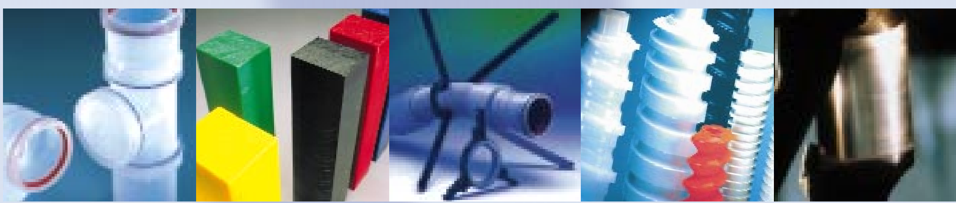

CENTROTEC
HOCHLEISTUNGSKUNSTSTOFFE AG

Consolidated Quarterly report as of September 30, 1999

CENTROTEC Hochleistungskunststoffe AG
Marsberg

Comments

Increased turnover of waste gas systems by 148 % and again a better utilization of production facilities for semi-finished products and pre-assembled units

After the turnover had been increased by 80 per cent at the half year, the expansion as regards plastics waste gas systems, a new growth market, has now reached 148 per cent. This is a real breakthrough for this new type of plastic waste gas systems in the market. As we have learned from for our technicians giving training courses, the customers come to increasingly appreciate the advantages of our plastic systems as compared with the conventional metal systems. Bearing all this in mind, we expect this positive trend to last, especially in view of the fact that the substitution rate with plastic systems is still below 25 per cent of the entire market.

The situation in the field of semi-finished products and prefabricated components, which suffered from a slackening demand for capital goods during the first half year, has shown signs of an improved utilization during the last two months. Not only do we benefit from a better economic situation, the results of our distribution program, which we started at the beginning of the year, are also reflected in the rising sales figures. This allowed us to demonstrate once again that Centrotec is very well able to overcome cyclic influences by gaining new customers. Due to the continuously low raw material prices, which we pass on to our customers, the sales value in this segment, not the sales volume, though, still remains below last year's level.

The largest sales volume, especially in the field of waste gas systems, is traditionally expected during the third and fourth quarters. The contribution of these months to the operating profit is progressively high due to the better utilization. We therefore expect a 25 per cent increase in turnover by the end of the year and, consequently, a clearly higher growth in profits (DVFA value in comparison with the previous year).

Cost development

The rate of material for raw materials and operating supplies as well as for goods received has remained at 47 per cent, i.e. at last year's level, after it has been adjusted by the inventory of finished and unfinished products. The personnel costs (plus 26 per cent) have risen faster than the turnover, as a higher number of employees was necessary to cope with the expected increase in growth. As the turnover is expected to rise again progressively during the last quarter year, the increase in personnel costs and the increase turnover might level out. All other operating expenses have increased as a result of the new plc-specific costs after the company went public, higher freight and packaging costs (more foreign shipments and smaller packages) as well as the increasing maintenance expenditures.

Depreciation of tax assets during the IAS transition period

The result which has been re-calculated pursuant to the IAS provisions is clearly lower than that calculated on the basis of the Commercial Code (HGB) due to the IAS-specific tax accruals and deferrals for 1999. While the HGB-related financial statements are based on the actual taxation, the IAS-related books now contain tax assets set up in previous years on the basis of accumulated losses brought forward, that will have to be written of as an expense item in 1999. As the profit for the whole year is expected to be considerably higher, the IAS calculation is based on a progressively high depreciation for these tax assets.

Investments for prefabricated components and waste gas systems

Similarly as in the last year, investments have again been concentrated this year in the fields of pre-assembled units and waste gas systems. Two new processing centers have been installed in the department for pre-assembled units so that even more complex parts can be manufactured (e.g. by undercutting). More injection molding dies have been acquired for the manufacture of the waste gas systems, which resulted in a considerable decrease of the unit costs for the parts concerned. During the installation phase, they had to be manufactured in rather costly lot sizes predominantly by turning and cutting. The breakthrough of the plastic waste gas systems in the market and the rising number of pieces sold as a consequence of this trend make this manufacturing technique profitable. The investments made during the first 3 quarters of the year amounted to DM1.5m.

Increasing the innovative lead

Centrotec has been able to increase its innovative lead in the field of waste gas technology with the registration of another three important patents. The development activities focused on fire protection systems, overpressure cascades and an ice-free roof installation with a minimal re-circulation, to name but a few. A new programming system has been installed in the department for pre-assembled units that facilitates an even faster implementation of the development projects in prototypes.

Takeover agreement for the Ubbink-Systemtechnik division signed - Exhaust gas systems represented everywhere at European level

Centrotec and the Royal Ubbink N.V. at Doesburg/Netherlands have signed the purchase agreement for the system technology division. The purchase agreement still requires the formal approval of the extraordinary general meeting scheduled for December 14. The shareholding has been purchased for DM43.2m plus a dividend from accumulated profits amounting to DM2.7m payable to the old shareholders. Furthermore, the existing liabilities resulting from loans amounting to approximately DM8m will be re-financed by using a vendor loan of DM9m.

Centrotec, which is represented at Ubbink's system technology locations in the Netherlands, in Belgium, France and Britain as well as at its own locations for the plastic waste gas and ventilation technology, has now achieved the envisaged leading position in Europe in the growth market for plastic exhaust systems. Further synergetic potentials have been identified in the field of purchasing and production as well as in the administration.

Looking ahead: A lasting rise in growth and profits as a result of the planned acquisition

The third quarter has shown that we will probably have overcome the cyclical fluctuations very well. A great help was, as in the past, that Centrotec's products have a most diverse field of application and a wide range of customers.

The core business with its high growth and profit rates will be further strengthened by the planned takeover of the Ubbink-Systemtechnik division, so that turnover and operating result will also assume a new dimension. The exact effects on both the turnover and the operating result are currently being investigated and supposed to be included in a revised corporate plan that is to be introduced at a DVFA analyst conference on 15 December 1999. The consolidation of Ubbink shell take of to the provisions of the HGB as of January 1, 2000 for the first time.

Breakdown of the turnover at the end Of the 3rd quarter	**TDM**
Semi-finished products*	10.710
Prefabricated products	5.616
Waste gas systems	7.799
Other Products	319
Minus	
- Internal turnover	-927
- Discounts and bonuses	-292
- Sales deductions	-215
	23.010

* incl. trade goods

CENTROTEC Hochleistungskunststoffe AG

Unterm Ohmberg 1
34431 Marsberg

Phone: +49 (0) 2992.9704-0
Fax: +49 (0) 2992.9704-0
www.centrotec.de
ir@centrotec.de

Overview Consolidated

- unaudited -

	30.09.99 DM '000	30.09.98 DM '000	change in %
Sales total	**23.010**	**19.702**	**16,8%**
Semi-finished and prefabricated plastic products*	16.365	17.074	-4,2%
Plastic waste gas systems	7.572	3.052	148,1%
*Internal sales with waste gas systems	927	424	
Earnings			
Cash flow I	2.323	1.451	60,0%
Earnings before tax	1.740	1.314	32,4%
Net income	1.515	962	57,4%
Earnings per share (DM)	1,26	0,80	57,4%
Earnings per share (DVFA**, DM)	1,26	1,34	-6,0%
Employees			
Number (Average)	103	86	19,8%
Personnel expenses	5.628	4.452	26,4%
Assets			
Tangible and intangible assets	6.406	5.219	22,7%
Inventories	6.214	4.836	28,5%
Liquid funds and financial assets	9.233	211	4279,4%
Investments/Depreciation			
Investments in tangible assets	1.534	1.128	36,1%
Depreciation	808	489	65,2%

Courtesy Translation

This report is a courtesy translation. Legally valid is only the original German text. CENTROTEC is not liable for mistakes due to the translation. (Figures are written in German manner; e.g. DM 1.000 = DM one thousand.)

** Calculation method of 1998

Differences in '000 DM figures are due to rounded numbers

Consolidated balance sheet as at September 30, 1999

CENTROTEC Hochleistungskunststoffe AG, Marsberg

- unaudited -

ASSETS

			30.09.99 DM	30.09.98 DM
A.	**Fixed Assets**			
	I.	Intangible assets		
		Industrial rights and similar rights	200.695,00	16.767,00
	II.	Tangible assets		
		1. Land and buildings	3.416.854,00	3.171.014,82
		2. Technical equipment and machinery	1.972.726,00	983.880,37
		3. Other equipment, operating and office equipment	611.563,00	343.164,92
		4. Payments on account	203.763,35	704.193,41
			6.204.906,35	**5.202.253,52**
	III.	Financial assets		
		Securities	0,00	0,00
			6.405.601,35	**5.219.020,52**
B.	**Current Assets**			
	I.	Inventories		
		1. Raw materials, consumables and supplies	798.787,73	669.636,47
		2. Work in process	1.693.532,63	0,00
		3. Finished goods and merchandise	3.721.259,83	4.166.468,71
			6.213.580,19	**4.836.105,18**
	II.	Receivables and other assets		
		1. Trade receivables	5.127.691,44	3.554.329,17
		2. Other assets	529.265,00	63.537,31
			5.656.956,44	**3.617.866,48**
	III.	Securities	0,00	0,00
	IV.	Cash-in-hand, postal giro and bank balances	9.232.957,97	210.827,04
			21.103.494,60	**8.664.798,70**
C.	**Prepaid expenses**		**60.053,52**	**48.936,89**
D.	**Loss not covered by equity**		**0,00**	**4.397.638,43**
			27.569.149,47	**18.330.394,54**

Consolidated balance sheet as at September 30, 1999

CENTROTEC Hochleistungskunststoffe AG, Marsberg

- unaudited -

EQUITY AND LIABILITIES

			30.09.99 DM	30.09.98 DM
A.	**Equity**			
	I.	Subscribed capital	7.040.988,00	3.500.000,00
	II.	Capital reserve	20.259.012,00	0,00
	III.	Revenue Reserves	43.047,90	43.047,90
	IV.	Accumulated losses brought forward	-11.046.926,21	-8.902.768,44
	V.	Consolidated net income/net loss	1.514.709,51	962.082,11
	VI.	Loss not covered by equity	0,00	4.397.638,43
			17.810.831,20	**0,00**
B.	**Provisions**			
	1.	Provisions for taxes	14.669,66	383.597,00
	2.	Other provisions	1.090.450,00	1.828.240,00
			1.105.119,66	**2.211.837,00**
C.	**Liabilities**			
	1.	Liabilities to banks	4.916.666,70	10.762.654,10
	2.	Trade payables	2.684.266,39	2.512.964,86
	3.	Other liabilities	1.052.265,52	2.842.938,58
			8.653.198,61	**16.118.557,54**
			27.569.149,47	**18.330.394,54**

Consolidated statement of income as at September 30, 1999

CENTROTEC Hochleistungskunststoffe AG, Marsberg

- unaudited -

	30.09.99 DM	30.09.98 DM
Sales	23.009.550,01	19.701.823,80
Increase or decrease in inventories		
of finished goods and work in progress	-119.745,96	86.322,54
Own work capitalized	0,00	0,00
Other operating income	418.137,13	101.199,74
Cost of materials		
Cost of raw materials, consumables and supplies		
and of purchased merchandise	-10.786.241,29	-9.448.856,42
Cost of purchased services	-342.510,71	-326.109,36
Personnel expenses		
Wages and salaries	-4.637.155,17	-3.671.605,99
Social security costs	-991.047,19	-780.841,74
Depreciations on		
tangible and intangible assets	-808.023,70	-489.219,36
Other operating expenses	-3.901.550,89	-3.274.445,45
Other interest and similar income	140.092,58	148,65
Interest and similar costs	-241.770,52	-584.028,94
Result from ordinary operations	**1.739.734,29**	**1.314.387,47**
Taxes on income	-171.207,00	-341.900,00
Other taxes	-53.817,78	-10.405,36
Consolidated net profit/loss for the year	**1.514.709,51**	**962.082,11**

Statement of Cash Flows

CENTROTEC Hochleistungskunststoffe AG, Marsberg

- unaudited -

	30.09.99 DM '000	30.09.98 DM '000
Net cash provided by/used in operating activities		
Consolidated net profit/-loss	1.515	962
Corrections for reconciliation of net income/-loss to income/expenses		
Depreciation on intangible assets	55	16
Depreciation on tangible assets	754	474
Cash flow I	**2.323**	**1.451**
Decrease/-increase of assets, increase/-decrease of liabilities		
Inventories	-1.007	-601
Trade receivables	-1.601	-902
Other assets	84	-54
Provisions for taxes	-3	137
Other provisions	-27	954
Trade payables	1.497	1.237
Other liabilities	39	121
Net Cash used in operating activities	**1.305**	**2.342**
Net Cash used in investment activities		
Investments in intangible assets	-41	-1
Investments in tangible assets	-1.493	-1.127
Net cash provided by/-used in financial acticities		
Increase/-decrease of medium and long-term liabilities to banks	-75	-844
Increase of subscribed capital	0	0
Increase/-decrease of capital reserve	0	0
Investments in financial assets	0	0
Decrease/-increase of prepaid expenses	-60	-49
	-364	**322**
Increase/decrease of liquid funds	-364	322
Liquid funds at the beginning of the fiscal year	9.575	-8.314
Liquid funds at the end of the quarter	9.211	-7.992
Composition of liquid funds at the end of the quarter		
Checks, cash-in-hand, postal giro, and bank balances	9.233	211
Short-term liabilities to banks	-22	-8.203
	9.211	**-7.992**

IAS-Reconciliation Accounts (consolidated)

CENTROTEC Hochleistungskunststoffe AG, Marsberg

- unaudited -

a) IAS reconciliation accounts for consolidated equity

The following summary shows the adjustments that are required in order to reveal consolidated equity for the consolidated financial statements at the end of the quarter in accordance with IAS, as opposed to German Commercial Code

		30.09.99 DM '000	30.09.98 DM '000
Consolidated equity according to HGB		**17.811**	**-4.398**
+/-	Leasing	-127	-60
	Development expenses	12	32
	Tax deferrals		
	- from differences between IAS and HGB	49	12
	- for accumulated losses brought forward	1.341	1.981
	Sum of adjustments	**1.276**	**1.965**
Consolidated equity according to IAS		**19.086**	**-2.433**

a) IAS reconciliation accounts for consolidated net income

The following summary shows the adjustments that are required in order to reveal consolidated net income for the consolidated financial statements at the end of the quarter in accordance with IAS, as opposed to German Commercial Code

		30.09.99 DM '000	30.09.98 DM '000
Consolidated net income according to HGB		**1.515**	**962**
+/-	Leasing	-83	-3
	Development expenses	-15	-15
	Tax deferrals		
	- from differences between IAS and HGB	42	8
	- for accumulated losses brought forward	-803	504
	Sum of adjustments	**-858**	**494**
Consolidated net income		**657**	**1.456**

Notes to the tax deferrals for accumulated losses brought forward:
According to IAS 12 deferred taxes for accumulated losses brought forward are to be formed as assets, if these cummulated losses brought forward are anticipated to be used in the future. As soon as the cummulated losses brought forward are being used, the assets for deferred taxes have to be depreciated. The profit-reducing depreciations on the tax assets is significantly higher than the profit by the end of the quarter, because for the entire year 1999 a significantly higher profit is expected so that a higher use of the losses brought forward is expected.

Centrotec
Hochleistungskunststoffe AG

Unterm Ohmberg 1
D – 34431 Marsberg

tel. +49 (0) 29 92. 97 04 – 0
fax +49 (0) 29 92. 97 04 – 50

www.centrotec.de
ir@centrotec.de