previous year: € 19,026 thousand) can be broken down by region as follows: Germany € 25,894 thousand (previous year: € 18,185 thousand) and international € 995 thousand (previous year: € 841 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 € 20,288 thousand not allocated to the individual areas therefore refer to cash and cash equivalents (€ 16,723 thousand), deferred tax assets (€ 2,721 thousand), current and non-current income tax receivable (€ 819 thousand), and other assets (€ 25 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 € 4,626 thousand, reduced by the net finance costs reported in the Income Statement of € 888 thousand, produces the accounting profit (€ 3,738 thousand).

The two largest customers (OEM printing press manufacturers and OEM laser manufacturers) were each the source of more than 10 percent of consolidated revenue. 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 € 2,693 thousand (2012: € 10,979 thousand, 2011: € 5,868 thousand) in the past financial year. This includes cash from operating activities amounting to € 4,250 thousand (2012: € 12,284 thousand, 2011: € 7,684 thousand) as well as interest and income tax received and paid amounting to € –1,557 thousand (2012: € –1,305 thousand, 2011: € –1,816 thousand). The change in working capital in 2013 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 € 906 thousand and intangible assets € 1,436 thousand) and for the acquisition of consolidated companies (€ 4,158 thousand). € 3,325 thousand of this amount was for the acquisition of the KLH companies in the financial year and € 809 thousand for the 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 2013.

31 CASH FLOW FROM FINANCING ACTIVITIES

Repayments amounting to € 4,234 thousand on short-term and long-term loans were made during the year under review. These included scheduled repayments to German banks. The capital repayments compare with € 6,600 thousand in newly raised long-term loans. In addition the amount of € 776 thousand was distributed to shareholders.

32 CASH AND CASH EQUIVALENTS AT END OF PERIOD

Cash comprises cash on hand and demand deposits. 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. No offsetting of financial assets and liabilities was performed.

	Section	31/12/2013	31/12/2012	31/12/2011
		€ '000	€ '000	€ '000
Hedging instruments and liabilities reported at fair value				
Market value of interest rate swaps	18	117	210	61
Non-current conditional purchase price	13	870	1,265	1,718
Current conditional purchase price	18	931	761	444
		1,918	**2,236**	**2,223**
Held-to-maturity investments				
Reinsurance for pensions	9	**22**	**56**	**52**
Loans and receivables				
Rent deposits	5	38	39	173
Partial retirement bankruptcy cover	5	11	80	211
Trade receivables	7	10,178	8,651	9,985
Receivables from suppliers	9	66	226	201
Other current assets	9	596	331	79
Cash and cash equivalents	10	16,723	18,715	12,798
		27,612	**28,042**	**23,447**
Financial liabilities measured at amortised cost				
Borrowings	12	14,913	9,328	16,561
Other financial liabilities	13	18	6	139
Trade payables	14	2,644	2,142	3,123
Debtors with credit balances	18	92	83	86
Other current liabilities	18	72	10	50
		17,739	**11,569**	**19,959**

NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY	From interest	From subsequent measurement			From disposal	2013	2012	2011
		At fair value	Currency translation	Impairment				
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Hedging instruments and liabilities reported at fair value	–8	–208*	0	0	0	–216	–143	0
Held-to-maturity investments	0	–6	0	0	0	–6	4	–3
Loans and receivables	20	0	–6	–210	0	–196	–18	–1,224
Financial liabilities measured at amortised cost	–714	0	0	0	0	–714	–673	–822
	–702	**–214**	**–6**	**–210**	**0**	**–1,132**	**–830**	**–2,049**

* OF WHICH € 9 THOUSAND RECOGNISED IN THE INCOME STATEMENT.

Classifications and Fair Values

The following table shows the carrying amounts of financial assets and liabilities, including their levels in the fair value hierarchy. It does not contain any information on the fair value for financial assets and financial liabilities that were not measured at fair value if the carrying amount represents a suitable approximation of the fair value. The various levels are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities
Level 2: Valuation factors other than quoted market prices that are directly (i.e. as prices) or indirectly (i.e. derived from prices) observable for assets or liabilities
Level 3: Valuation factors for assets and liabilities that are not based on observable market data

	31/12/2013		31/12/2012		31/12/2011		
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Fair value hierarchy
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	
Financial liabilities measured at fair value							
Market value of interest rate swap	–117	–117	–195	–195	–61	–61	Level 2
Conditional long-term purchase price	–869	–869	–1,265	–1,271	–1,178	–1,178	Level 3
Conditional short-term purchase price	–931	–931	–761	–761	–444	–444	Level 3
	–1,917	**–1,917**	**–2,221**	**–2,227**	**–1,683**	**–1,683**	
Financial assets and liabilities not measured at fair value							
Reinsurance for pensions	22	22	56	56	52	52	
Rent deposits	38	38	39	39	173	173	
Partial retirement bankruptcy cover	11	11	80	80	211	211	
Trade Receivables	10,178	10,178	8,651	8,651	9,985	9,985	
Receivables from suppliers	66	66	226	226	201	201	
Other assets	596	596	331	331	79	79	
Cash and Cash Equivalents	16,723	16,723	18,715	18,715	12,798	12,798	
Borrowings	–14,913	–15,170	–9,328	–9,445	–16,561	–16,609	Level 2
Other non-current liabilities	–19	–19	–6	–6	–679	–679	
Trade payables	–2,644	–2,644	–2,142	–2,142	–3,123	–3,123	
Debtors with credit balances	–92	–92	–98	–98	–86	–86	
Other current liabilities	–72	–72	–10	–10	–50	–50	
	9,894	**9,637**	**16,514**	**16,397**	**3,000**	**2,952**	
	7,977	**7,720**	**14,293**	**14,170**	**1,317**	**1,269**	
Gains (+) or losses (–) not entered		–257		–123		–48	

There were no transfers between the fair value hierarchy levels in the financial year.

The carrying amounts for the financial instruments (for example, cash and cash equivalents, trade receivables and payables as well as 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 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 2.49 percent and 3.11 percent. An appropriate risk premium was added.

The market values of the interest rate swaps are calculated on the basis of observable expected returns of major German banks on the basis of the expected present value of the future cash flows.

The fair value of the conditional purchase price obligations for the KLH companies amounting to € 571 thousand is determined on the basis of the discounted cash flow method. The valuation model takes account of the present value of the expected payment based on the forecast EBIT margins (average 7.8 percent), discounted with a risk-adjusted interest rate of 2 percent. Material non-observable factors are the forecast growth rates, the EBIT margins and the discount rate. Due to changes in the factors over time, the fair values may turn out to be higher or lower. A reduction in the EBIT margin of 1 percentage point would lead to a reduction of € 113 thousand in the fair value of the conditional purchase price payment. An average 10 percent reduction in revenue would lead to a reduction of € 88 thousand. On the other hand, the consequences of a rise in the input factors would be limited to € 28 thousand because the conditional purchase price is a maximum of € 600 thousand. Changes in the discount rate by 1 percentage point would lead to an increase or decrease in the fair value of € 14 thousand.

The call/put option with an expiry date of December 31, 2017 for the remaining 49 percent of the shares in gds-Sprachenwelt GmbH amounting to € 382 thousand was discounted at a risk-adjusted interest rate at the balance sheet date and recognised as a liability. Changes in the discount rate may lead to changes in the fair value. A reduction in the discount rate by 1 percentage point would lead to an increase in the call/put option of € 12 thousand.

The conditional short-term purchase price payment from the purchase of Termotek AG on January 1, 2011 was determined based on the 2013 financial statements of Termotek AG. The change in the fair value is € 130 thousand and was reported as interest expense with an income effect. The purchase price has already been paid in 2014 at the amount recognised as a liability.

Reconciliation of Level 3 Fair Values

The following table shows the reconciliation between the opening and closing amounts for Level 3 fair values.

	Conditional purchase prices
	€ '000
Position at January 1, 2013	**2,026**
Purchases	565
Sales	–120
Payments	–809
Loss recognised as financial charges	
Change in fair value	130
Interest cost	8
Position at December 31, 2013	**1,800**

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. Banks are chosen on the basis of long-standing positive experiences and the banks' ratings.

There are credit risks equivalent to the reported carrying amounts of € 27,634 thousand. The trade receivables are to some extent covered by credit insurance; the insured volume at the reporting date was € 2,025 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 years. Corresponding impairment was applied. No significant bad debt losses were incurred 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:

	31/12/2013	31/12/2012	31/12/2011
	€ '000	€ '000	€ '000
By region			
Germany	3,771	2,328	3,578
Other eurozone countries	2,528	3,274	2,328
Rest of Europe	854	232	1,153
North America	1,246	768	1,202
South America	194	273	190
Asia and Middle East	1,585	1,776	1,534
	10,178	**8,651**	**9,985**
By customer group			
OEM	4,542	3,322	6,469
End customers	5,636	5,329	3,516
	10,178	**8,651**	**9,985**
By age structure of receivables (without impairment)			
Carrying amount	**10,178**	**8,651**	**9,985**
of which: neither impaired nor overdue	7,081	5,248	6,640
of which: not impaired and			
overdue by up to 30 days	2,071	2,017	1,921
overdue by between 31 and 60 days	425	577	641
overdue by between 61 and 90 days	208	238	357
overdue by more than 90 days	393	571	426

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 € 13.5 million (2012: € 13.2 million, 2011: € 7.8 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	Contractual/ expected payment	Due within 6 months	6 – 12 months	1 – 2 years	2 – 5 years	over 5 years
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
At December 31, 2013:							
Borrowings	14,913	17,021	2,124	1,598	3,122	7,210	2,967
Other non-current liabilities	888	982	n/a	n/a	150	832	n/a
Trade payables	2,644	2,644	2,644	n/a	n/a	n/a	n/a
Other current liabilities	1,095	1,095	1,095	n/a	n/a	n/a	n/a
Interest rate swaps	117	117	14	6	21	25	51
	19,657	**21,859**	**5,877**	**1,604**	**3,293**	**8,067**	**3,018**
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
	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
	22,182	**23,283**	**6,477**	**7,603**	**4,303**	**3,877**	**1,023**

Market Risks

technotrans pursues the objective of only being exposed to interest rate risks to a limited degree. Borrowings of € 7,390 thousand were therefore raised at a fixed interest rate. Long-term, variable-rate loans are hedged by the use of interest rate swaps, which are not needed in the case of short-term loans. Of the variable-rate loans totalling € 7,523 thousand, € 7,023 thousand is converted into fixed-rate loans by means of interest rate swaps, leaving only € 500 thousand exposed to an interest rate risk. The group does not report any fixed-rate financialassets and liabilities at fair value through profit and loss, apart from the conditional purchase prices. Derivatives (interest rate swaps) are not intended as hedging instruments for fair values. A change in the interest rate at the reporting date would therefore not influence the gain or loss.

The carrying amounts of the interest rate swaps and reinsurance are equally exposed to an interest rate risk.

The trade receivables as well as cash and cash equivalents are exposed to foreign currency risks. At December 31, 2013 the trade receivables were denominated for the most part in euros; other noteworthy components were denominated in US dollars (USD 1.3 million, equivalent to € 0.9 million) and Sterling (GBP 0.3 million, equivalent to € 0.4 million). At December 31, 2012 there had been foreign-currency receivables of USD 0.9 million (€ 0.7 million) and GBP 0.5 million (€ 0.6 million), and at December 31, 2011 of USD 1.3 million (€ 1.0 million) and GBP 0.4 million (€ 0.5 million).

Bank credit balances are held predominantly in euros. At December 31, 2013 the group held significant foreign-currency accounts in US dollars (USD 4.6 million, equivalent to € 3.3 million) and Sterling (GBP 2.2 million, equivalent to € 2.6 million). The foreign currency amounts quoted are held essentially by technotrans AG and the local national companies within the group. At December 31, 2012 there had been foreign-currency credit balances of USD 4.0 million (€ 3.0 million) and GBP 1.9 million (€ 2.4 million), and at December 31, 2011 of USD 3.7 million (€ 2.8 million) and GBP 1.9 million (€ 2.3 million).

Financial liabilities are denominated predominantly in euros.

Net investments in a foreign operation are denominated mainly in US dollars, Hong Kong dollars and Brazilian reals. Changes in exchange rates would have an equity effect.

Other 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, 2013.

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, 2013		
USD	362	63
GBP	70	12
BRL	433	4
At December 31, 2012		
USD	315	43
GBP	237	13
At December 31, 2011		
USD	275	59
GBP	238	6

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.

Market risks from interest rate fluctuations exist only for the variable-rate borrowings, the interest rate swaps and, to a minor extent, the reinsurance. A rise in the interest rate for the borrowings of 1 percentage point would lead to a rise in interest expenses of € 5 thousand. A fall in the interest rate of 1 percentage point would have a negative impact on the valuation of the interest rate swap and therefore on equity.

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 (see Section 12); including these derivative financial instruments, the financial assets and financial liabilities are not exposed to any significant interest rate risk.

	Nominal amount	Repaid	Balance	Fixed rate	Variable interest	Maturity	Fair value
	€ '000	€ '000	€ '000	% p.a.			€ '000
Payer swap	3,688	2,797	891	2.81	3-month EURIBOR	Sep. 2018	–33
Payer swap	4,000	429	3,571	1.00	3-month EURIBOR	Jan. 2020	–20
Payer swap	1,500	0	1,500	2.70	3-month EURIBOR	June 2017	–51
Payer swap	1,100	39	1,061	1.30	3-month EURIBOR	Aug. 2020	–13

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 13.82).

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 € 117 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 € 23 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 € 81 thousand.

	€ '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
Level at December 31, 2012/January 1, 2013	**–136**
Additions	
Additions	87
Deferred tax on these not affecting income	–26
Reversals in the Income Statement	
Reversals	–9
Deferred tax on these not affecting income	3
Closing level at December 31, 2013	**–81**

34 POTENTIAL LIABILITIES AND OTHER FINANCIAL COMMITMENTS

	31/12/2013				31/12/2012	31/12/2011
	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	954	2,348	1,555	4,857	3,416	4,465
Maintenance agreements	962	1,368	995	3,325	1,126	1,162
Conditional purchase price	0	0	0	0	4,743	0
Other	324	0	0	324	88	359
	2,240	**3,716**	**2,550**	**8,506**	**9,373**	**5,986**

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 is substantially the result of the increased scope of consolidation. The expenditure for tenancy and lease agreements (minimum lease payments) in the year under review amounted to € 1,827 thousand (2012: € 1,610 thousand, 2011: € 1,433 thousand).

KLH Kältetechnik GmbH holds a limited partnership share of 94 percent of SHT Immobilienbesitz GmbH & Co. Vermietungs KG, the owner of factory premises in Bad Doberan which are let out to KLH Kältetechnik GmbH. From an economic perspective KLH Kältetechnik GmbH bears all opportunities and risks from this lease agreement. The company is included in consolidation as a special purpose entity as defined by SIC-12. The real estate is reported on the Balance Sheet under property plant and equipment, see Notes, Section 1 “Property, Plant and Equipment”.

Aside from this, 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.

The purchase price obligation reported in the previous year from the purchase of the shares of KLH Kältetechnik GmbH, Bad Doberan (Germany), KLH Cooling International Pte. Ltd., Singapore (Singapore), and Taicang KLH Cooling Systems Co. Ltd., Taicang (PR China) on December 12, 2012 was paid upon the transfer of the shares with effect from January 1. The remaining conditional price dependent on the profit performance in the years 2013 to 2017 was recognised as a liability in the financial year and reported under the current “Other Liabilities” (Section 18).

35 PERSONNEL EXPENSES

	2013	2012	2011
	€ '000	€ '000	€ '000
Wages and salaries	30,853	27,016	27,467
Christmas bonus (Christmas shares)	245	143	184
Share-based payments	29	0	0
Social insurance	5,077	4,759	4,961
Expenses for retirement benefits and maintenance payments	818	733	612
	37,022	**32,651**	**33,224**

The item wages and salaries also includes payments made in connection with the termination of employment of € 26 thousand (2012: € 108 thousand, 2011: € 416 thousand).

Social insurance comprises expenditure for defined contribution plans (employer contributions to the compulsory state pension scheme) totalling € 2,727 thousand (2012: € 2,325 thousand, 2011: € 2,133 thousand).

In the reporting period 33,918 (2012: 22,629, 2011: 43,740) ordinary shares in technotrans AG were distributed to employees by way of a Christmas bonus, as well as 4,152 ordinary shares in the form of share-based payments; these shares had previously been acquired on the market under the share buy-back arrangements. At the time of their issuance, the total fair value of these shares was € 274 thousand (2012: € 143 thousand, 2011: € 184 thousand). This represents a market value of € 6.93 and € 7.50 per share on the respective issuance dates.

36 TOTAL EMPLOYEES, YEARLY AVERAGE

	2013	2012	2011
Average number of employees	**763**	**646**	**659**
of which in Germany	606	498	501
of which abroad	157	148	158
Technicians/skilled workers	470	424	407
Academic background	171	123	146
Trainees	66	46	48
Other	56	53	58

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	2013	2012	2011
	€ '000	€ '000	€ '000
Board of Management			
Regular payments			
of which fixed	657	612	539
of which variable	355	381	305
	1,012	**993**	**844**
Supervisory Board			
Regular payments			
of which fixed	79	79	77
of which variable	40	42	41
	119	**121**	**118**

In addition to the remuneration paid in the financial year, the members of the Board of Management are entitled to a profit share of € 260 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 € 90 thousand (2012: € 45 thousand, 2011: € 45 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”.

DIRECTORS' HOLDINGS (BOARD OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS)

	Shares		
	31/12/2013	31/12/2012	31/12/2011
Board of Management			
Henry Brickenkamp	45,037	40,000	40,000
Dirk Engel	10,000	10,000	5,200
Dr Christof Soest	10,764	3,764	444
Supervisory Board			
Reinhard Aufderheide*	3,309		
Dr. Norbert Bröcker	250	250	250
Heinz Harling	64,854	64,854	64,854
Thomas Poppenberg*	506		
Helmut Ruwisch	1,500	1,500	1,500
Dieter Schäfer	0	0	0
Family members			
Marian Harling	1,000	1,000	1,000

* MEMBER OF THE SUPERVISORY BOARD SINCE MAY 16, 2013.

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 2013 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 February 27, 2014. These Consolidated Financial Statements are subject to approval by the Supervisory Board (Section 171 (2) of German Stock Corporation Act).

No further events of particular significance affecting the financial performance, financial position or net worth of the company occurred after the end of the 2013 financial year.

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

	Reported development			
	Threshold value*	Date on which exceeded or undercut	New interest in voting power	Disclosures on attribution
Reporting party	in %	Datum	in %	
Objectif Small Caps Euro, Paris, France	> 5	17/05/2010	5.28	Lazard Frères Gestion SAS, Paris, Frankreich
technotrans AG, Sassenberg	> 5	12/03/2008	5.02	–
Midlin NV, Maarsbergen, the Netherlands	> 3	15/01/2010	3.02	Teslin Capital Management BV, Maarsbergen, Niederlande
Erste Abwicklungsanstalt, Düsseldorf	< 3	25/02/2013	2.93	–
Lupus alpha Kapitalanlagegesellschaft mbH, Frankfurt	< 3	13/08/2013	2.83	–

* MOVED ABOVE (>) OR BELOW (<).

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
Member of the Board of Management

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., Dipl.-Wirtsch.-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

Reinhard Aufderheide
technotrans AG, Sassenberg (employees' representative since 16 May 2013)

Klaus Beike, MBA & Eng.
technotrans AG, Sassenberg (employees' representative till 16 May 2013)

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 till 16 May 2013)

Thomas Poppenberg
technotrans AG, Sassenberg (employees' representative since 16 May 2013)

Helmut Ruwisch
Chairman of the Board of Managment of MFO AG, Elsdorf
Chairman of the Advisory Board of Klein Pumpen GmbH, Frankenthal
Member of the Supervisory Board of Conpair AG, Essen
Member of the Advisory Board of Emons Spedition GmbH, Köln[1]
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
Industry consultant for mechanical engineering companies
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

[1] resigned as of 31 October 2013

PROPOSAL OF 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 € 0.20 per no par value share on the dividend-bearing share capital	1,298,694.80
Profit carried forward	2,086,557.06
Accumulated profit	3,385,251.86

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 € 6,493,474.00 at the date of release of the annual financial statements by the Board of Management, the amount to be distributed is thus € 1,298,694.80. 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 € 0.20 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, February 27, 2014

technotrans AG

Brickenkamp	Engel	Dr. Soest
Board of Management Spokesman	Finance Director	Technical Director

INDEPENDENT AUDITOR'S 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, 2013. 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, den 10. März 2014
KPMG AG
Wirtschaftsprüfungsgesellschaft


Hunke
Independent Auditor

Schröder
Independent Auditor

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

Emancipation of the division global document solutions as a service provider for Technical documentation, the gds AG was formed.

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 2014	**March 11, 2014**
Analyst Meeting and Annual Press Conference	**March 11, 2014**
Interim Report 1-3/2014	**May 13, 2014**
Annual Shareholders' Meeting	**May 15, 2014**
Interim Report 1-6/2014	**August 22, 2014**
Interim Report 1-9/2014	**November 7, 2014**
Annual Report 2014	**March 10, 2015**

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