



ANNUAL REPORT

KEY FIGURES GROUP AT A GLANCE

	31.12.2002	Previous	Change
	EUR '000	year	
Total revenue	98,373	74,284	32.4 %
Engineering Plastics	16,101	15,854	1.6 %
Plastic Systems	78,991	54,589	44.7 %
Other	3,281	3,842	-14.6 %
Earnings			
Cash flow I (earnings and depreciation/amortization)	10,030	9,226	8.7 %
EBIT (adjusted*)	11,364	10,162	11.8 %
EBIT	9,677	9,322	3.8 %
Net profit for the period (adjusted*)	5,836	5,991	-2.6 %
Net profit for the period	4,148	5,151	-19.5 %
Earnings per share in EUR (basic, adjusted*)	0.76	0.84	-9.6 %
Earnings per share in EUR (basic)	0.54	0.72	-25.2 %
Earnings per share in EUR (diluted)	0.54	0.71	-24.1 %
Average number of shares outstanding (basic)	7,660,713	7,201,796	6.4 %
Average number of shares outstanding (diluted)	7,660,713	7,266,264	5.4 %
Employees			
Total (FTE – Full Time Equivalents)	600	385	55.7 %
Personnel expenses	24,506	16,168	51.6 %
Capital structure			
Shareholders' equity	27,703	19,187	44.4 %
Total capital	87,859	59,564	47.5 %
Equity ratio	31.5%	32.2%	-2.1 %
Investments/depreciation and amortization			
Investments in tangible assets	4,216	3,819	10.4 %
Depreciation of tangible assets and intangible assets (excluding goodwill)	4,195	3,236	29.6 %
Amortization of goodwill	1,688	840	100.9 %

* Amortization of goodwill eliminated

CENTROTEC SINCE THE IPO 1998

	31.12.2002	31.12.2001	31.12.2000	31.12.1999
Total revenue	98,373	74,284	64,779	17,552
Engineering Plastics	16,101	15,854	12,637	10,897
Plastic Systems	78,991	54,589	47,999	6,655
Other	3,281	3,842	4,143	
Earnings				
Cash flow I (earnings and depreciation/amortization)	10,030	9,226	7,253	1,707
EBIT (adjusted*)	11,364	10,162	8,260	2,019
EBIT	9,677	9,322	7,536	2,019
Net profit for the period (adjusted*)	5,836	5,991	4,144	1,110
Net profit for the period	4,148	5,151	3,420	2,003
Earnings per share in EUR (basic, adjusted*)	0.76	0.84	0.58	0.15
Earnings per share in EUR (basic)	0.54	0.72	0.48	0.15
Earnings per share in EUR (diluted)	0.54	0.71	0.47	0.15
Average number of shares outstanding (basic)	7,660,713	7,201,796	7,197,989	7,200,000
Average number of shares outstanding (diluted)	7,660,713	7,266,264	7,315,871	7,200,000
Employees				
Total (FTE – Full Time Equivalents)	600	385	340	101
Personnel expenses	24,506	16,168	13,052	3,909
Capital structure				
Shareholders' equity	27,703	19,187	13,800	10,532
Total capital	87,859	59,564	54,043	20,778
Equity ratio	31.5%	32.2%	25.5%	51%
Investments/depreciation and amortization				
Investments in tangible assets	4,216	3,819	5,627	1,315
Depreciation of tangible assets and intangible assets (excluding goodwill)	4,195	3,236	3,109	597
Amortization of goodwill	1,688	840	724	0

in Mio. EUR

* Amortization of goodwill eliminated

CHRONOLOGY OF 2002

FINANCIAL CALENDAR 2003



FINANCIAL CALENDAR 2003

Date	Time	Event	Place
March 20, 2003		Publication of 2002 accounts	
March 20, 2003	2 p.m. – 4 p.m.	Annual Press Conference DVFA/Analysts Conference	Hotel Hilton, 5 th Ave. Room Hochstraße 4, 60313 Frankfurt/Main
May 22, 2003	11 a.m. – 1 p.m.	Annual General Meeting of Shareholders	Hotel Hilton, Liberty 2 Room Hochstraße 4, 60313 Frankfurt/Main
May 22, 2003		Publication of I/2003 quarterly report	
August 19, 2003		Publication of II/2003 quarterly report	
November 13, 2003		Publication of III/2003 quarterly report	

JANUARY	Acquisition of Brink Climate Systems (NL), the European market leader for ventilation systems with heat recovery (Systems segment) The share prices reaches its year-high of EUR 13.42 (year-low EUR 4.62)		
FEBRUARY	Establishment of CENTROTEC Composites GmbH for advanced composites activities CENTROTHERM: patenting of a new gas flue system for multi-boiler systems		
MARCH	Publication of 2001 accounts: revenue up by 15 %, earnings up by 51 % Annual Press Conference 40,000th Renovent heat recovery device sold		
APRIL	Dr. G. J. Huisman (CFO) proposed as Chairman of the Management Board of CENTROTEC Hochleistungskunststoffe AG (elected in May 2002) CENTROTEC presents its longer-term strategy for expansion in a meeting with the Supervisory Board	OCTOBER	
MAY	Publication of the Q1 results for 2002: sales up by 31 %, EBIT up by 52 %	NOVEMBER	
JULY	Start-up of the new calendering line, unique in Europe, in the Engineering Plastics segment	DECEMBER	
AUGUST	Publication of the Q2 figures: sales up by 25 %, EBIT up by 32 % Forecast for 2002 as a whole revised: revenue forecast unchanged at EUR 100 million, expected earnings per share adjusted downwards from EUR 1.05 – 1.10 per share to EUR 0.90 – 0.95 per share due to slack economy	JANUARY 2003	
SEPTEMBER	CENTROTEC expands into Asia: Establishment of a Singapore-based joint venture (production operations in China) Deutsche Börse announces the new stock market segmentation on September 26, 2002 CENTROTEC's Management Board welcomes the new segments in a letter to shareholders	FEBRUARY 2003	
			Construction work begins on extensions to CENTROTEC's facilities in Brilon (Systems and Engineering Plastics segments)
			Publication of the Q3 results for 2002: sales up by 28 %, EBIT up by 38 %
			First major order for CENTROTEC Composites GmbH: Leading international car manufacturer orders fibre-composite components for series-production truck The share price recovers to around EUR 8, against the general trend
			Second major order for CENTROTEC Composites GmbH from a leading international car manufacturer
			Appointment of new Managing Director of CENTROPLAST (Engineering Plastics segment)

RESULTS AND OBJECTIVES

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// **Highlights of 2002**

- Cash flow I built up to EUR 10 million
- Equity ratio > 30 %
- Leadership of market for energy-saving climate control secured
- Successful integration of Brink Climate Systems
- European market lead for plastic gas flue systems consolidated thanks to technical innovations
- Start of series production of carbon composite components
- Establishment of the joint venture CENTROTEC JI Asia PTE Ltd in Singapore

// **Objectives for 2003**

- Sustained high level of organic growth of at least 10 % – 15 % in revenue and over 25 % in earnings
- Restructuring of production of semi-finished articles in Engineering Plastics sector and greater focus on applications of the future (medical technology, clean-room technology, etc.)
- Start of production of the double-belt press for industrial series production of composite semi-finished articles in Brilon
- A further acquisition to consolidate USPs in the spheres of environmental and engineering materials technologies

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REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of CENTROTEC AG regards itself on the one hand as the advocate of the shareholders' interests, and on the other hand as an entrepreneurial companion and advisor to the Management Board. During the year under review, the long-term direction of the company was approved in the context of a strategic meeting involving the entire Management Board. Individual fundamental issues were in addition discussed at greater length between the Supervisory Board Chairman and the Chairman of the Strategy Committee.

The strategic emphasis of the company on additional innovative growth sectors within the fields of environmental systems and engineering plastics is wholeheartedly endorsed by the Supervisory Board. The Supervisory Board supports the acquisitions that have been made and that underscore the company's unique position in the relevant areas, as they strengthen the company's performance.

The Supervisory Board met on a total of four occasions in the 2002 fiscal year and was informed comprehensively by the Management Board of the company's business progress, and in particular of the development in its revenue, orders, earnings, net worth and financial situation and of the company's discernible opportunities and risks of future development. Supervisory Board meetings during 2002 were held on March 13, May 28, September 23 and

December 16. All Supervisory Board members took part in all meetings in person. All members of the Supervisory Board in addition regularly discussed forthcoming projects and strategic decisions with the Management Board and with other management employees of the company by meeting in person and by means of telephone conferences.

The Supervisory Board has performed the tasks which fall due to it in accordance with legal requirements and the articles of incorporation, and has regularly monitored and advised the Management Board.

The topics discussed at the Supervisory Board meetings were the fundamental aspects of business policy concerning the parent company and its subsidiaries, together with individual matters of sufficient significance.

Management Board decisions which required ratification by the Supervisory Board were studied and approved. As the Supervisory Board has only three members, there are no committees. All matters were discussed by the full board.

Herr Hans Thomas retired from the Supervisory Board with effect from March 8, 2002; Herr Wim Brink was appointed to the Supervisory Board in his place.

The accounts, annual financial statements, management report, consolidated financial statements and



group management report at December 31, 2002 have been examined by the auditors PriceWaterhouseCoopers Wirtschaftsprüfungsgesellschaft GmbH, Kassel, who have given their unqualified certification thereof. A copy of the auditors' report was sent to each member of the Supervisory Board and was discussed with the auditors at the meeting of the Supervisory Board.

The Supervisory Board examined the annual financial statements, management report and consolidated financial statements, including group management report, as drawn up by the Management Board, as well as the dependence report drawn up by the Management Report as a precautionary measure. The examination by the Supervisory Board revealed no cause for objection. The annual financial statements issued by the Management Board have been granted the unqualified approval of the Supervisory Board, and are thus established pursuant to Section 172 (1) of AktG (German Stock Corporation Law).

Pursuant to Section 292a (1) and (2) of German Commercial Code, the company exercised the exemption from the requirement to prepare consolidated financial statements in accordance with German law.

The Supervisory Board expects that the company will further enhance its performance in highly promising areas of activity, and that it will generate a good return on investment in the interests of its shareholders.

Particular thanks are due to the employees in all areas, who have contributed substantially to the success of the group through their dedication, expertise and creativity.

Marsberg, March 2003

THE SUPERVISORY BOARD

Guido A. Krass
(Chairman)

Guido A. Krass (Chairman)

Guido A. Krass (45) has been a successful businessman for many years now, specializing in the running of young, expanding companies. He has nearly 2 decades experience in acquisition and integration of companies. Thanks to his intensive coaching on strategy formulation and his steadfast support for its implementation, CENTROTEC has consistently been able to post significant rises in its corporate value.

Wim Brink

Wim Brink (59) has been a successful businessman and co-proprietor of several medium-sized companies. He has developed the Brink Group to an international company with approx. 1,300 employees in 20 facilities. He is able to turn his expertise in the automotive Climate and Gas Flue Systems market segments to the company's benefit.

Dr. Bernhard Heiss

Dr. Bernhard Heiss is a partner in the lawyers' firm of Freshfields Bruckhaus Deringer, Munich. He is able to assist the company not simply with legal matters, but also by sharing his entrepreneurial experience of 2 decades in the business of acquisitions and mergers.

LETTER TO SHAREHOLDERS



Dr. Gert-Jan Huisman
Finance (Chairman)



Dr. Alexander Kirsch
Strategy and Expansion &
Engineering Plastics

„A FORWARD-THINKING STRATEGY FOR DIFFICULT TIMES“

Dear shareholders,

The 2002 fiscal year brought trenchant adjustments and increasingly intensive competition throughout many areas of German industry. Both the consumption and investment climates remain adverse. The corporate landscape was characterized by zero growth and deteriorating profitability. Individual sectors such as the construction industry and primary industry experienced a sharp slump. Other areas, including those in which CENTROTEC is active, are in addition suffering from the pressure to consolidate that is affecting most notably the supply industry.

Against this backdrop, our strategy of giving top priority to the fastest-growing areas of our technology spectrum has proven to be the right one. The deliberate policy of diversifying our business areas to spread the risk – instead of specializing – proved particularly valuable in fiscal 2002. We were thus more than able to compensate for isolated areas of weakness thanks to exceptional success in other areas.

In the past fiscal year we significantly increased our market share, boosted revenue substantially (+ 32 %) and improved the operating result (EBIT) throughout the group by 11.8 %. Even if we were ultimately unable to realize all our expectations as of last summer – in particular as a result of one-off effects from the restructuring of the Engineering Plastics segment – we are satisfied with the annual results.

It is less satisfactory, on the other hand, that the stock market is currently failing to reward our track record of success by giving our company the value it merits. However, as this does not undermine the financing of the company, we are steadfastly and consistently adhering to our long-term strategy of value and growth.

This strategy did not change significantly in 2002. By concentrating on energy-saving technologies and export revenue, which has now risen to over 70 %, we were able to remain largely unaffected by the stagnant German economy.



Martin Beijer
Plastic Systems, Segment Gas Flue &
Solar/Roof



Rob Slemmer
Plastic Systems, Segment Climate

The Systems segment, which accounted for around four-fifths of total revenue in 2002, demonstrated our resilience in the face of cyclical fluctuations and our ability to generate high growth. However, the flat economy dampened revenue and earnings in our Engineering Plastics segment. We, too, suffered the consequences of more intense price competition, which also affected the value of stock, for example. A new structure, harsh cost-cutting measures and additional one-off expenses for allowances and accruals in the end meant that this segment made an unscheduled negative contribution towards earnings. At group level, these effects amount to around EUR 2 million, the bulk of which are attributable to the Engineering Plastics segment. Thanks to the providential measures taken in the 2002 annual financial statements and the restructuring measures that we have initiated, we now believe that we will return to the more familiar territory of success in the current year. In addition to implementing our efficiency enhancement programme, we are focusing our product and market strategy on high-quality applications with a greater level of technical complexity. We boost our added value by evolving from a components manufacturer to a manufacturer of complete assemblies.

Where do we stand today, five years on from the IPO?

CENTROTEC's revenue has increased almost seven-fold since the IPO in 1998. This rapid growth was not secured at the expense of profitability: the high EBIT margin of almost 12 % before and approx. 10 % after goodwill remained roughly on a par with the previous year (13.7 % before and 12.5% after goodwill), once again endorsing our high structural profitability. Shareholders' equity climbed to EUR 27.7 million (+44 %) and now accounts for 31.5 % (previous year 32.2 %) of the balance sheet total, which has risen from EUR 60 million to EUR 88 million.

The acquisition of Brink Climate Systems at the start of 2002 meant that our product range now includes our own heat recovery concepts for climate control systems. This acquisition has now been successfully integrated. Meanwhile the technical refinement of our products has been accelerated. None of our competitors is able to offer such a broad spectrum of energy-saving systems in low-energy houses. Through our European-wide sales and service organization, we are able to offer our customers comprehensive systems

LETTER OF SHAREHOLDERS



from a single source and extend our market lead on that basis – with new products in new markets.

Where are we heading?

The shift from conventional energy-saving measures, such as insulation, to the recovery of heat from the air inside a building will continue on a significant scale. We have developed the market leadership in heat recovery systems and are all set to seize these opportunities for growth especially in Germany. Following our successes in the Netherlands and Germany in the fields of Gas Flue Systems and Climate Systems, we aim to become the European-wide market leader.

A major driving force behind growth in the year under review was continuing high demand for gas flue systems for condensing boilers. The compelling advantages of condensing boiler technology are now spreading from the Netherlands and Germany throughout all Europe. The market penetration of condensing boiler systems in Germany rose from around 50 % to over 60 % during the past year. More than 8 out of 10 heating systems sold in the Netherlands are equipped with the new technology. Market penetration in the remainder of Western Europe is still below 10 % and there is consequently plenty of ground to

be made up if the installation rates of Germany or the Netherlands are to be emulated. This demonstrates the immense growth potential of our solutions over the next few years. In France, condensing boiler technology has posted growth of 23 %. There, CENTROTEC enjoys a strong presence among OEMs and within the trade. As the market share of condensing boiler technology in that market is still small, this niche area offers interesting prospects for future growth. This demonstrates our systems' immense potential for growth over the next few years.

Our long-term strategy envisages entering other emerging markets as well as the fields of Engineering Plastics, Gas Flue Systems and Climate Systems. The key criteria when deciding whether to enter new areas of activity, alongside growth prospects and profitability, are that there should be ample scope for added value and for capitalizing upon our technological expertise. We do not feel at ease in mass markets. Our products are intended as system solutions rather than straightforward standard solutions. Experience has shown that only then are the barriers to competitors entering our niche markets sufficiently high to ensure that success is not solely a question of price. Carving out a technological edge in various areas remains the basis of our high structural profitability.



We took specific steps to implement this strategy in the year under review. The management of the new subsidiary CENTROTEC Composites clinched initial major orders from the car industry and the audio/hi-fi market. In this field of business, CENTROTEC in addition secured a position in the car industry as first-tier supplier to one leading international car manufacturer. With its first reference clients on file, its sales activities can now be intensified. Advanced Composites will develop into one of CENTROTEC's main growth areas in the next few years.

The Board Member for Engineering Plastics, Hans Lothar Hagen, is leaving CENTROTEC at his own request to set up his own investment company in the field of plastics technology. Herr Hagen, who has been with the company in a managerial capacity since 1981, has been instrumental in developing the group in his capacity as an acknowledged plastics expert.

As part of the strategic reorientation of the Engineering Plastics segment, the Board Member for Strategy Dr. Alexander Kirsch will represent this area on the Management Board in future. Herr Ulrich Terbrüggen has been appointed as Hagen's successor as Managing Director of the Engineering Plastics subsidiary Centroplast.

The medium-term strategy for expansion in the restructured Engineering Plastics area envisages establishing and building up complementary sales areas in technologically challenging sectors such as medical technology, clean room systems and motor sport. For example, by refining a special nanotechnology method for producing the ultra-smooth surfaces that are needed in medical technology, it has been possible to substitute conventional stainless steel solutions with plastics in many areas.

The stage is set.

New products, new areas of business, new markets – CENTROTEC's strategy will again mean that both earnings and revenue will grow dynamically, hand in hand, in 2003. On middle- and long-term CENTROTEC is therefore of special interest for investors, who are interested in high-growth, profitable midcaps operating in the field of sustainability products. We are convinced that your confidence in the substance and growth potential of CENTROTEC's strategy will pay dividends.

THE MANAGEMENT BOARD

○ ○ ○ **STRATEGIES OF THE
INDIVIDUAL SEGMENTS**





SEGMENTS

ENGINEERING PLASTICS

- High-temperature semi-finished plastic products
- Prefabricated products and assemblies, e.g. for medical technology
- Super-lightweight, high-strength advanced composites in the form of semi-finished products and finished mouldings, as well as system solutions

High Temperature Plastics

- CENTROPLAST Kunststoffzeugnisse (D)
- Rolf Schmidt Industriplast (DK)

Advanced Composites

- CENTROTEC Composites (D, Singapur, China)
- Bond Laminates (24,95 %; D)

SYSTEMS

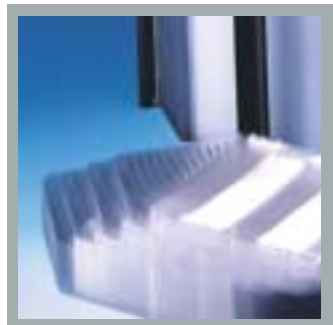
- Plastic gas flue systems for condensing boiler technology
- Climate systems with heat recovery for low-energy houses
- Solar systems (photovoltaic) and other roof products

Gas Flue Systems / Solar Roof

- CENTROTHERM Abgassystemtechnik (D, I)
- Ubbink Systems (NL, UK, F, B)

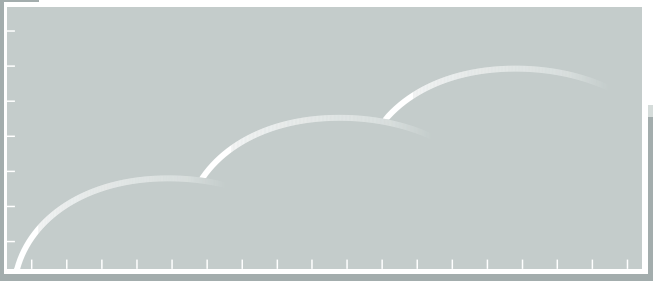
Climate Systems

- Brink Climate Systems (NL, D)
- Ubbink Systems (NL, UK, F, B)



LONG-TERM GROWTH PLANS:

// *markets of the future*



„3 horizons strategy“

CENTROTEC's success is based on the conscious application of the „3 horizons strategy“ to its business segments. This strategic approach is based on the idea that every product market and every business model progresses through its own cycle of maturing. There are typically three types of market: young markets with high growth rates and rising revenues, mature markets with stable revenues and a levelling-off of growth, and ageing business models whose markets are in decline and whose structural profitability ebbs as a result of the process of contraction.

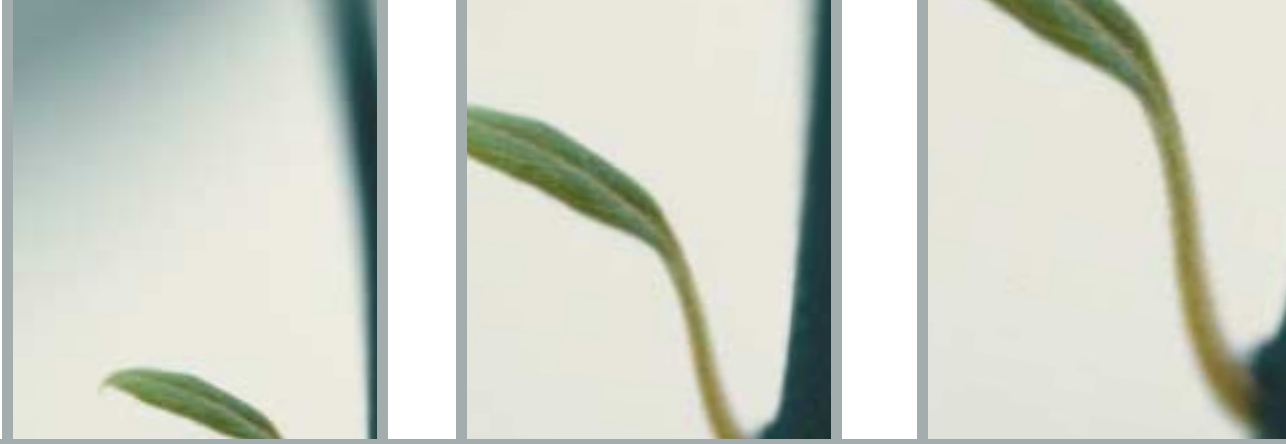
A good businessman will strategically develop his company in such a way that it always has new, emerging business segments. In other words, a substantial portion of cash flow should always be earmarked for building up new potential for growth – in the markets of the future.

In this, it is important on the one hand to invest in growth trends that are already in evidence, and on the other hand to allocate limited funds to basic research with a longer horizon. Only then will it be possible to create a balanced portfolio of business segments

covering all three horizons – the short term (gas flue technology, e.g. in Germany), the medium term (gas flue technology, e.g. abroad, and heat recovery technology) and the long term (new materials technology, e.g. advanced composites).

In deciding which business segments to enter, it is necessary to strike a balance between concentrating on established core skills and building up new areas of expertise. CENTROTEC's solution has been to venture into areas of technology (plastic gas flue technology, advanced composites) adjacent to its core skill of high-performance plastics. Using gas flue technology – previously a complementary area of activity and now a core skill in its own right – as a springboard, it has now ventured into other adjacent areas such as low-energy ventilation technology.

Implementing these strategic components produces a profitable growth curve with long-term stability.



OPTIMUM MARKET POSITION FOR ENVIRONMENTAL SYSTEMS

Our technically superior plastic gas flue systems will enjoy increasing popularity in other European countries, as they already do in Germany and the Netherlands, and will remain in demand for many years. Climate control systems with energy-saving heat recovery technology using high-performance plastics is another market segment where demand is on the increase. This is because in the long run, such systems are indispensable if increasingly tough energy-saving legislation is to be met. In the Netherlands, 50 % of all newly built single and double-unit houses are already equipped with this technology. A similar trend is just taking off in Germany, where it will enjoy steep growth over the next five to seven years, as in other Northern and Central European countries.

NEW GROWTH TREND FOR ADVANCED COMPOSITES

Our activities in the field of advanced composites products have a longer time horizon. CENTROTEC has developed a new technique for producing super-lightweight, extremely strong composite materials at low cost and on a larger scale. In view of the long lead times for new production series, we anticipate a growth horizon of several years. The first major orders were already secured at the end of 2002.

ENGINEERING PLASTICS

// *High Temperature Plastics*
// *Advanced Composites*



The field of high-performance engineering plastics is CENTROTEC's powerhouse for new ideas. This is where new grades of material are developed and produced.





Centrotec's innovations are driven substantially by the business area of high temperature plastics and by the adjacent field of plastic systems.

The company's ability to innovate is highlighted by developments of its own such as special vacuum calibration techniques and a new calendering line, which is a production plant for flat semi-finished articles of special plastic that are notable for their exceptionally good surface quality. CENTROTEC thus emphasizes its expertise in this area and will be able to strengthen its market position substantially as a result.

CENTROTEC's advanced composites are plastics reinforced with woven long fibres (carbon, aramide, glass, aluminium, etc.) and exhibiting extremely high strength coupled with minimum weight. CENTROTEC Hochleistungskunststoffe AG established the subsidiary CENTROTEC Composites GmbH in Brilon in January 2002. The new subsidiary converts various composites into finished products for a range of applications by means of high-temperature shaping

techniques. CENTROTEC has for example received orders for automotive and loudspeaker components. In all, advanced composites are expected to enjoy steep, profitable growth over the next few years.

Our partner Bond-Laminates GmbH, in which CENTROTEC holds a 24.95 percent interest, is likewise expected to post rapid growth over the next few years. Tepex®, a material developed by Bond, will be produced on an industrial scale for the first time in 2003, on the company's own purpose-designed plant. This is the first composite material that does not need to be laminated and shaped by hand. Thanks to its special properties, this material with the registered tradename Tepex® has a broad spectrum of applications in such areas as the aviation, automotive and electronics industries, and in the production of technically advanced sports equipment.

○ ○ ○ SYSTEMS

// *Gas Flue Systems*
// *Climate Systems*





ENERGY-SAVING TREND PROMPTING SUSTAINED GROWTH

CENTROTEC established the Gas Flue Systems business area in 1994 with a view to supplying special gas flue systems for the still relatively new area of condensing boiler technology. Gas condensing boiler systems achieve an energy saving of 35 % by recovering energy from the flue gas through a process of condensation. The flue gas from condensing boilers produces a slightly acidic condensate, which corrodes metal components. A solution to this problem was found by using plastic instead. CENTROTEC identified a formulation that was both thermally stable and resistant to acid. Plastic systems have already largely cornered the market in the field of condensing boiler technology.

CENTROTEC supplies complete gas flue systems in all diameters (ND 63 to ND 630) and types. The products constitute complete OEM systems used by boiler manufacturers, as a critical module of the gas condensing boiler.

CENTROTEC is constantly refining these products. Important new developments in the year under review included:

- The development and market launch of a patented inspection element which for instance reduces the flow resistance of the gas flue system to record low values, while substantially simplifying regular technical inspections.
- The development and market launch of a cascade system for connecting up several condensing boilers to a single gas flue system.

ENERGY-SAVING CLIMATE SYSTEMS – A NEW MARKET HAS EMERGED

The Climate Systems business area is increasingly developing into one of the mainstays of CENTROTEC's growth. Three trends in specific have prompted clear market growth:

- Energy costs worldwide have risen in recent years. In Germany, an above-average rise has been engineered for political reasons (ecologically driven tax reforms). The shift in the profile of incentives has made it financially more rewarding to invest in energy-saving measures. Uncontrolled ventilation is one of the biggest causes of energy wastage in a private house. CENTROTEC is able to offer intelligent, efficient solutions to this problem.
- Houses are becoming more and more „airtight“. A lack of ventilation means that most houses built in accordance with the latest standards are suffering from moisture damage. Here again, CENTROTEC's solution represents a valuable contribution.
- Ailments that can be attributed to poor indoor atmospheric conditions (allergies, asthma) are on the increase, and people are becoming more aware of health issues. There is consequently increasing demand for active „management“ of interior air for reasons of hygiene.

Only controlled climate systems can maintain a healthy interior climate. After a certain time lag, they should then become widespread throughout Europe.



GROUP MANAGEMENT REPORT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg, for 2002



GROUP MANAGEMENT REPORT

of *CENTROTEC Hochleistungskunststoffe AG, Marsberg, for 2002*



SUMMARY – PROFITABLE GROWTH MAINTAINED IN DIFFICULT CONTEXT

CENTROTEC enjoyed renewed growth of over 32 % in 2002, with revenue touching almost EUR 100 million. The operating profit margin (EBIT pre-goodwill) is yet again very healthy, at 11.6 %. These are achievements that could not necessarily be taken for granted in a very difficult year. Europe is bogged down in a recession, and the economic context was undoubtedly the most difficult since the IPO at the end of 1998.

The company's track record of profitable growth (seven-fold increase in revenue and earnings since 1998) could only be extended by maintaining a systematic focus on technologically challenging areas with bright future prospects. The company evolved from a German specialist processor of high-performance plastics into a pan-European systems supplier in the high-potential areas of climate control/gas flue systems and high-end plastics applications.

With revenue rising from EUR 74 to 98 million, the operating result (EBIT pre-goodwill) improving from EUR 10.2 to 11.4 million and a net income of EUR 4.1 million – which was, however, down on the prior-year figure of EUR 5.2 million – CENTROTEC has undoubtedly pulled off an exceptional feat in the light of the current economic difficulties. These results are nevertheless not entirely to our satisfaction, as our own targets were more ambitious: the revenue target of EUR 100 was narrowly missed; the original pre-good-

will EBIT target was EUR 13 million. The main reason for our failure to achieve these targets was the slack demand in the Engineering Plastics segment. It was here that CENTROTEC felt the brunt of the weak economy, particularly in Germany. The decision was moreover taken to create accruals and depreciate stock on hand to the tune of around EUR 2 million in response to restructuring measures and sales-related risks. These precautionary measures are intended to reflect both present and future risks, where supportable, in fiscal 2002.

The Engineering Plastics segment – the original field of activity of CENTROTEC – was unable to repeat the growth of recent years in 2002. Slack demand for investment goods, particularly in Germany, resulted in a fall in revenues and earnings. For example, there was a dramatic collapse in revenues for production plant for the semiconductor industry. A restructuring programme was consequently launched in view of the more cautious expectations for the current year. In the short term, the cost structure is being brought in line with lower demand. In the medium term, the focus of business activities will be shifted from the previous more materials-centred approach to an emphasis on assemblies for specific target sectors.

By contrast, all other areas of the company performed very well. Rising demand for gas flue technology for condensing boiler systems, as well as for new climate control concepts for low-energy houses, again

bolstered growth in the past year. The environmentally driven growth trends are proving more vigorous and stable than the cyclical setbacks. The broad base of seven European countries and one Asian country, together with an extensive product range, has injected stability into the profit margins.

In addition to organic growth, the acquisition concluded on January 2, 2002 of Brink Climate Systems (formerly Brink Luchtverwarming BV), Staphorst, the Netherlands, is contributing towards this development. At the reporting date, Brink accounted for EUR 26.6 million of the assets and contributed an additional EUR 5.7 million net assets. The net income totalled EUR 1.2 million. The successful integration of the new group company is proceeding according to schedule.

SALES AND SERVICE – INCREASINGLY INTERNATIONAL

CENTROTEC's technological solutions are viable and competitive not just on the home market, but fundamentally in all developed industrial states. This encourages Centrotec in its strategy of building up a pan-European presence in the medium term, and a global one in the long term.

New joint venture in Asia

CENTROTEC Composites GmbH, a subsidiary of CENTROTEC Hochleistungskunststoffe AG, signed a

joint venture agreement on the founding of CENTROTEC JI ASIA Pte Ltd in September 2002. The Singapore-based joint venture in turn has operations in the Chinese city of Guangzhou, where our fibre-composite materials are to be further processed.

CENTROTEC Composites will hold the majority of the shares. The partner in this joint venture is JI Trading & Manufacturing Pte Ltd, Singapore, a long-standing business partner of the CENTROTEC Group.

Following its expansion within Europe, CENTROTEC is thus now moving into Asia, and above all the dynamically expanding Chinese market, as a sales and production region.

A Europe-wide presence

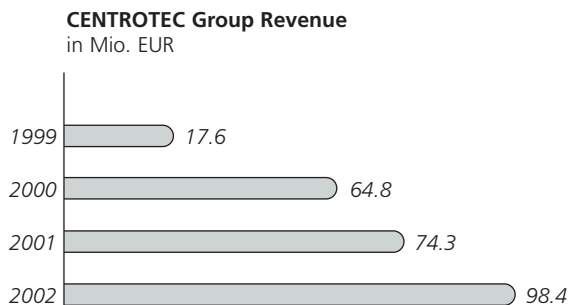
Geographical proximity to the customer and expert support for OEM manufacturers of gas condensing boilers are two of the key success factors that explain how CENTROTEC has succeeded in building up a Europe-wide market lead. With export sales companies in seven countries and a long list of representative agencies, we have the most comprehensive sales and service network for gas flue and climate control systems in our line of industry.

GROUP MANAGEMENT REPORT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg, for 2002

REVENUE AND ORDERS – ORGANIC AND EXTERNAL GROWTH

In the year under review, CENTROTEC AG witnessed a year-on-year rise in revenue of some 32 %, from EUR 74.3 million to EUR 98.4 million, in spite of cyclical downturns in Engineering Plastics, the Other segment and in the Roof and Light sub-segment. In addition to the successful integration of Brink Climate Systems, high organic growth for gas flue systems and the first major orders for advanced composites have contributed towards success.



Gas flue systems in Europe enjoyed disproportionately high growth and thus contributed substantially towards the generally satisfactory overall revenue and earnings. During fiscal 2002, CENTROTEC set itself the goal of extending its position of market leader in Germany and the Netherlands to the whole of Europe. The company made significant progress towards

attaining this goal with a double-digit percentage rise in exports. The Systems segment in particular grew by 45 %, from EUR 55 million to EUR 79 million.

The Engineering Plastics segment, on the other hand, enjoyed only modest growth with revenue rising from EUR 15.9 million to EUR 16.1 million.

In view of the present economic situation, the general level of orders for the Systems segment can be rated as good. The level of orders in the Engineering Plastics segment is stable, but no more than average.

PRODUCTION / PROCUREMENT

Production – optimizing throughput times

Projects to optimize throughput times and yields were carried out at the Brilon, Marsberg and Doesburg production plants.

Procurement – international purchasing schemes

In the Systems segment, purchasing activities for important assemblies and components were pooled in 2002. This helped to unlock considerable potential for savings in purchasing.



INVESTMENT AND FINANCE – STEPPING UP PRODUCTION

Investment measures focusing on a new production and logistics hall for Engineering Plastics and on a new production plant for calendaring flat materials have extended the range of products and services available at Marsberg. A further target of investment during the year under review was the extension work on the offices and logistics capacity at Brilon commenced in the fourth quarter. New premises were also erected at Doesburg, where the entire building was given a more appealing, uniform exterior and a new assembly hall constructed. Assets acquired also included purchased plant and equipment that was necessitated by the expansion of business operations.

The investment measures embarked upon for all projects amount to around EUR 5.0 million, including EUR 4.2 million spent in the 2002 reporting year.

Property, plant and equipment consequently rose from EUR 21.7 million to EUR 27.2 million. At the reporting date, property, plant and equipment represented only 31% of total assets (previous year 36%), a change that is attributable to acquired goodwill and the lean management structure of the company.

Depreciation and amortization amounted to EUR 4.2 million (previous year EUR 3.2 million). Investment was therefore roughly on a par with depreciation and

amortization for the year. The new buildings were financed in part with the aid of subsidies.

Financing both the investment necessitated by organic growth and our repayment obligations from current cash flow will remain a straightforward matter.

FINANCING – FURTHER INCREASE IN EQUITY BASE

Thanks to the positive results, the equity base was increased from EUR 19.2 million in 2001 to EUR 27.7 million in 2002. A capital increase from approved capital of 445,975 shares (6%) was carried out to help finance the acquisition of Brink Climate Systems, which first had an impact on the accounts for 2002. The additional paid-in capital rose to EUR 10.1 million-thousand. In spite of the balance-sheet extension of EUR 28 million as a result of its first-time consolidation, the equity ratio did not fall, remaining virtually constant at 31.5% (previous year 32.2%).

Net bank loans rose by EUR 14.2 million as a result of this acquisition, from EUR 22.8 million to EUR 37.0 million. However, when measured against the higher revenues and earnings as well as the higher balance-sheet total following the acquisition, borrowings were substantially reduced. Excluding new borrowings as a result of acquisitions and investment in extensions, bank overdrafts were reduced by over EUR 5 million (23%).

GROUP MANAGEMENT REPORT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg, for 2002

The dynamic gearing ratio (financial liabilities/EBITDA) was 2.5 in 2002 (2001: 2.3). It is consequently at a relatively low level (banks use 4.0 as a typical limit value for companies with stable revenues).

PERSONNEL AND WELFARE – INITIATIVE AND AUTONOMY

At any technology company, there is particular truth in the maxim that the company is only as good as its employees' expertise and commitment. Ever since its establishment, CENTROTEC has therefore attached considerable importance to the task of recruiting and training its workforce.

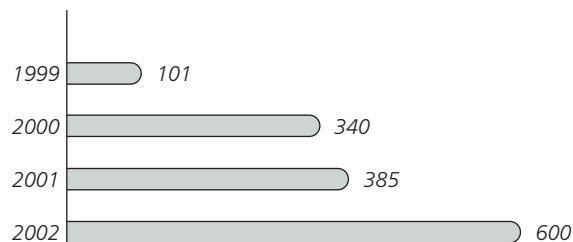
Our company is noted for the innovative capability and quality awareness of its employees. The core objective of our personnel policy is consequently to refine a corporate culture characterized by employees who demonstrate initiative and independent responsibility. CENTROTEC continues to focus its personnel policy on identifying qualified personnel and offering them a working environment in which success is rewarded.

The employee total rose from 385 FTE (Full Time Equivalents) in 2001 to 600 FTE. This increase was prompted primarily by the acquisition of Brink Climate Systems. New employees were recruited predominantly for areas where a particularly high level of qualifications is needed, i.e. development, product management and technical sales. Personnel expenses there-

fore likewise rose from EUR 16,168 thousand in 2001 to EUR 24,506 thousand in 2002.

As in the past, middle management and qualified employees as well as Management Board members were offered financial incentives that are linked to the company's success, in the form of stock options.

Employees



RESEARCH AND DEVELOPMENT

The market for energy-saving technology represents a stiff challenge for research and development activities. New formulations for materials are constantly being developed, production methods refined and new system solutions unveiled. Although expertise can be protected by means of patents, licences and permits, the company's objective is to defend its current lead in the long term by incessantly innovating. Centrotec thus intends gradually to step up its creative output and pace of innovation in a concerted effort to defend its market position.



CENTROTEC remains technology leader for plastic gas flue systems. This position was strengthened in the year under review through further innovations. In 2002, the R&D department presented a new concept for multiple connections from several heating systems on different floors to a single plastic gas flue system. The system developed and patented by CENTROTHERM satisfies the stringent fire prevention regulations that have previously precluded the use of plastic components in a central system serving several floors.

The focus for controlled ventilation of rooms in the year under review was on improving comfort. Now that heat recovery systems have been implemented to maintain a pleasant temperature (and save energy), the development team turned its attention to acoustic comfort and ease of cleaning of the complete system. A new type of ventilation duct system further minimizes the already low noise level.

In the year under review, development work in the field of advanced composites concentrated on identifying new applications in the automotive and hi-fi sectors. The first series products for these areas have already been developed and marketed. The item in question, a component for a convertible car's roof recess, has been developed on behalf of a leading car manufacturer. A further composite material going by the name of TAF (Top Audio Frequency) – shaped by CENTROTEC – is very lightweight and achieves a

defined strength which enhances the acoustic properties of loudspeaker cones; it is also water-resistant.

Strategic development alliances

The technological barriers to finding new formulations for materials are very high. For this reason, the company has entered into development partnerships with granulate manufacturers to assure a swift and comprehensive technology transfer for all new products. The following areas, among others, are being targeted:

- Researching and defining plastics for medical applications
- Developing special processing techniques for the manufacture of flat goods with very high surface quality

GROUP MANAGEMENT REPORT

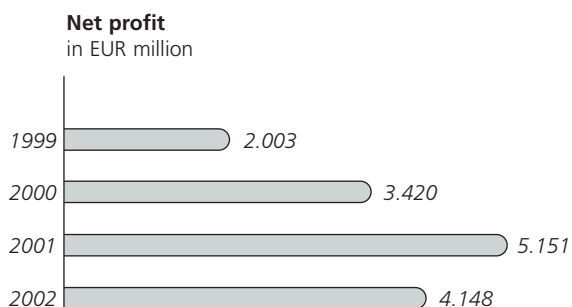
of CENTROTEC Hochleistungskunststoffe AG, Marsberg, for 2002

EARNINGS SITUATION

CENTROTEC has always pursued the strategy of concentrating on exploiting high-growth technological niche areas, while only taking up those opportunities for growth that actually strengthen the structural profitability of the group, rather than diluting it. All investment decisions must satisfy specific criteria with regard to both growth and profitability. These rigorous profitability requirements have been satisfied by all business areas apart from Engineering Plastics, which has had to be repositioned as a consequence.

Restructuring measures were initiated at CENTROPLAST during the year under review, with the objective of prompting a turnaround in revenue and earnings by introducing more efficient structures and procedures. It is expected that CENTROPLAST will be able to post positive results once more in 2003 as a result of the restructuring measures.

CENTROTEC generated EBIT of EUR 11.4 million in 2002 (pre-goodwill) (previous year EUR 10.2 million).



CENTROTEC's EBIT margin before goodwill in 2002 was 11.6 % (previous year 13.7 %). This figure was remarkable considering the weak state of the economy and the resulting pressure on prices. During the preparation of the annual accounts, it was decided to create additional accruals for restructuring and perform write-down for sales risks for the year under review. These effects, which amount to approximately EUR 2 million, concern primarily the Engineering Plastics segment which has been hardest hit by the economic situation. The EBIT forecast of August 2002 of EUR 12.5 – 13.5 million will consequently no longer be reached.

EBIT (after goodwill) rose from EUR 9.3 million in the previous year to EUR 9.7 million. The net rate of return after taxes, on the other hand, eased off but remained clearly positive at 4.21 %, as against 6.9 % in the previous year. The tax load ratio in the year under review came to 41.2 % (previous year 36.8 %). The increased tax burden, which results substantially from the acquisition of Brink, and higher interest costs (EUR 2.4 million as opposed to EUR 1.2 million in the previous year) are the main factors behind the fall in net earnings, despite the higher EBIT.

ENVIRONMENT – THE DRIVING FORCE BEHIND OUR GROWTH

CENTROTEC's core operations actively contribute towards reducing energy consumption and therefore protecting the environment:



- CENTROTEC's solar energy systems for the generation of power
- CENTROTEC's gas flue systems for modern condensing boilers
- CENTROTEC's heat recovery systems for climate control

CENTROTEC aims to combine the functions heating, ventilation and aeration, climate control and heat recovery into intelligent, technically mature package solutions which thus ultimately help to protect the environment.

Our newly acquired subsidiary Brink is among the technology leaders for heat recovery. The recovery rate of 95% of the energy present in the outgoing air is exceptionally high. Another area on which our attention is focused is cooling systems requiring a lower energy input than conventional air conditioning systems.

The company's production activities, too, help to protect the environment. CENTROTEC is conducting projects aimed at steadily cutting energy consumption at its production plants. The new waste disposal concept for recycling plastic residue has been optimized.

CORPORATE GOVERNANCE

The year under review was the first in which a Declaration of Compliance with the German Corporate Government Code had to be submitted. CENTROTEC accordingly filed this Declaration of Compliance, with

only minor variations. These points (no excess for D&O insurance cover, no sub-committees of the Supervisory Board, no variable remuneration of the Supervisory Board) will, however, likewise be assimilated with the recommendations at the next Shareholders' Meeting or the next time the D&O insurance cover is renegotiated (except for „sub-committees of the Supervisory Board“, to which there is little sense as there are only 3 members).

It is much more important than these details, however, that the fundamental principles of the Code (transparency both internally and externally, effective risk management which includes active monitoring and advice by the Supervisory Board, and active involvement of the shareholders) should be followed. As Centrotec has, since its IPO, adhered to the strict international principles of accounting and transparency which are required by Deutsche Börse and which go way beyond the minimum legal requirements, the company has been in compliance with the core aspects of the Code for many years. It should be noted in particular that Centrotec has a Supervisory Board comprising individuals who are entrepreneurs in their own right; this committee has always very actively advised the Management Board and monitored it expertly

GROUP MANAGEMENT REPORT

of *CENTROTEC Hochleistungskunststoffe AG, Marsberg, for 2002*

RELATED COMPANIES – ARM'S LENGTH PRINCIPLE

Legal transactions with companies in which members of the Supervisory Board and management hold or might hold an interest were conducted in the fiscal year. As a precautionary measure, a dependence report was therefore issued by the Management Board.

Concluding remark from the dependence report: „Pursuant to Section 312 (3) of German Stock Corporation Law, we declare that, on the basis of the circumstances known to us at the time when legal transactions with related companies were conducted or measures taken or forborne, our company received adequate consideration for each legal transaction and was not placed at a disadvantage by the implementation or forbearance of the measure.“

KEY RISKS – BALANCED PRODUCT PORTFOLIO AND INTERNATIONAL PRESENCE BRINGING STABILITY

CENTROTEC practises intensive monitoring of the market and has geared itself up to withstand business cycles through its balanced product portfolio. Declining demand from individual, minor business areas result in minor risks to income. It attempts to minimize these risks by technologically enhancing its products, adjusting the purchasing terms and optimizing the value creation chain, as well as by constantly diversifying the activities which stem from its core

skills. The key ingredient for success is the strategic emphasis on a portfolio to which new, profitable products are constantly being added.

The objective of the company in 2002 was again to refine the risk management system in dialogue with the auditors. The Management Board believes that there are no discernible risks to the survival of the company either in the current fiscal year or in subsequent years. The investment CENTROPLAST emerged as a risk in 2002. Increasingly slack demand in the market for semi-finished products, compounded by price effects, seriously weakened Centroplast's earnings. Restructuring measures were actively drawn up and initiated in response to the risks that came to light, including as a result of internal risk management work. Thanks to the measures initiated, the potential risk has been moderated and, as matters stand, poses no threat to the company's existence.

In view of its relatively broad range of products and customers, its presence in seven countries and its focus on attractive niche markets where the expertise required constitutes an effective barrier to market entry, CENTROTEC Hochleistungskunststoffe AG is shielded relatively well against cyclical factors. The company nevertheless pays considerable attention to existing risks. CENTROTEC has devised a risk management system in which the company is analysed and relevant areas of risk are defined. For these risk areas,



changes in risks are monitored on the basis of reference values and, where necessary, corrective measures initiated.

CENTROTEC is working on the assumption that there will be a sustained rise in demand in its growing niche markets over the next few years. There is nevertheless the risk that technological changes or similar factors could hamper demand for CENTROTEC's products.

A further area of risk is dependence on major customers. The largest customer accounts for less than 10% of consolidated revenue. The second-largest customer accounts for less than 5% of consolidated revenue. The customer structure as a whole is very broad-based. The loss of major accounts could nevertheless diminish earnings.

Throughout the group, the market niches are growing and are relatively immune to cyclical fluctuations. CENTROTEC nevertheless feels the impact of cyclical factors. A much more far-reaching and serious slump in the economy would also have an effect on the company.

CENTROTEC enjoys a secure market position in all segments thanks to a steady stream of new or improved technologies and standards of quality. The risk from factors which undermine competitiveness, such as new competitors, increasing employee power

or substitution products, cannot be excluded in this connection.

The internal risks from Production, Data processing, Accident risks at the plants, Supplier management, Key employees, Capital outlay, Acquisitions, Financing and other risks are constantly monitored by the very fine-meshed internal reporting and controlling system and by means of risk management, with the result that direct corrective action can be taken as soon as any risks arise.

GROUP MANAGEMENT REPORT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg, for 2002



OUTLOOK FOR FISCAL 2003

CENTROTEC will build on its existing market position. The company will successfully maintain its course of growth both through technological innovations and by extending its regional reach, and is resilient enough to take any general economic setbacks in its stride.

As in previous years, new projects which demonstrate the company's innovative capability and bring outstanding customer benefit are scheduled to come to market in 2003.

Following on from a revenue total of EUR 98.4 million in 2002, CENTROTEC will post revenue in excess of EUR 110 million in 2003. Earnings per share are expected to rise by more than 30%. In the past, the long-term average for this growth rate was around double this figure. However, the forecast for future earnings is based solely on organic growth. We do not believe in building acquisitions into our forecasts; they should merely provide supplementary potential as and when they materialize.

Energy-saving trend yielding robust growth

A double-digit rate of organic growth for plastic gas flue systems is expected in 2003. The management believes that the growth generated in 2003 and in

subsequent years will be achieved in other neighbouring European countries as well as Germany, Austria, Switzerland and the Netherlands.

New national energy saving orders, such as the German EnEV which took effect on February 1, 2002, will promote developments in this area. The German legislation requires the replacement of outdated heating systems with economical condensing boilers. Germany and the Netherlands have assumed a pioneering role for condensing boiler technology, which enjoys a share of the overall heating market of more than 90% and 40% respectively. This development is just taking off in other neighbouring European countries. The installation rate there is only 5 – 10%, but we expect that condensing boiler technology is set to achieve double-digit growth rates in those countries.

The heat recovery technology of Brink Climate Systems offers high potential for growth both in its established markets and in other export markets. CENTROTEC enjoys a comfortable technology lead over its competitors, and will defend this lead by maintaining capital expenditure at a high level.

Apart from the insulation of buildings and the use of condensing boiler technology, climate control systems with heat recovery achieve the best input-to-

CO₂ emissions ratio. The Netherlands leads the way in this sector, as in the field of condensing boiler technology: 44 % of all new single-family homes built in 2002 were equipped with heat recovery technology (compared with 28 % in 2001). This technology is still at an early stage of development in Germany, but there are signs of increasing growth. The example of the Netherlands, where similarly tougher energy-saving legislation was introduced four years ago, demonstrates that market growth rates of up to 50 % per year are likewise possible in Germany.

CENTROTEC moreover expects highly attractive growth from the automotive and hi-fi industry in 2003 and beyond for the various potential applications of fibre-reinforced composites. A further major order from a car manufacturer was secured at the start of 2003.

Positive cash flow offers scope for financing acquisition

CENTROTEC will achieve its external growth entirely without capital increases for cash. Nor does CENTROTEC require any injection of outside equity capital to fund the continuing organic growth that is built into its plans.

The stage is set for new products, new areas of business and new markets – CENTROTEC's strategy will again mean that both earnings and revenue will grow dynamically, hand in hand, in 2003.

CENTROTEC Hochleistungskunststoffe AG

Dr. Gert-Jan Huisman,
Finance Director (Chairman)

Martin Beijer,
Plastic Systems, Gas Flue + Solar/Roof Segment

Dr. Alexander Kirsch,
Strategy and Expansion, Engineering Plastics

Rob Slemmer,
Plastic Systems, Climate Segment

Marsberg, March 19, 2003

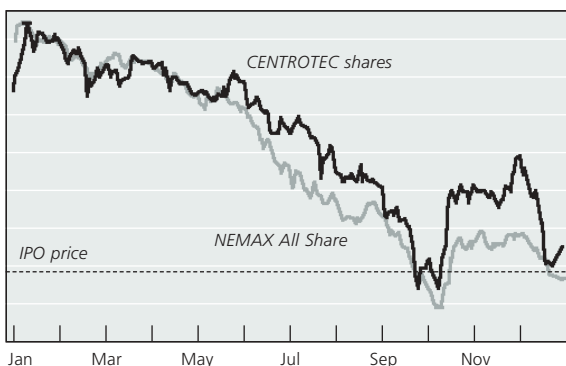


CENTROTEC SHARE PRICE SLUMPS IN 2002

2002 was an exceptionally difficult year on the stock market for the majority of German companies, with a marked downward spiral. Until the summer, demand from the financial community focused predominantly on DAX securities, whereas securities on the Neuer Markt experienced an even sharper fall in their prices. CENTROTEC shares, too, saw their value eroded in the difficult market situation that prevailed throughout 2002. After reaching a year-high of EUR 13.42 in January 2002, the share price fell in line with the movement of the Nemax index, albeit less sharply, to prices in the region of EUR 5.50.

Index outperformed, but unsatisfactory overall performance

Compared with the Nemax All Share, which fell by about 63 % in 2002 to 401 points, CENTROTEC shares fared slightly better than average, with a fall in the price of 47 %.



CENTROTEC shares and the Nemax All Share in 2002

The price development was nevertheless highly unsatisfactory. Having fallen to approx. EUR 4.50 at the time of writing (March 2003), the share price is now even lower than at the time of the IPO – although earnings per share have risen almost seven-fold (pre-goodwill) since 1998, from EUR 0.11 to EUR 0.76.

Market capitalisation at the end of the period under review totalled approx. EUR 42 million. At the present share price of EUR 4.50, the price/earnings ratio for the earnings for fiscal 2002 is 6 (pre-goodwill) or 8 (post-goodwill). Earnings per share (pre-goodwill amortization) were 0.76 per share (pre-goodwill) for the 2002 fiscal year, compared with EUR 0.66 per share in 2000 and EUR 0.84 per share in 2001. After goodwill, the figures are EUR 0.56 for 2000, EUR 0.72 for 2001 and EUR 0.54 for 2002. These figures take into account the rise in the number of shares by 445,975 to 7,667,975 in the course of the year. Earnings per share of at least EUR 1.00 (pre-goodwill) and EUR 0.75 (post-goodwill) are expected for 2003. Based on these indicators, the current price/earnings ratio is only 4.5 and 6.0.

There was an increasing divide between the share price development and the development in the company's substance in the year under review. We hope that this divide between genuine substance and the disappointing price movements will close up again with the reorganization of the stock markets. The systematic repositioning of our shares should help to promote this effect.

	1998	1999	2000	2001	2002	2003(e)
1) P/E	59	50	34	14	14	4-5
2) PEG	0.6	0.6	1.1	0.5	0.5	0.25
3) EPS acc. to IAS	0.11	0.16	0.58	0.84	0.76	> 1.00
4) Price	6.-	8.-	20.-	12.-	11.00	4.50
5) Growth	60 %	60 %	30 %	30 %	20-30 %	20-30 %

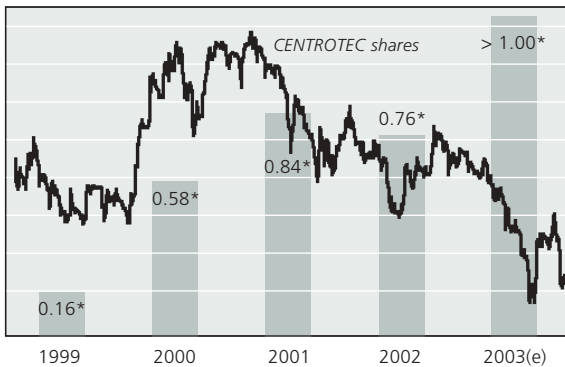
1) Price/earnings ratio

2) Price/earnings to growth

3) Adjusted for goodwill amortization and one-off IPO costs

4) Price in the first quarter of each year ('98: IPO price)

5) Anticipated long-term growth rate for earnings in each year



CENTROTEC share price and EPS

*Earnings per Share (EUR)

CENTROTEC's investor relations work

We maintain intensive contact with investors and analysts. In order to satisfy the comprehensive need for information from the financial community, we organise road shows, one-to-one talks, press conferences and analysts' events. We are in addition gradually extending the investor relations pages on the CENTROTEC website. At the end of the reporting period, the first edition of a newsletter entitled „CENTROtext“ was published and sent to all interested parties throughout the financial community and to other associates of the company.

Repositioning: CENTROTEC in the Prime Standard

In response to the loss of confidence among investors and issuers in the Neuer Markt, Deutsche Börse AG divided the entire stock market into two new tiers at

the start of the year: the „Prime“ and the „Domestic Standard“.

The Management Board of CENTROTEC Hochleistungskunststoffe AG welcomes the reorganization of the German stock market and has already obtained admission of CENTROTEC Hochleistungskunststoffe AG to the Prime Standard. In being admitted to this higher-grade stock market tier, the company management has declared its commitment to continuing its culture of open communication, transparency and sound corporate governance.

It is hoped that the introduction of the new stock market tiers will once again engender more confidence in the capital market in general, and in CENTROTEC shares in specific.

The medium-term objective is to position CENTROTEC shares as environmental shares with a clear profile instead of as (non-specific) Neuer Markt shares. In the current market situation, there appears to be little interest in midcaps among institutional investors. However, the tide will turn again. We therefore systematically approach investors who want to make a long-term commitment, who are receptive to high-growth, profitable midcaps and who are particularly interested in companies operating in the field of sustainability products. CENTROTEC has plenty to offer investors in these areas.

CONSOLIDATED BALANCE SHEET

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

AT DECEMBER 31, 2002

in EURO

ASSETS

		31.12.2002	31.12.2001
Current assets			
Cash and cash equivalents		3,172,134.99	1,236,629.22
Trade account receivables	[1]	13,535,280.25	9,820,403.49
Inventories	[2]	13,931,078.20	11,237,190.74
Prepaid expenses and other			
current assets	[3]	2,114,356.46	1,043,058.44
Income tax receivable		443,768.89	1,254,689.22
		33,196,618.79	24,591,971.11
Noncurrent assets			
Property, plant and equipment	[4,5]	27,163,023.29	21,743,091.97
Intangible assets	[4,6]	450,511.40	417,900.97
Financial investments	[4,7]	33,576.07	409,063.19
Notes receivable/loans	[4,8]	45,922.56	528,255.53
Goodwill	[4,9]	26,091,245.71	11,468,555.81
Deferred tax	[10]	877,773.73	405,178.36
		54,662,052.76	34,972,045.83
		87,858,671.55	59,564,016.94

EQUITY AND LIABILITIES

		31.12.2002	31.12.2001
Current liabilities			
Current portion of capital lease obligation	[11]	104,343.44	151,915.19
Short term debt and current portion			
of long-term debt	[12]	15,426,493.88	8,587,195.60
Trade accounts payable		6,095,962.46	5,354,734.94
Accrued expenses	[13]	2,702,232.58	475,459.27
Income tax payable	[25]	1,451,371.34	2,713,039.94
Other current liabilities	[14]	6,849,940.35	5,775,700.05
		32,630,344.05	23,058,044.99
Noncurrent liabilities			
Long-term debt less current portion	[12]	24,828,333.02	15,458,957.67
Capital lease obligations less current portion	[11]	187,726.30	247,311.30
Deffered tax	[15]	2,152,395.85	1,237,540.56
Pension accrual	[16]	356,510.19	375,584.48
		27,524,965.36	17,319,394.01
Shareholders' equity			
Share capital	[17]	7,667,975.00	7,222,000.00
Additional paid-in-capital	[17]	10,127,858.32	6,036,033.32
Treasury stock	[17]	(112,394.90)	(112,394.90)
Currency translation differences in shareholders' equity	[17]	(136,110.36)	33,149.79
Retained earnings/accumulated deficit	[17]	6,007,789.89	857,225.58
Accumulated consolidated income/loss	[17]	4,148,244.19	5,150,564.15
		27,703,362.14	19,186,577.94
		87,858,671.55	59,564,016.94

Shareholders' equity

in T EURO	Share capital	Addid. paid-in capital	Treasury stock	Currency translation differences in-sharholders' equity	Retained earnings	Accumulated income	Consolidated equity
December 31, 2000/ January 1, 2001	7.200	5.895	(112)	(40)	857	0	13.800
Consolidated income						5.151	5.151
Changes from currency translation differences				73			73
Chnages due to exercised options	22	141					163
December 31, 2001	7.222	6.036	(112)	33	857	5.151	19.187
Allocation to retained earnings					5.151	(5.151)	0
December 31, 2001/ January 1, 2002	7.222	6.036	(112)	33	6.008	0	19.187
Consolidated income						4.148	4.148
Changes due to the akquisition of Brink Climate Systems	446	4.092					4.538
Changes from currency translation differences				(170)			(170)
December 31, 2002	7.668	10.128	(112)	(137)	6.008	4.148	27.703

CONSOLIDATED

INCOME STATEMENT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

FOR THE FINANCIAL YEAR 2002

in EURO

		01.01.2002 31.12.2002	01.01.2001 31.12.2001
Revenues	[18]	98,372,659.00	74,283,735.78
Other operating income	[19]	663,875.53	1,334,994.46
Changes in inventories of			
finished goods and work in progress	[20]	(78,153.27)	310,290.99
Production for own fixed assets capitalized	[4,6]	68,663.73	41,448.15
Cost of purchased materials and services	[21]	(42,391,776.83)	(34,325,065.10)
Personnel expenses	[22]	(24,505,843.77)	(16,168,196.92)
Depreciation and			
amortization	[4]	(4,194,606.99)	(3,235,607.25)
Amortization (and impairment) of goodwill	[4]	(1,687,533.11)	(840,119.13)
Other operating expenses	[23]	(16,570,503.10)	(12,079,472.99)
Operating income/loss		9,676,781.19	9,322,007.99
Interest income and expenses	[24]	(2,436,600.74)	(1,170,031.27)
Other income/expenses		(251,000.00)	0.00
Result before income taxes (and minority interest)		6,989,180.45	8,151,976.72
Income tax	[25]	(2,840,936.26)	(3,001,412.57)
Net income/loss	[26]	4,148,244.19	5,150,564.15
Earnings per share			
Earnings per share (basic, adjusted*)	[26]	0.76	0.84
Earnings per share (basic)	[26]	0.54	0.72
Earnings per share (diluted)	[26]	0.54	0.71
Weighted average shares outstanding (basic)	[26]	7,660,713	7,201,796
Weighted average shares outstanding (diluted)	[26]	7,660,713	7,266,264

* Amortization of goodwill eliminated

CASH FLOW STATEMENT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

FOR THE FINANCIAL YEAR 2002

in TEURO

		2002	2001
Net income before taxes and interest		9,677	9,322
Depreciation		5,883	4,076
Gain/loss on disposal of			
non-current assets		0	0
Other non-cash items		0	0
Increase/decrease in provisions		647	(342)
Increase/decrease			
in inventories, trade receivables and other assets that			
cannot be allocated to investing or financing activities		(761)	(323)
Increase/decrease			
in trade payables and other liabilities that			
cannot be allocated to investing or financing activities		(2,386)	(1,901)
Interest paid		(2,141)	(962)
Income taxes paid		(4,209)	(2,056)
Cash Flow from operating activities	[27]	6,709	7,814
Acquisition of share in participations -			
net of cash acquired	[28]	(21,738)	(2,141)
Purchase of property, plant and equipment/ intangible assets		(4,508)	(3,962)
Proceeds from disposal of property, plant and equipment/intangible assets		1,130	151
Cash Flow from investing activities	[27]	(25,116)	(5,952)
Proceeds from issuance of shares		4,287	140
Proceeds from			
borrowings / repayment of borrowings		11,904	(2,081)
Acquisition of treasury shares		0	0
Cash Flow from financing activities		16,191	(1,941)
Change in liquid funds	[29]	(2,215)	(79)
Liquid funds at the beginning of the financial year	[29]	(375)	(296)
Liquid funds at the end of the financial year	[29]	(2,590)	(375)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

FOR THE FINANCIAL YEAR 2002

The Consolidated Financial Statements have been prepared in accordance with the "International Accounting Standards" (IAS) issued by the International Accounting Standards Board (IASB), and audited by the company's auditors. All IAS and SIC interpretations, the application of which is mandatory from January 1, 2002, have been applied.

The Consolidated Financial Statements for the 2002 fiscal year prepared in accordance with IAS release the company from the requirement to prepare consolidated financial statements pursuant to Section 292a (2) of German HGB. Centrotec Hochleistungskunststoffe AG, as the parent company of the Centrotec Group, is however required to prepare separate financial statements in accordance with the requirements of German commercial law; these are published in the Annual Report.

On certain aspects the International Accounting Standards deviate from the balance sheet requirements generally applicable in the Federal Republic of Germany and the statutory accounting requirements as substantially codified in German HGB. The fundamental differences relate to the recognition of deferred tax assets and liabilities from temporary valuation differences and future tax advantages from loss carryforwards, the capitalization of own development work and self-produced software, the accounting of objects leased on the basis of finance lease agreements, the reporting and measurement of treasury shares and the netting of costs from the IPO against shareholders' equity. The other differences are not material.

The Consolidated Financial Statements are in agreement with EU Directive 83/349 on the basis of the directive's interpretation in accordance with DRS 1 of the German Accounting Standards Committee.

A. Structure and business activities of the group

The Centrotec Group ("Centrotec") is a specialist supplier for systems and components of high performance plastics. Centrotec has two major business segments: (1) "Engineering Plastics" comprises the supply of semi-finished plastic products, prefabricated products and assemblies for small series in machinery, building construction, transportation and other applications, as well as products made from fibre reinforced composites. The production operations specialize in the processing of engineering plastics and high temperature plastics. Being specialized in small series and prototyping, this business line also functions as a powerhouse of ideas for the second business segment (2) "Systems". Here, plastics based systems for diverse applications are developed, produced and marketed. Major systems are plastic gas flue systems (for heating systems), ventilation systems, and roof systems with a high plastic content. In addition to the use of plastics, this business line focuses on the idea of offering

integrated, self-contained units and establishing a competitive edge through innovative developments. As well as the existing businesses, Centrotec defines its business purpose as creating and acquiring new businesses and new companies which are related through their expertise in innovative plastics. Both segments are run as primary segments. Geographical segmentation is performed as a complementary measure.

As at the balance sheet date December 31, 2002, Centrotec is an international group with subsidiaries in seven European countries, with annual revenue of EUR 98 million and around 600 full-time employees (FTE); previous year 385 (FTE).

Centrotec was listed as a public limited liability company in 1998, though the plastics activities of its subsidiaries go back further. Centrotec is entered on the Commercial Register of the Local Court of Arnsberg, Germany, under the number HRB 2161. The Group's head office is located at Unterm Ohmberg 1, 34431 Marsberg, Germany. The Group's parent, Centrotec Hochleistungskunststoffe AG, Marsberg ("Centrotec AG"), was listed on the Frankfurt Stock Exchange, "Neuer Markt" tier, from December 8, 1998 under the codes CEV and WKN 540750. As a result of the reorganization of the stock market tiers following the closure of the "Neuer Markt" tier, Centrotec Hochleistungskunststoffe AG has been listed on the "Prime Standard" stock market tier. Centrotec Hochleistungskunststoffe AG is not part of a superordinate group, and is the ultimate parent company of the group presented in these Notes.

B. Consolidation, recognition and measurement

Background

The Consolidated Financial Statements as at December 31, 2002 have been prepared in accordance with the requirements of the International Accounting Standards (IAS), taking account of the guidelines on "Structured Quarterly Reports" laid down by Deutsche Börse AG. The structure is parallel to that of the quarterly reports. Unless otherwise indicated, the amounts quoted in the Consolidated Financial Statements are in thousand euros.

The balance sheet date of the consolidated companies is December 31, 2002. The income statement covers the period from January 1 to December 31, 2002 and applies the type of expenditure (total cost) format.

Consolidated companies

The Consolidated Financial Statements of Centrotec AG include all direct and indirect subsidiaries of the parent pursuant to IAS 27 and IAS 31. In addition to the parent

Centrotec Hochleistungskunststoffe AG, the following companies were consolidated in the 2002 fiscal year:

Company	Place and country of incorporation	Share of capital	Share capital/limited liability capital	Currency	Founded/acquired
Comprehensive consolidation					
Centroplast Kunststoffzeugnisse GmbH	Marsberg, D	100 %	250,000.00	EURO	01.08.1990
Centrotherm Abgastechnik GmbH	Brlon, D	100 %	102,258.38	EURO	15.12.1993
Centrotec Composites GmbH	Brlon, D	100 %	27,000.00	EURO	01.08.1990
Ubbink Holding B.V.	Doesburg, NL	100 %	20,003.09	EURO	01.11.1999
Ubbink Nederland B.V.	Doesburg, NL	100 %	46,246.00	EURO	21.12.1999
Ubbink N.V./S.A.	Mariakerke, B	100 %	140,059.84	EURO	21.12.1999
Ubbink UK Ltd.	Brackley, UK	100 %	57,330.06	EURO	21.12.1999
Ubbink Distribution S.a.r.l.	Nantes, F	100 %	152,449.02	EURO	21.12.1999
Centrotherm Gas Flue Technology Italy S.R.L.	Milano, I	100 %	10,000.00	EURO	19.10.2000
Rolf Schmidt Industriplast A/S	Kolding, DK	100 %	403,393.89	EURO	16.03.2001
Brink Climate Systems B.V.	Staphorst, NL	100 %	2,004.00	EURO	01.11.1999
Deveko B.V.	Deventer, NL	100 %	18,052.00	EURO	02.01.2002
Golu B.V.	Soest, NL	100 %	18,052.00	EURO	02.01.2002
Kempair B.V.	Eindhoven, NL	100 %	18,052.00	EURO	02.01.2002
Centrotherm International GmbH	Brlon, D	100 %	25,000.00	EURO	18.12.2002
Proportionate consolidation					
Bond Laminates GmbH	Brlon, D	24.95 %	93,800.00	EURO	21.11.2000
Companies not included in consolidation					
Haskotherm B.V.	Joure, NL	40.00 %	15,882.31	EURO	02.01.2002

The joint venture Bond Laminates is included in the Consolidated Financial Statements on the basis of the regulations on proportionate consolidation. Joint control is established by a cooperation agreement between Bond Laminates, Centrotec Hochleistungskunststoffe AG and the other shareholders in conjunction with a participation contract pertaining to the acquisition of the stake in Bond Laminates. Centrotec exercises no controlling influence over the participating interest in Haskotherm BV. Brink Climate Systems was initially purchased by our group company Ubbink International. Brink was then merged with Ubbink International on December 12, 2002 and renamed Brink Climate Systems.

The total amounts at which the Brink Climate Systems Group is included in the Consolidated Financial Statements are shown in the following table. In view of the fact that Brink Climate Systems BV (formerly Brink Luchtverwarming BV) was hived off as part of an existing company following its acquisition and extensive restructuring measures were performed in the context of the aforementioned merger, comparative figures for previous years have no informative value.

Brink Climate Systems BV

<i>in T EURO</i>	2002
Assets	
Current assets	6,292
Non-current assets	20,371
	26,663
Equity and liabilities	
Current liabilities	6,194
Non-current liabilities	14,730
	20,924
Net assets	
	5,739
Income	23,486
Expenses	22,305
Net income	
	1,181

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

FOR THE FINANCIAL YEAR 2002

Changes in the group

First-time consolidation of Brink Climate Systems BV
Centrotec Hochleistungskunststoffe AG, Marsberg, acquired 100% of the shares of Brink Climate Systems BV (formerly Brink Luchtverwarming BV), Staphorst, the Netherlands, with effect from January 2, 2002.

Pursuant to IAS 27, Brink Climate Systems was included in the Consolidated Financial Statements for the first time with effect from January 2, 2002. Brink Climate Systems was acquired for a total purchase price of EUR 22.7 million. Part of the purchase price was paid in the form of 445,975 shares. The excess of the purchase price for the company Brink Climate Systems over its net equity was EUR 16.3 million and has been recorded as goodwill that will be amortized on a straight-line basis over 20 years.

Consolidation methods

The financial statements of the domestic and foreign subsidiaries included in consolidation have been prepared with uniform recognition and measurement policies corresponding to those of the parent company, in accordance with IAS 27 and IAS 31, examined, and granted an unqualified audit certificate.

The cost of acquisition of an investment is offset against the acquirer's interest in the acquiree's net equity at the time of initial inclusion in the Consolidated Financial Statements. The acquiree's net equity is the fair value of the assets, liabilities and deferrals included in the Consolidated Financial Statements. Any excess of the cost of acquisition over the acquiree's pro rata net equity is recognized as goodwill. It is amortized with effect on income over its useful life of 15 – 20 years.

Intra-group gains, losses, revenues, expenses and earnings as well as accounts receivable and payable between consolidated companies have been eliminated in accordance with IAS 27. For consolidation measures with effect on income, the effects on income taxes are accounted for and deferred taxes are recognized in accordance with IAS 12.

Investments in joint ventures are reported in the Consolidated Financial Statements on the basis of the regulations on proportionate consolidation. The Consolidated Balance Sheet contains the group's share of the assets and liabilities of the joint venture. The Consolidated Income Statement contains the group's share of the income and expense items of the joint venture. Each of the assets, liabilities, income and expense items of the joint venture is combined with the corresponding items in the Consolidated Financial Statements on a pro rata basis.

Investments are included in the Consolidated Financial Statements by the equity method if the proportion of ownership interest is between 20% and 50% or if the group exercises considerable influence but no control.

Any inter-company profits from trade have been eliminated on a pro rata basis if the companies concerned had not left the group as of the balance sheet date.

Foreign currency translation

Financial statements of foreign group companies are translated into euro where necessary. The functional currency of the investments is the national currency, as these companies operate their business as an independent foreign entity in financial, economic and organizational terms. Assets and liabilities are translated at closing rates, and expense and income items are translated at average exchange rates for the year under review. Any currency translation differences are recognized in equity with no effect on income.

Any goodwill arising on the acquisition of a foreign entity and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign entity are treated as assets and liabilities of the parent enterprise which are either already expressed in the reporting currency or are non-monetary foreign currency items which are reported using the exchange rate at the date of the transaction.

Accounting and valuation policies

(a) **Intangible assets** are capitalized at cost and amortized in accordance with their anticipated useful lives. According to IAS 38, development costs are to be capitalized as "intangible assets" insofar as the six criteria stated in IAS 38 are met cumulatively. Capitalization is mandatory if it is likely that the development activities will lead to a future economic benefit which will cover the development costs in addition to the normal costs. Further criteria in respect of the development project and the product or process being developed must in addition be satisfied. Capitalized development costs are written down by the straight-line method over a useful economic life of 5 years, once market maturity has been attained. No development costs that represented expense in previous periods were capitalized in later periods. Purchased software and own software developments are written down by the straight-line method over 3 years. Government grants in the form of investment subsidies and grants are distinguished from the capitalized development costs on the assets side of the Consolidated Financial Statements in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance". Any goodwill arising in the separate financial statements in accordance with IAS

22 is amortized over its useful life of 15 – 20 years. The amortization of goodwill and of fair value adjustments to the carrying amounts of assets in the context of the consolidation of capital are included in the depreciation and amortization in the Consolidated Income Statement, pursuant to IAS 22.

(b) Property, plant and equipment are stated at cost less cumulative regular depreciation, pursuant to IAS 16. Depreciation is charged according to the straight-line method. Buildings are depreciated over a period of 20 to 33 years and factory and office equipment over a period of 3 to 10 years. If necessary, property, plant and equipment are written down to fair value if lower. Impairment losses are shown in the Income Statement under depreciation and amortization. If the reasons for an impairment loss recognized for an asset in prior years no longer exist or have decreased, that impairment loss is reversed accordingly.

(c) Non-current financial assets are measured at cost, including transaction costs. If necessary, an impairment loss down to the lower fair value is recognized. Financial assets comprise investment securities and other loans.

(d) Inventories are measured at cost or at the lower market or fair value at the balance sheet date, in accordance with IAS 2. The cost is computed using the weighted average cost method.

The cost of conversion for work in progress and finished goods consists of direct costs of materials, direct labour as well as appropriate shares of production-related indirect materials and indirect labour. Appropriate discounts are performed for sales-related risks.

(e) Accounts receivable and other assets are stated at nominal value. Adequate provisions for losses have been made to cover identified risks.

(f) Deferred tax relates to tax deferrals resulting from temporally diverging valuations between the commercial and tax balance sheets of the group companies, and from consolidation processes; this item is netted for each fiscal country and reported as either a deferred tax asset or a deferred tax liability. The deferred tax assets also include tax rebate claims resulting from the anticipated use of existing loss carryforwards in subsequent years and which are to be realized with reasonable certainty. Deferred tax is determined on the basis of the tax rates which apply in the individual countries in the year following the year under review.

(g) Cash and cash equivalents are recorded at their nominal value. They comprise cash on hand, demand deposits, and deposits with a maturity of one month or less. Cash and cash equivalents denominated in a foreign currency are translated using the exchange rate on the balance sheet date. Cash and cash equivalents are also stated in the cash flow statement. Bank overdrafts repayable on demand form an integral part of the group's cash management. Bank overdrafts are therefore included as a component of cash and cash equivalents for the purpose of the cash flow statement. In the balance sheet, however, those overdrafts are included in the liabilities to banks.

(h) Marketable securities consist of investment in securities that are traded in liquid markets, are held for the purpose of investing in liquid funds and are not generally intended to be retained on a long-term basis. Marketable securities are stated at the lower of cost or market value. Adjustments in valuation are included in the income statement. Interest and dividends received on marketable securities are reported. Gains and losses from the disposal of marketable securities are included in the income statement. On all reporting dates Centrotec did not hold any marketable securities.

(i) Prepaid expenses comprise expenditures prior to the balance sheet date that pertain to a determinable period after that date.

(j) The pension accrual is calculated on the basis of the present value of future commitments pursuant to IAS 19 according to the benefit/years of service method, taking into account future pay and pension increases and the mortality tables currently available.

(k) Stock options are generally shown with no effect on income, rather than measured according to the fair value method.

(l) Other accruals and provisions are created for all identified risks and obligations at the balance sheet date resulting from previous business transactions and previous occurrences, where the amount and due date are uncertain. These accrued expenses are stated at the amount of settlement and are not netted against revenue and gains. Accruals are only created where a legal or factual obligation to third parties exists.

(m) Liabilities are carried at their redemption amount. Transaction costs are recognized as an expense in the period in which they are incurred. Discounts on loans are capitalized as prepaid expenses and amortized over the term of the loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

FOR THE FINANCIAL YEAR 2002

(n) Leases are reported separately according to finance leases and operational leasing, pursuant to IAS 17. The individual capital lease obligations are in addition classified according to their maturities (< 1 year; 1-5 years; > 5 years). The presentation shows the nominal leasing instalments including interest component for the finance lease, and the present values for operational leasing. Payments for operative leases are reported on a linear basis as an expense over the term of the agreement.

(o) Deferred income records revenues for the following financial year/s received prior to the balance sheet date.

(p) Revenue is realized if it is probable that the economic benefits associated with the transaction will flow to the group and the amount of the revenue can be measured reliably. Revenue is recognized net of sales taxes and discounts when delivery has taken place and transfer of risks and rewards has been completed. Dividends are realized when the shareholders' right to receive payment is established.

(q) Interest is recognized as expense on a time proportion basis that reflects the terms of the asset or liability.

(r) Exchange differences resulting from transactions in foreign currencies or the devaluation of assets denominated in foreign currencies and the upward revaluation of liabilities at the balance sheet date are recognized as income or expense.

(s) In the Segment Report (cf. [18]), the company is divided into the primary segments "Engineering Plastics" and "Systems"; the secondary segments apply the geographical criteria of "Euro countries", "European non-euro countries" and "Other".

Financial risk management objectives and policies

The Centrotec Group operates internationally, but is largely restricted to the euro zone. A small portion of its activities takes place in the United Kingdom, Denmark, the USA and China. This gives rise to a limited exposure to market risks from changes in interest and foreign exchange rates. As it is small, Centrotec has until now followed a policy of not using any derivative financial instruments to mitigate those risks.

Credit risk is the risk of failures by counterparties to discharge their obligations. The maximum credit risk is the aggregate of the carrying amounts of financial assets in the balance sheet which are recognized net of any applicable provisions for loss. The counterparties to financial assets mainly consist of customers in Germany, France, Belgium, the UK, the Netherlands, Denmark, Austria, Switzerland, the USA and China.

Credit risks regarding accounts receivable are substantially controlled by the application of credit approvals, limits and monitoring procedures. The level of a credit limit reflects the creditworthiness of a counterparty and the typical size of transaction volume with that counterparty. Centrotec has no significant concentration of credit risk with any single customer.

Other assets essentially comprise receivables due from a wide range of different counterparties.

C. Notes to the consolidated financial statements

Notes to the consolidated balance sheet and consolidated income statement

[1] Trade accounts receivable

Trade accounts receivable rose by EUR 3.7 million to EUR 13.5 million in the year under review. All are due within one year. Trade accounts receivable are reported at nominal value. These items serve almost exclusively as security for bank loans. Adequate provisions for losses on accounts receivable totalling EUR 343 thousand (previous year EUR 243 thousand) have been made on a case by case basis to cover identified risks.

[2] Inventories

The following table provides a breakdown of the entire carrying amount of inventories. Where the cost price of inventories is higher than their market or fair value, the table shows the net realizable value of these inventories. These items serve almost exclusively as security for bank loans. A further table shows inventories broken down according to category.

Inventories

in T EURO	2002	2001
Inventory at cost	12,615	11,058
Inventory at net realizable value		
Original value at cost	3,262	633
Provision for obsolescence	(1,946)	(454)
Net realizable value	1,316	179
	13,931	11,237

Inventories

in T EURO	2002	2001
Raw material and consumables used	4,450	3,160
Work in progress	1,151	1,232
Finished goods	8,330	6,845
	13,931	11,237

[3] Prepaid expenses and other current assets

At December 31, 2002 and December 31, 2001, the other current assets were due within one year.

The nominal value as the carrying amount of receivables is subject to normal trade credit terms and thus corresponds to the fair value. As the payment periods are significantly shorter than one year, there is no need for depreciation. The other current assets include tax claims totalling EUR 444 thousand (2001: EUR 1,255 thousand), as well as a receivable totalling EUR 407 thousand from the sale of the interest in Click Plastics.

Prepaid expenses include capitalized debt discounts of EUR 80 thousand (2001: EUR 123 thousand). The following table shows a breakdown of prepaid expenses and other current assets.

Other current assets

in T EURO	2002	2001
Other accounts receivable	1,596	637
Prepaid expenses	518	406
	2,114	1,043

[4] Asset movement schedule

The classifications and movements of individual items in non-current assets are shown in the following schedule. Property, plant and equipment serve almost exclusively as security for bank loans. Write-backs for buildings and machinery were performed following the acquisition of Brink Climate Systems. The necessary up-to-date valuations were prepared for this purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

FOR THE FINANCIAL YEAR 2002

Historical costs

in TEURO

	2001	First-time con- solidation Brink Lucht- verwarming	Additions	Disposals	Reclasses adjustment	Exchange	2002
Property, plant and equipment	61,124	11,796	4,216	(911)	(7)	(24)	76,194
Land and buildings	21,522	5,350	1,215	0	2	1	28,090
Technical equipment and machinery	30,203	6,446	1,680	(795)	789	(5)	38,318
Other equipment, operating and office equipment	9,111	0	512	(110)	8	(20)	9,501
Payments on account and tangible assets in course of construction	288	0	809	(6)	(806)	0	285
Intangible assets	1,471	488	249	(71)	7	(3)	2,141
Industrial rights and similar rights	23	0	24	0	0	0	47
Software	1,083	488	225	(71)	7	(3)	1,729
Capitalized development costs	365	0	0	0	0	0	365
Financial assets	409	17	19	(411)	0	0	34
Shares in related companies	0	0	0	0	0	0	0
Investment securities	409	0	2	(411)	0	0	0
Investments	0	17	17	0	0	0	34
Notes receivable/loans	528	46	23	(520)	0	(31)	46
Goodwill	14,799	0	16,312	(2)	0	0	31,109
Total fixed assets	78,331	12,347	20,819	(1,915)	0	(58)	109,524

Depreciation and amortization

in TEURO

	2001	First-time consolidation Brink Lucht- verwarming	Additions	Disposals	Reclasses adjustment	Exchange	2002
Property, plant and equipment	39,381	6,703	3,813	(840)	0	(26)	49,031
Land and buildings	7,045	1,230	817	0	0	(1)	9,091
Technical equipment and machinery	24,743	5,473	2,343	(739)	0	(7)	31,813
Other equipment, operating and office equipment	7,593	0	653	(101)	0	(18)	8,127
Payments on account and tangible assets in course of construction	0	0	-0	0	0	0	0
Intangible assets	1,052	317	382	(58)	0	(3)	1,690
Industrial rights and similar rights	9	0	10	0	0	0	19
Software	833	317	298	(58)	0	(3)	1,387
Capitalized development costs	210	0	74	0	0	0	284
Financial assets	0	0	0	0	0	0	0
Shares in related companies	0	0	0	0	0	0	0
Investment securities	0	0	0	0	0	0	0
Investments	0	0	0	0	0	0	0
Notes receivable/loans	0	0	0	0	0	0	0
Goodwill	3,331	0	1,687	0	0	0	5,018
Total fixed assets	43,764	7,020	5,882	(898)	0	(29)	55,739

in TEURO

Net carrying values

	2001	Change	Exchange adjustment	2002
Property, plant and equipment	21,743	5,420	(50)	27,163
Land and buildings	14,477	4,523	(1)	18,999
Technical equipment and machinery	5,461	1,044	(11)	6,505
Other equipment, operating and office equipment	1,517	(144)	(38)	1,374
Payments on account and tangible assets in course of construction	288	(3)	0	285
Intangible assets	418	33	(5)	450
Industrial rights and similar rights	14	14	0	28
Software	250	92	(5)	342
Capitalized development costs	154	(74)	0	80
Financial assets	409	(375)	0	34
Shares in related companies	0	0	0	0
Investment securities	409	(409)	0	0
Investments	0	34	0	34
Notes receivable/loans	528	(482)	(31)	46
Goodwill	11,469	14,623	0	26,091
Total fixed assets	34,567	19,218	(87)	53,784

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[5] Property, plant and equipment

Land and buildings consist mainly of production and office facilities in Staphorst, Marsberg, Brilon, Doesburg and Kolding. Extension work on the production and logistics centre at the Brilon site commenced in October 2002. Technical equipment and machinery at the production plants was extended and technologically upgraded. Other equipment, operating and office equipment consists of various items in production, warehouses and offices. Payments on account comprise merely machinery and equipment items at the balance sheet date. The classifications and movements of property, plant and equipment are shown in the asset movement table in [4]; these details contain the capital investments in fixed assets in the acquisition Brink Climate Systems BV since its first-time consolidation.

The Centrotec Group has commitments totalling EUR 330 thousand (previous year EUR 252 thousand) at the balance sheet date. These relate substantially to production facilities and to an extension to a production building at the Brilon site.

[6] Intangible assets

The classifications and movements of intangible assets are shown in the asset movement schedule stated under [4].

Expenses for predominantly internal research and development in the fiscal year amounted to EUR 1,405 thousand (previous year EUR 1,160 thousand). Development activities focused mainly on plastic gas flue components, ventilation and solar systems, new composites applications and own software developments. The results of these efforts can be used for a variety of customers. In addition, research was carried out to better understand and control the gas and air flow in plastic systems as well as the impact of heat, water and air on plastic materials and components.

No commitments exist for the acquisition of intangible assets. Research costs are not capitalized. Production for own fixed assets capitalized in the main relates to projects for the development of company-specific software.

[7] Financial assets

The movements of individual items in financial assets are shown in the asset movement schedule under [4]. The interest in Click Plastic Böhl-Iggelheim, Germany, was sold during the year under review at a price of EUR 407 thousand. This is roughly equivalent to its cost in 2000.

[8] Notes receivable/loans

The largest item in notes receivable/loans from the previous year was a loan of EUR 528 thousand to Rega Ductex Ltd. Due to the difficult economic position of Rega Ductex Ltd. the company was restructured, during the course of which an amount of EUR 277 thousand of this sum was redeemed. The "Ductex" brand, which enjoys a high profile in the United Kingdom for ventilation products, was acquired in the process. An amount of EUR 251 thousand was amortized.

[9] Goodwill

The goodwill totalling EUR 26.1 million reported at December 31, 2002 originates from the acquisition of Ubbink Systemtechnik (Ubbink Holding B.V., Ubbink Nederland B.V., Ubbink (UK) Ltd., Ubbink N.V./S.A. and Ubbink Distribution S.a.r.l.) and from the acquisition of an interest in Bond Laminates and the acquisition of Rolf Schmidt Industri Plast A/S, Denmark (all in previous years), as well as the acquisition of Brink Climate Systems BV (EUR 16.3 million, in the year under review). It reflects the amount by which the acquisition cost exceeded the fair value of the net assets in each case. The goodwill from the acquisition of Brink Climate Systems will be amortized according to schedule over its useful life of 20 years using the straight-line method. This goodwill amortization is included in the income statement under the item "Amortization (and impairment) of goodwill".

[10] Deferred tax assets

Pursuant to IAS 12, deferred tax assets describe the difference between the earnings according to commercial law and the taxable earnings. This amount results substantially from the pension accrual and from changes to depreciation periods.

The current deferred taxes total EUR 851 thousand, and the non-current deferred taxes total EUR 27 thousand.

[11] Capital lease obligation

Leasing arrangements are entered into to a limited extent. The decision on whether to finance an investment by bank loan or by lease agreement is reached on a case-by-case basis and depends primarily on the prevailing terms available at the time of deciding. At the balance sheet date, there were capital lease obligations pursuant to IAS 17 (Finance Leases) totalling EUR 292 thousand (present value), of which EUR 104 thousand (previous year EUR 152 thousand) were current (with a term of less than 1 year). There were medium-term capital lease obligations (1 – 5 years) totalling EUR 188 thousand (previous year EUR 247 thousand) at the balance sheet date. In the case of software, these were principally in respect of the program BaaN IV and in the case of technical equipment and machinery, two sophisticated CNC lathes and milling cutters.

The following table shows the corresponding nominal leasing instalments including the interest component, broken down according to the term and category of the leased articles.

Finance leases

<i>in T EURO</i>	<i>2001 Total</i>	<i>Due in up to one year</i>	<i>Due in 1 to 5 years</i>	<i>Due in over 5 years</i>
Software	29	29	0	0
Technical equipment and machinery	363	125	238	0
Other equipment	42	15	27	0
	434	169	265	0
<i>in T EURO</i>	<i>2002 Total</i>	<i>Due in up to one year</i>	<i>Due in 1 to 5 years</i>	<i>Due in over 5 years</i>
Technical equipment and machinery	284	104	180	0
Other equipment	27	10	17	0
	311	114	197	0

At the balance sheet date Centrotec has non-capitalized, operative lease obligations totalling EUR 3,098 thousand (previous year EUR 2,622 thousand) over the remaining time

to maturity. The following table shows the corresponding leasing instalments, broken down according to the term and category of the leased articles.

Operational leasing

<i>in T EURO</i>	<i>2001 Total</i>	<i>Due in up to one year</i>	<i>Due in 1 to 5 years</i>	<i>Due in over 5 years</i>
Property	2,084	225	753	1,106
Vehicles	473	224	249	0
Other equipment	65	17	48	0
	2,622	466	1,050	1,106
<i>in T EURO</i>	<i>2002 Total</i>	<i>Due in up to one year</i>	<i>Due in 1 to 5 years</i>	<i>Due in over 5 years</i>
Property	1,753	193	693	867
Vehicles	1,283	614	669	0
Other equipment	61	22	39	0
	3,097	829	1,401	867

[12] Loans payable

The following table shows bank liabilities and other non-current loans, broken down according to real estate loans, general credit facilities and other loans. These liabilities

showed a year-on-year increase of EUR 16,089 thousand at the balance sheet date. The reason is the acquisition of Brink Climate Systems.

Liabilities

<i>in T EURO</i>	<i>Original principal amount</i>	<i>Outstanding amount as at Dec. 31, 2002</i>	<i>Outstanding amount as at Dec. 31, 2001</i>	<i>Interest rate</i>	<i>Exit date</i>
Real estate loans	17,169	15,603	11,203	5.6 – 6.7%	2007 – 2021
General credit facilities/credit line	16,397	10,591	5,754	4.0 – 10.3%	Credit line; no repayment schedule
Other loans	19,507	14,061	7,089	4.0 – 10.3%	2002 – 2021
Total	53,073	40,255	24,046		

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Of the above, EUR 15,426 thousand are due in less than 1 year (previous year: EUR 8,587 thousand), EUR 12,404 thousand are due in 1-5 years (previous year: EUR 7,859 thousand) and EUR 12,425 are due in over 5 years (previous year: EUR 7,599 thousand). In the case of the real estate loans and general credit facilities, the fixed interest rates in the individual loan agreements expire at various times

between 2007 and 2021, with the result that the risk is adequately spread, as is the case for the other loans, where the fixed interest rates expire between 2002 and 2021. On the whole, the real estate, technical equipment and machinery, inventories and receivables serve almost without exception as security on the loans

[13] Accrued expenses

The following table shows the movements in accrued expenses in the year under review:

Other accruals

<i>in TEURO</i>	31.12.2001	Added/ allocated	Used	Liquidated	31.12.2002
Warranty obligations	287	2,052	(305)	(23)	2,011
Maintenance	0	24	(12)	(12)	0
Claims and court processes	0	180	0	(35)	145
Miscellaneous other accruals	188	567	(155)	(54)	546
Total	475	2,823	(472)	(124)	2,702

The accrual for warranty obligations is calculated for each type of revenue according to values indicted by experience. The rise in accrued expense from EUR 475 thousand as at December 31, 2001 to EUR 2,702 thousand as at December 31, 2002 occurred as a result of the company's growth. The higher accrued expense results predominantly from the first-time consolidation of Brink Climate Systems. A total amount of EUR 1,560 thousand has been added as a result of the acquisition of Brink.

[14] Other liabilities

The following summary shows the movements in other liabilities, which were EUR 1,074 thousand higher at the balance sheet date compared with the previous year. The following table shows the breakdown line by line. The other liabilities for taxation and social premiums substantially relate to sales tax, income tax and social contributions.

Other liabilities

<i>in TEURO</i>	2002	2001
Vacation and overtime	864	361
Outstanding invoices, fees, commissions	611	314
Bonuses	461	641
Taxation and social premiums	2,389	1,503
Interest deferral	359	105
Miscellaneous other liabilities	2,166	2,852
Total	6,850	5,776

[15] Deferred tax liabilities

Pursuant to IAS 12, deferred tax liabilities describe the difference between the earnings according to commercial law and the taxable earnings. These result substantially from fair value adjustments in the context of company mergers. The current deferred taxes total EUR 154 thousand (2001: EUR 0 thousand), and the non-current deferred taxes total EUR 1,998 thousand (2001: EUR 1,238 thousand).

[16] Pension accrual

In accordance with IAS 19, the pension accrual is calculated using the benefit/years of service method. This method also takes account of anticipated future pay and retirement benefit increases, which will result in coming back-service liabilities. The extent of the accrual has been calculated using actuarial methods and the latest mortality table (Netherlands: "G.B.M. 1990-1995"). Discounting has been based on an interest rate of 6% in line with the average interest rate for high quality corporate bonds. The pensionable age is assumed to be 65. Pay is assumed to rise by an annual 3% for all employees and an additional 0 to 3% per annum depending on the individual employee. The average for the

industry is used as the anticipated redundancy rate, and the invalidity rate taken as 0%. In the year under review, the pension accrual totalled EUR 357 thousand at the balance

sheet date (previous year EUR 376 thousand). The accrual has fallen as a result of the departure of employees.

[17] Shareholders' equity

Statement of changes in equity

in T EURO	Share capital	Addit. paid-in capital	Treasury stock	Currency translation differences in shareholders' equity	Retained earnings	Accumulated income	Consolidated equity
January 1, 2001	7,200	5,895	(112)	(40)	857	0	13,800
Consolidated net income						5,151	5,151
Changes from currency translation differences				73			73
Changes from the exercise of stock options	22	141					163
December 31, 2001	7,222	6,036	(112)	33	857	5,151	19,187
Allocation to retained earnings					5,151	(5,151)	0
January 1, 2002	7,222	6,036	(112)	33	6,008	0	19,187
Consolidated net income						4,148	4,148
Changes from the acquisition of Brink Luchtverwarming	446	4,092					4,538
Changes from currency translation differences				(170)			(170)
December 31, 2002	7,668	10,128	(112)	(137)	6,008	4,148	27,703

A total of 6,040 treasury shares were held in the fiscal year. These shares represent 0.078% of share capital. These shares were held at the parent as treasury shares as at the balance sheet date. No treasury shares were acquired or sold during the fiscal year.

The capital stock of Centrotec Hochleistungskunststoffe AG, Marsberg, totals EUR 7,668 thousand, the additional paid-in capital EUR 10,128 thousand and the revenue reserves EUR 1,986 thousand. As a result of the net income for the year of EUR 4,148 thousand, the company's equity at December 31, 2002 totals EUR 27,703 thousand.

Approved capital in addition exists. The Management Board is authorized, with the approval of the Supervisory Board, to increase the company's capital stock by up to EUR 3,155,025 (approved capital) until August 31, 2003 by issuing new bearer individual share certificates in return for cash or non-cash contributions on one or more occasions. The new shares are to be accepted by banks, with the obligation to

offer them for subscription to the shareholders. The Management Board is, however, authorized to exclude residual amounts from the shareholders' subscription right. The Management Board is also authorized to exclude the right of subscription in order to issue new shares in return for non-cash contributions. Moreover, the Management Board is entitled pursuant to Sec. 186 (3), fourth sentence of the Stock Corporation Act (AktG) to exclude the shareholders' right of subscription for up to EUR 766,797 of the approved capital on one or more occasions if the issuing price of the new shares is not significantly lower, but in any event no more than 5% lower, than the market price of the shares already listed at the time when the issuing price is finally fixed by the Management Board, which should be as close as possible to the placement of the shares.

The share capital of the company was increased by EUR 445,975 on January 2, 2002 in the context of the Brink acquisition, using the approved capital for the issue of 445,975 new bearer individual share certificates, from EUR

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7,222,000 to EUR 7,667,975. As resolved by the Management Board and approved by the Supervisory Board on January 2, 2002, the shares were issued against the granting of contributions in kind. By way of contribution in kind, 380 shares (20%) in Brink Luchtverwarming BV, Staphorst, the Netherlands (now: Brink Climate Systems BV) were contributed by Brink Holding b.v., Staphorst, the Netherlands. The valuableness of the contribution in kind was examined by the auditor appointed by the Local Court of Marsberg, Arthur Andersen, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft mbH, Hanover. The capital increase was entered in the Commercial Register.

The conditional capital has in addition been increased to the amount of EUR 766,797. The conditional increase will only take effect if the stock options are exercised as provided for by the resolutions adopted by the shareholders' meetings on September 9, 1998, May 17, 2001 and May 28, 2002. The new shares pay dividends from the beginning of the fiscal year in which the options are exercised. The conditional capital is divided into 766,797 individual share certificates.

With effect from April 10, 2002, 232,750 options were issued to employees, executive staff and Management Board

members at an exercise price of EUR 10.00. The options can be exercised from April 10, 2004 to April 10, 2009. With effect from January 8, 2002, 7,500 stock options were in addition granted to the newly appointed Management Board member Rob Slemmer at an exercise price of EUR 9.30. The options can be exercised from January 8, 2004 to January 8, 2009. Exercise of the options is linked to the fulfilment of certain conditions and objectives. They may only be exercised if the market price of the company's shares (closing price at the Frankfurt Stock Exchange) on the day on which the options may first be exercised or at a later time during the term of the options has risen by 30% on the exercise price. Exercise of the options is also linked to the fulfilment of individual objectives by employees, executive staff and Management Board members. It is therefore uncertain how many of the options issued will actually be exercised.

The following table indicates additions and disposals of options outstanding, together with the average exercise prices of movements and reporting-date totals.

	2002	2002	2001	2001
	Options	Average exercise price	Options	Average exercise price
Start of year	443,118	9.63	386,280	10.87
Granted	240,250	9.98	315,167	10.20
Exercised	-	-	22,000	7.38
Lapsed	151,679	10.20	236,329	12.63
End of year	531,689	9.63	443,118	9.63

In accordance with the resolution adopted by the shareholders' meeting on May 11, 1999, which was amended by the resolution adopted by the shareholders' meeting on May 18, 2000 and May 17, 2001 and extended on May 28, 2002, the company is entitled to buy back treasury shares representing up to 10% of capital stock. This authorization is effective until November 28, 2003. The price for the acquisition of these shares may not be more than 15% higher or more than 15% lower than the average cash settlement price of shares of the same class and features at the Frankfurt Stock Exchange on the ten trading days preceding the acquisition. The Management Board is authorized to offer all or some of the shares thus acquired to third parties as (partial) payment for the acquisition of companies or investments in companies, excluding the shareholders' right of subscription. The Management Board is also authorized to retire the company's treasury shares without the need for a further resolution to be adopted by the shareholders' meeting. The retirement may be restricted to part of the purchased shares.

[18] Revenues and segment report

In line with its internal reporting structure, the company is organized into the "Engineering Plastics" and "Systems" segments (primary segments). The revenues from external customers for these two areas, together with the inter-segmental revenues for each segment, in each case exceed 10% of total external and inter-segmental revenues.

The "Engineering Plastics" segment covers the activities in markets for semi-finished and prefabricated products of engineering and high-temperature plastics and fibre-reinforced composites. The "Systems" segment covers those product groups which are sold as complete systems. These include plastic gas flue systems for heating systems, ventilation systems and roof systems with a high plastics content and, from the start of 2002, heat recovery systems and climate control systems. The "Other" segment consists primarily of supplies of garden products to a former subsidiary of Ubbink Systemtechnik and the activities of the parent company

Centrotec AG. These supplies are invoiced at cost price are not within our core business. There is one customer accounting for approximately 9% of revenue. This customer is served by the "Systems" segment. Inter-segmental

business is priced according to the arm's length principle, i.e. pricing comparable to third party transactions less cost items, in particular distribution costs, which do not occur in inter-segmental transactions.

Segment report (primary segments):

in T EURO	Engineering Plastics		Systems		Other		Consolidation		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Revenue from third parties	16,101	15,854	78,991	54,589	3,281	3,841	0	0	98,373	74,284
Revenue from other segments	561	667	0	0	0	0	(561)	(667)	0	0
Depreciation and amortization	(985)	(836)	(4,172)	(2,988)	(3,430)	(50)	2,705	(204)	(5,882)	(4,078)
Interest income	42	63	294	693	486	371	(760)	(575)	62	552
Interest expense	(575)	(413)	(1,857)	(1,381)	(827)	(503)	760	575	(2,499)	(1,722)
Other income and expense from ordinary activities	(16,077)	(14,163)	(62,459)	(43,397)	2,598	(3,131)	(7,128)	(195)	(83,066)	(60,886)
Accounting profit	(932)	1,172	10,796	7,516	2,109	528	(4,984)	(1,066)	6,989	8,150
Total assets	14,736	14,647	60,460	44,237	27,936	19,337	(15,273)	(18,657)	87,859	59,564
Total liabilities	6,302	13,501	44,225	28,271	8,905	9,507	723	(10,901)	60,155	40,377
Investment in fixed assets	1,472	3,910	19,208	1,975	139	80	0	0	20,819	5,965

The geographical breakdown of revenues is shown in the following table (secondary segments):

in T EURO	Euro countries		European non-euro countries		Other		Consolidation		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Revenue from third parties	79,581	60,298	16,410	12,997	2,382	989	0	0	98,373	74,284
Total assets	83,830	54,778	8,613	8,234	0	0	(4,584)	(3,448)	87,859	59,564
Investment in fixed assets	20,414	5,653	405	312	0	0	0	0	20,819	5,965

[19] Other operating income

The breakdown of other operating income is as follows:

Other operating income

in T EURO	2002	2001
Exchange rate gains	0	72
Commissions, service fees, rent	103	120
Cost refunds, allowances, reversal of accruals	43	46
Other	518	1,097
Total	664	1,335

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The decrease compared with the previous year amounts to EUR 691 thousand. This is principally due to the sharp drop in the item "Other". The change is attributable to the absence of the one-off effect from 2001 (assumption of costs in return for a compensation payment of around EUR 0.7 million from the former owner of the Ubbink Group).

[20] Change in inventories

Inventories of finished goods and work in progress fell by EUR 78 thousand at the balance sheet date (2001: increase of EUR 310 thousand). This change was substantially due to the ability of certain companies to operate with lower stock levels thanks to optimized logistics. The item was stated in accordance with the measurement policies (cf. (d)).

[21] Cost of purchased materials

The materials ratio was reduced thanks to targeted structural improvements at the individual plants. The higher degree of manufacturing penetration at Brink Climate Systems moreover had the effect of reducing the materials ratio. At group level, the materials ratio consequently fell from 46.2% in 2001 to 43.1% in 2002.

[22] Personnel expenses / total employees

Personnel expenses

in T EURO	2002	2001
Wages and salaries	19,451	12,675
Social insurance and expenses for retirement benefits and maintenance payments	5,055	3,493
Personnel expenses	24,506	16,168

At the balance sheet date, the number of full-time equivalents (FTE) showed an increase from 385 (2001) to 600. Personnel expenses in the year under review rose from 21.8% of revenue at the 2001 reporting date to 24.9% at the 2002 reporting date. The pension accrual at the balance sheet date amounted to EUR 357 thousand (2001: EUR 376 thousand).

[23] Other operating expenses

Other operating expenses are broken down as follows:

Other operating expenses

in T EURO	2002	2001
Promotional costs	1,468	1,645
Freight and commissions	2,691	2,300
Maintenance costs	1,367	948
Legal and consultancy costs	646	710
Allocations to accruals	1,792	256
Travel expenses and fleet	1,029	349
Insurance	339	178
Leasing/rent/buildings	538	421
Other	6,701	5,272
Total	16,571	12,079

Other operating expenses rose to EUR 16,571 thousand (2001: EUR 12,079 thousand). This is substantially as a result of the acquisition of Brink and is attributable, among other things, to increased costs for investor relations work. The greater international spread of our group in addition meant that travel expenses were higher. The other operating expenses are in addition substantially made up of legal and consultancy expenses, agency commission, and costs for packaging, telecommunications, the management of stock market affairs and the shareholders' meeting. Significant individual items here include an accrual for guarantees for Ubbink amounting to EUR 300 thousand, and a write-down for sales risks of EUR 800 thousand, again for Ubbink.

[24] Interest income/expense

Interest income / expense is broken down as follows:

Financial income/expenses

in T EURO	2002	2001
Capital gains and other financial income	19	454
Interest income	43	99
Interest expense on loans	(2,420)	(1,715)
Other interest expenses	(74)	(8)
Losses from sale of marketable securities	(5)	0
Total	(2,437)	(1,170)

Compared with December 31, 2001 net expense showed an increase of EUR 1,267 thousand. This change was prompted by higher borrowing costs, among other things in connection with the acquisition of Brink.

[25] Income tax expense

Income tax expense is composed as follows:

Income tax expense

in TEURO	2002	2001
Income tax expense for the current fiscal year	2,667	2,320
Income tax expense for previous fiscal years	(268)	9
Tax deferral	442	672
Effect of change in tax rate on deferred tax liabilities	0	0
Total	2,841	3,001

The relationship between actual tax expense and anticipated tax expense is as follows:

Reconciliation of actual tax expense with anticipated tax expense

in TEURO	2002	2001
Result before income taxes	6,989	8,152
Anticipated tax expense	2,633	2,960
Tax effect relating to non-deductible costs	42	27
Tax effect relating to non-taxable income and non-deductible costs	(134)	(306)
Tax effect relating to non-deductible goodwill	568	311
Tax effect relating to the change in tax rates	0	0
Adjustments from previous fiscal years	(268)	9
Total	2,841	3,001

Tax deferrals

in TEURO	2002	2001
Assets		
Property, plant and equipment	10	0
Trade receivables	8	0
Intangible assets	2	1
Financial assets	23	273
Unused loss carryforwards	596	0
Pension and similar commitments	127	131
Other liabilities	112	0
Deferred tax assets	878	405
Liabilities		
Property, plant and equipment	1,950	1,179
Advances received	16	0
Intangible assets	47	59
Financial assets	138	0
Accrued expenses	2	0
Deferred tax liabilities	2,153	1,238
Deferred taxes, net (liabilities)	1,275	833

The tax load ratio is 1.4 percentage points higher than in the previous year, at 37.7% (36.3%). This is due to the positive tax effect amounting to approx. EUR 300 thousand of the fiscally neutral treatment of an acquisition in 2001.

The anticipated tax rate is 37.7%, representing a slight increase on the previous year (36.3%). This is due to the fact that the earnings mix has shifted somewhat towards countries with higher rates of taxation in view of market developments.

[26] Earnings per share

The earnings per share and diluted earnings per share are illustrated in the following table. The basic earnings per share are calculated on the basis of 7,667,975 issued shares, retrospectively adjusted by the 3:1 share split in 2000 and the 1:1 bonus issue in the same year (see above notes on shareholder's equity) and after adjustment for the acquisition of treasury shares.

The diluted earnings per share are based on the assumption that all issued stock options in the stock option plan that could be exercised if the balance sheet date were the end of the contingency period have been exercised. Due to the fact that the exercising of stock options is tied to the fulfilment

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of individual and corporate objectives, it is likely that only a small number of options will ultimately be exercised. The dilutive effect is calculated on the assumption that proceeds from the issue of shares under the stock option plan have been received from the issue of shares at fair value which is the average quotation of the shares during the fiscal year in question. The difference between the number of shares issued under the stock option plan and the number of shares that would have been issued at fair value is treated as an issue of ordinary shares for no consideration. Such ordinary shares generate no proceeds and have no effect on the net profit attributable to ordinary shares outstanding. Therefore

such shares are dilutive and they are added to the number of ordinary shares outstanding in the computation of diluted earnings per share.

For illustration purposes only, "adjusted basic earnings per share" have been computed as an additional disclosure. This ratio is designed to reveal the earnings per share following adjustment for amortization and impairment of goodwill. This amortization is not recognized in the separate financial statements of Centrotec AG, which are the basis for potential dividends.

Earnings per share

Year ended December 31, 2002

	Earnings (EURO)	Weighted avg. number of shares	Earnings per share (EURO)
Consolidated net income	4,148,244		
less minority interest	0		
Ordinary shares issued		7,666,753	
less treasury shares (weighted average)		(6,040)	
Basic earnings per share	4,148,244	7,660,713	0.54
Elimination of goodwill amortization	1,687,533		
Adjusted basic earnings per share	5,835,777	7,660,713	0.76
Basic earnings per share	4,148,244	7,660,713	0.54
plus assumed exercise of stock options granted (weighted average)		0	
Diluted earnings per share	4,148,244	7,660,713	0.54

Earnings per share

Year ended December 31, 2001

	Earnings (EURO)	Weighted avg. number of shares	Earnings per share (EURO)
Consolidated net income	5,150,564		
less minority interest	0		
Ordinary shares issued (weighted average)		7,207,836	
less treasury shares (weighted average)		(6,040)	
Basic earnings per share	5,150,564	7,201,796	0.72
Adjusted basic earnings per share	6,026,977	7,201,796	0.84
Basic earnings per share	5,150,564	7,201,796	0.72
plus assumed exercise of stock options granted (weighted average)		64,468	
Diluted earnings per share	5,150,564	7,266,264	0.71

[27] Cash flow statement

The Consolidated Cash Flow Statement pursuant to IAS 7 shows how the group's cash and cash equivalents changed in the course of the fiscal year under review as a result of cash inflows and outflows (cf. the summary preceding the Notes). A distinction is made between cash flows from operating, investing and financing activities. Cash and cash equivalents denominated in foreign currencies are reported using the spot exchange rate at the balance sheet date. The cash flows from operating activities were determined according to the indirect method. Cash and cash equivalents include cash on hand, demand deposits, deposits with a time to maturity of one month or less, and bank overdrafts repayable on demand, as recorded in the Consolidated Financial Statements. For the incorporation of Rolf Schmidt Industri Plast A/S, Denmark, the cash items were deducted from the purchase price and added to goodwill.

The cash flow from operations was down at the balance sheet date from EUR 7,813 thousand to EUR 6,709 thousand. The impact of the negative earnings situation for the Engineering Plastics segment and higher prepayments of taxes were in evidence here.

[28] Acquisition of investments net of cash acquired

The following table shows the effect of the acquisition of investments on the cash flow statement.

Cash flow from the acquisition of subsidiaries

<i>in T EURO</i>	
Cash and cash equivalents	1,628
Accounts receivable and other assets	3,901
Inventories	2,480
Investments in fixed assets	5,327
Accounts payable and accrued expenses	(6,319)
Long-term debt less current portion	0
Net assets acquired	7,017
Less: financial resources of entity acquired	(1,628)
Goodwill	(16,349)
Net cash payment on acquisition	(21,738)

[29] Breakdown of cash and cash equivalents

These consist almost exclusively of demand deposits and the availment of current accounts with major, leading commercial banks. The breakdown of cash and cash equivalents at December 31, 2002 is as follows:

Breakdown of cash and cash equivalents

<i>in T EURO</i>	2002	2001
Cash and cash equivalents	3,172	1,237
Bank overdrafts (included in "Bank liabilities" item)	(5,763)	(1,612)
Total	(2,590)	-375

D. Other particulars

(1) Contingent liabilities

The customary warranty obligations are assumed, for which an accrual has been formed.

As part of the takeover of the Ubbink Group, it was agreed that a group company of Centrotec Hochleistungskunststoffe AG would do all in its power to help sales representatives be released from rental guarantees assumed by the seller.

The rental agreements in question are an agreement in England for annual rent of currently GBP 148,000 (EUR 239 thousand), due to run until 2008, which however expires together with the rental guarantee in 2003, and a rental agreement in England for an annual rent of currently GBP 80,000 (EUR 129 thousand), due to run until 2012.

Centrotec Hochleistungskunststoffe AG moreover releases its designated sponsors, M.M. Warburg & CO KG aA, Hamburg and Dresdner Kleinwort Wasserstein AG, Frankfurt am Main, from liability in connection with their sponsoring activities, subject to this liability not resulting from gross negligence or fault on the part of the designated sponsor.

(2) Financial instruments

The balance sheet shows the primary financial instruments (accounts receivable, accounts payable, cash and cash equivalents) held. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in these Notes. The financial instruments may entail credit risks, currency risks and interest risks. As at the balance sheet date there were no material risks for the primary financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of *CENTROTEC Hochleistungskunststoffe AG, Marsberg*
FOR THE FINANCIAL YEAR 2002

Furthermore there were no financial instruments as at the balance sheet date which were used for trading and speculative purposes. Centrotec has no derivative financial instruments.

(3) Government grants and government assistance

In the reporting year, the group received unconditional government grants totalling EUR 51 thousand (2001: EUR 54 thousand) in the Netherlands for research and development activities. Conditions that were attached to these payments have been fulfilled as at the balance sheet date.

(4) Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's financial and operating decisions. Related party relationships where control exists are disclosed irrespective of whether there have been transactions between the related parties. Intra-group transactions are not disclosed as related party transactions in the Consolidated Financial Statements.

Key management personnel, including but not limited to members of the management board and the supervisory board, are "related parties". In addition, members of the family of the head of the supervisory board might be classified as related parties, although the management board has not yet been confronted with direct control from these family members. The family members in question would be Maren, Carl and Maja Krass.

Members of the Supervisory Board indirectly hold minority interests in Pari Holding GmbH, Munich ("PH"). One Management Board member is Co-Director on a part-time basis. PH might therefore be classified as a "related party", even though the Management Board does not believe that control actually exists between the parties. Further companies of the Pari Group could likewise be classified as "related parties". These are Pari Corporate Finance Ltd., London (PCF) and Pari Capital AG, Munich (PC). One Management Board member and the Chairman of the Supervisory Board are members of the Supervisory Board of PC (see also details of the Management Board and Supervisory Board). No legal transactions with PCF and PC were conducted in the year under review. A consultancy agreement with PH exists for services in connection with corporate mergers and acquisitions, in respect of identifying, establishing contact with and acquiring potential target companies in the plastics industry. In the event of a transaction being realized, PH receives a fee according to the "Lehman formula". PH provided such services in the fiscal year. An amount of EUR 218 thousand was invoiced by PH to a group company in 2002 in connection with the acquisition of Brink. Shares in Click Plastics AG, Böhl-Iggelheim, were moreover sold to PH at a price of

EUR 407 thousand. The selling price is roughly equivalent to the cost in 2000.

Brink Holding and its subsidiaries can likewise be classified as related parties, because Herr Wim Brink acts as Managing Director. Several group companies purchased goods from the Brink Holding Group for a total of EUR 1,436 thousand in 2002. The goods in question were primarily components for the gas flue systems. Conversely, Centrotec companies sold goods amounting to EUR 132 thousand to the Brink Holding Group. Regular invitations of bids ensure that the prices paid are in line with the market. Many services are moreover still performed on behalf of related companies in view of the historical ties between Brink Climate Systems and Brink Holding. Brink Climate Systems and Brink-Holding share a single IT department, administrative operations, switchboard, security arrangements, etc. Brink Holding may in addition use certain machines belonging to Brink Climate Systems. These services are all charged for at full cost. Brink Climate Systems paid a total of EUR 559 thousand and received payments totalling EUR 807 thousand. The law firm Freshfields Bruckhaus Deringer could likewise be classified as a related party, as Dr. Heiss is a partner in this law firm. Legal consultancy services to the value of approx. EUR 40 thousand were purchased in the year under review. The invoicing reflects the generally accepted market rates that are charged for such consultancy services in Germany and internationally.

(5) Management Board and Supervisory Board

The Management Board members at the balance sheet date were:

Dr. Gert-Jan Huisman, Nijkerk, Netherlands, merchant (Chairman)
Martin Beijer, Doesburg, Netherlands, merchant
Hans-Lothar Hagen, Altenbeken, Germany, mechanical engineer
Dr. Alexander Kirsch, Munich, Germany, merchant
Rob Slemmer, Hoevelaken, Netherlands

The members of the Supervisory Board at the reporting date were:

Guido A. Krass, Wadhurst, United Kingdom, entrepreneur (Chairman)
Wim Brink, Zuidwolde, Netherlands, entrepreneur
Dr. Bernhard-R. Heiss, Munich, Germany, lawyer
Herr Hans Thomas retired from the Supervisory Board with effect from March 8, 2002; Herr Wim Brink was appointed to the Supervisory Board in his place.

Members of the Management and Supervisory Boards also serve on the following supervisory boards as defined in Section 125 (1), third sentence of German Stock Corporation Law:

Guido A. Krass:

PACT Technologies AG, Munich, Germany
 Pari Capital AG, Munich, Germany (Chairman).
 Pari Capital Group AG, Steinhausen, Switzerland
 (Chairman of Board of Directors)
 Ubbink Nederland B.V. (Chairman)

Wim Brink:

Newion Investments BV, Heerenveen, Netherlands
 H.D.S. BV, Hoogeveen, Netherlands

Dr. Bernhard-R. Heiss:

ArtMerchandising & Media AG, Munich, Germany
 OPUS 1 Vermögens-Management AG, Munich, Germany

Dr. Alexander Kirsch:

Pari Capital AG, Munich, Germany

During the reporting period the members of the Management Board received remuneration totalling EUR 1,130 thousand. This amount includes social contributions and fringe benefits such as company cars and pension commitments. It does not include exercisable share options which are tied to the fulfilment of individual and company objectives. Options granted in 2002 have merely a theoretical value of EUR 0 thousand, as the share price was below the threshold for exercising.

The members of the Supervisory Board received remuneration of EUR 7 thousand.

(6) Directors' holdings

The following table shows directors' holdings as at December 31, 2002.

Name	2002		2001	
	Shares (total)	Options (total)	Shares (total)	Options (total)
Management Board				
Dr. Gert-Jan Huisman	500	68,800	500	92,000
Martin Beijer	700	66,900	700	90,000
Hans-Lothar Hagen	54,000	102,702	54,000	102,000
Dr. Alexander Kirsch	9,000	78,377	9,000	102,000
Rob Slemmer	0	36,300	0	7,500
Supervisory Board				
Guido A. Krass	1,200,000	0	1,200,000	0
Dr. Bernhard R. Heiss	0	0	0	0
Wim Brink	0	0	Not applicable	
Hans Thomas	Not applicable		1,800	0
CENTROTEC				
Ordinary shares	7,667,975	0	7,222,000	0
Treasury shares	6,040	0	6,040	0

As this overview for the first time includes lapsed options from previous years, the total number of options held by the various Management Board members has fallen even though new options were granted in 2002.

(7) Consultancy agreements

Group companies have concluded various consultancy agreements with firms of consultants and specialists in the fields of electronic data processing, law, auditing, accounting, e-commerce, advertising, investor relations and the optimization of production and logistics. All agreements have been concluded for specified tasks.

Marsberg, March 19, 2003

Dr. Gert-Jan Huisman,
 Finance (Chairman)

Martin Beijer,
 Plastic Systems, Gas Flue + Solar/Roof Segments

Dr. Alexander Kirsch,
 Strategy and Expansion, Engineering Plastics

Rob Slemmer,
 Plastic Systems, Climate Segment

INDEPENDENT AUDITORS' REPORT

We have audited the consolidated financial statements of Centrotec Hochleistungskunststoffe AG, Marsberg, comprising the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes, for the fiscal year from January 1 to December 31, 2002. The preparation and content of the consolidated financial statements in accordance with the International Accounting Standards of the IASB (IAS) are the responsibility of the company's Management Board. Our responsibility is to express an opinion on whether the consolidated financial statements conform to IAS, based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations, observing the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Auditors (IDW). Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatement. The evidence supporting the amounts and disclosures in the consolidated financial statements is examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, which is based on our audit, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the group for the fiscal year in accordance with IAS. Our audit, which also extends to the group management report prepared by the Management Board for the fiscal year from January 1 to December 31, 2002 in accordance with German auditing regulations, has not led to any reservations. In our opinion the group management report on the whole provides a suitable understanding of the group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report for the fiscal year from January 1 to December 31, 2002 satisfy the conditions required for the company's exemption from its duty to prepare consolidated financial statements and a group management report in accordance with German law."

Kassel, March 19, 2003

PriceWaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(Siemon)
Auditor

(Müller)
Auditor

CONSOLIDATED BALANCE SHEET

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

AT DECEMBER 31, 2002

in EURO

ASSETS

	31.12.2002	31.12.2001
A. Fixed Assets		
<i>I. Intangible Assets</i>		
1. Software	20,229	0
Payments on account	0	6,442
	20,229	6,442
<i>II. Property, plant and equipment</i>		
Other equipment, operating and office equipment	6,807	0
<i>III. Financial Assets</i>		
1. Shareholdings in affiliated companies	16,343,774	14,613,049
2. Participations	844,900	847,150
	17,188,674	15,460,199
	17,215,710	15,486,841
B. Current Assets		
<i>I. Receivables and other assets</i>		
1. Receivables from affiliated companies	10,013,415	9,314,975
2. Other assets	507,098	602,715
	10,520,513	9,917,690
<i>II. Investments</i>		
Treasury stock	32,072	60,400
<i>III. Bank balances</i>		
	2,523,210	1,096
	13,075,795	9,979,186
C. Prepaid expenses	52,654	34,286
	30,344,159	25,480,113

EQUITY AND LIABILITIES

	31.12.2002	31.12.2001
A. Shareholders Equity		
<i>I. Share capital</i>	7,667,975	7,222,000
<i>II. Additional paid-in-capital</i>	10,990,673	6,898,848
<i>III. Revenue reserves</i>		
1. Reserve for own shares	32,072	60,400
2. Other reserves	1,954,283	1,925,955
<i>IV. Accumulated income/accumulated loss</i>	(21,240)	(126,242)
	20,623,763	15,980,961
B. Provisions		
<i>I. Provisions for taxes</i>	306,500	459,196
<i>II. Other provisions</i>	455,370	167,000
	761,970	626,196
C. Liabilities		
<i>I. Due to banks</i>	7,978,682	7,286,595
<i>II. Trade payables</i>	35,636	0
<i>III. Due to affiliated companies</i>	798,047	763,856
<i>IV. Due to companies in which participations are held</i>	2,742	383,600
<i>V. Other Liabilities</i>	143,319	438,905
<i>(thereof taxes: 75.606; previous year: 417.252)</i>		
<i>(thereof relating to social security: 5.949; previous year: 6.774)</i>		
	8,958,426	8,872,956
	30,344,159	25,480,113

STATEMENT OF INCOME

OF CENTROTEC Hochleistungskunststoffe AG, Marsberg

FOR THE FINANCIAL YEAR 2002

in Euro

	2002	2001
1. Other operating income	1,370,562	1,049,450
2. Personnel expenses		
a) Wages and Salaries	(735,539)	(391,141)
b) Social security costs	(46,044)	(43,616)
	(781,583)	(434,757)
3. Depreciation on tangible assets	(4,678)	(1,042)
4. Other operating expenses	(572,636)	(961,241)
5. Income from shareholdings	3,000,000	832,676
of which from affiliated companies: 3,000,000 (previous year: 832,676)		
6. Interest and similar income	485,929	369,610
of which from affiliated companies: 485,929 (previous year: 369,102)		
7. Amortisation of financial assets and investments classified as current assets	(2,877,623)	(31,408)
8. Interest and similar expenses	(595,856)	(507,897)
of which from affiliated companies: 39,766 (previous year: 21,023)		
9. Result from ordinary operations	24,115	315,391
10. Taxes on income	80,887	(441,633)
11. Net income/loss for the year	105,002	(126,242)
12. Retained profits	(126,242)	417,179
13. Allocation to revenue reserves		
of which from net profit previous years	0	(417,179)
14. Accumulated income/accumulated loss	(21,240)	(126,242)

"This income statement does not contain sales and profits of the group companies but only the results of the Centrotec Hochleistungskunststoffe AG as a holding and therefore not the complete view of the group. The income statement of the Centrotec Group is published on page 38 of this annual report."

DEVELOPMENT OF FIXED ASSETS

OF CENTROTEC Hochleistungskunststoffe AG, Marsberg

FOR THE FINANCIAL YEAR 2002

in EURO

in TEURO	Historical Costs				31.12.2002
	01.01.2002	Additions	Reclasses	Disposals	
Intangible assets					
Software	0	17,574	6,442	0	24,016
Payments on account	6,442	0	(-6,442)	0	0
	6,442	17,574	0	0	24,016
Tangible assets					
Other equipment, operating and office equipment	640	7,698	0	(1,212)	7,126
	640	7,698	0	(1,212)	7,126
Financial assets					
Shares in offiliated companys	14,613,049	4,576,725	0	0	19,188,774
Participations	847,150	2,045	0	(4,295)	844,900
	15,460,199	4,577,770	0	(4,295)	20,033,674
	15,467,281	4,603,042	0	(5,507)	20,064,616

01.01.2002	Accumulated depreciation			Net carrying values	
	Additions	Disposals	31.12.2002	31.12.2002	31.12.2001
0	3,787	0	3,787	20,229	0
0	0	0	0	0	6,442
0	3,787	0	3,787	20,229	6,442
640	891	(1,212)	319	6,807	0
640	891	(1,212)	319	6,807	0
0	2,845,000	0	2,845,000	16,343,774	14,613,049
0	4,295	(4,295)	0	844,900	847,150
0	2,849,296	(4,295)	2,845,000	17,188,674	15,460,199
640	2,853,973	(6,607)	2,849,106	17,215,710	15,466,641

MANAGEMENT REPORT (AG)

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

FOR THE FINANCIAL YEAR 2002

Profitable growth continues

Despite the weak state of the economy as a whole, the CENTROTEC Group enjoyed a further rise in revenue in 2002. Earnings per share fell to EUR 0.76 before amortization of goodwill. Revenue – driven by organic growth and currently also by one acquisition – rose by 32% to a current level of around EUR 99 million.

CENTROTEC has consequently increased in size seven-fold since its initial public offering in 1998.

For 2003 too, we anticipate that the existing fields of business will produce an overall rise in consolidated revenue and earnings. More important still, however, we have already succeeded in paving the way for fresh long-term growth.

Examples:

By acquiring a 24.95% participating interest in Bond Laminates GmbH, which relocated to Brilon during the fiscal year, we secured access to the emerging technology of carbon composites in 2000. With preparations already having been made in 2001 to set up our own shaping centre, the fully owned subsidiary Centrotec Composites GmbH with registered office in Brilon was established at the start of 2002.

A major order from the automotive sector was acquired for this field of activity before the end of 2002, and a further one followed in February 2003.

The acquisition of Brink Climate Systems, Staphorst, the Netherlands, was completed on January 2, 2002 and became yet another highlight of the Centrotec Group in 2002.

The subsidiary Centroplast GmbH in addition acquired Rolf Schmidt Industri Plast A/S, Kolding, Denmark, in March 2001. This company, which was likewise acquired in full, now gives us an ideal foothold in Scandinavia and offers scope for synergy in sales, R&D and production activities within the Engineering Plastics segment. Despite the difficult economic situation in Europe, Rolf Schmidt is operating highly profitably.

To promote our international spread, we also established Centrotherm International GmbH, Brilon.

Business progress

The companies of which Centrotec Hochleistungskunststoffe AG, Marsberg, holds the shares operate in the markets for semi-finished and finished parts of engineering plastic, as well as for plastic gas flue systems, fibre-reinforced composites, plastic climate control systems, plastic-based solar energy systems and plastic components for roof and lighting applications. These operative affiliated companies, with the exception of Centroplast, were once again highly successful in their respective market segments, in view of the growth of the market and their strong position in each case.

The activities of the stock corporation involve exercising a function as a strategic and financial holding company for the operative affiliated companies.

Investments – new participating interest

The most important investment, which the stock corporation completed at the very start of the fiscal year, was the takeover of Brink Climate Systems, Staphorst, the Netherlands, officially concluded on January 2, 2002. To finance the acquisition, a capital increase of 445,975 shares from approved capital, taking effect in 2002, was carried out. At the reporting date, Brink accounted for EUR 26.6 million of the assets and EUR 5.7 million in additional net assets. The net income totals EUR 1.2 million. The successful integration of the new group company is proceeding according to schedule, and is being coordinated and supervised principally by Dr. Huisman.

Shares in Click Plastics AG, Böhl-Iggelheim, were moreover sold to Pari Holding at a price of EUR 407 thousand. The selling price is roughly equivalent to the cost in 2000.

Financing – expansion programme on sound financial footing

Following the acquisitions of 2000 and the takeover of Rolf Schmidt Industri Plast A/S, which were completed without capital increases, there was a moderate capital increase in the context of the acquisition of Brink Climate Systems (Brink Luchtverwarming B.V. and its subsidiaries Deveko B.V., Golu B.V., Kempair B.V. and Haskotherm B.V.). At the balance sheet date, Centrotec Hochleistungskunststoffe AG has an equity ratio of 68%. The forecasts on business developments have materialized almost in full; although we forecast this as long ago as 1999, there have since been two turbulent years on the stock markets, combined with the highly recessive indicators for the economy as a whole in 2002. In the Engineering Plastics segment, we have not yet reached the nadir. This fact obliged us to adjust the valuation of one investment in a subsidiary in this segment.

In 2002, quite a number of negative revenue effects contributed towards the generally negative result for the Engineering Plastics segment. Looking forward into 2003, no renewed negative impact on earnings is anticipated.

Situation

Financial position

Receivables and other assets rose from EUR 9.9 million to EUR 10.5 million in the year under review. The volume of borrowings rose from EUR 7.3 million to EUR 8.0 million last year. Liabilities to affiliated companies remained roughly unchanged at EUR 798 thousand (previous year EUR 764 thousand). The higher use of borrowed capital is the result of loans granted to subsidiaries. There was in addition a loan to Brink totalling approx. EUR 1.3 million. These funds were used for instance for investment in plant and buildings. The increase was lower than the overall investment volume as a result of the subsidiaries' high level of cash flow.

Associated companies – arm's length principle

Legal transactions with companies in which members of the Supervisory Board and management hold an interest or might hold an interest were conducted in the fiscal year. As a precautionary measure, a dependence report was therefore issued by the Management Board.

Concluding remark from the dependence report: "Pursuant to Section 312 (3) of German Stock Corporation Law, we declare that, on the basis of the circumstances known to us at the time when legal transactions with related companies were conducted or measures taken or forborne, our company received adequate consideration for each legal transaction and was not placed at a disadvantage by the implementation or forbearance of the measure."

Earnings situation – earnings for the operative units rise

The high operative success of the affiliated companies is also suitably reflected in the result of the parent company which holds their shares, due to the distribution of a portion of the profits of the former.

The main areas where costs were cut were the Shareholders' Meeting and the other operating expenses. In the context of the restructuring of Centroplast, which was commenced during the fiscal year, the value of this affiliated company was adjusted with a negative effect on earnings. It is expected that Centroplast will be able to post positive results once more in 2003 as a result of the restructuring measures.

MANAGEMENT REPORT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

FOR THE FINANCIAL YEAR 2002

Key risks

The group as a whole was once again able to boost revenue and earnings. The integration into the group of Brink Climate Systems, Staphorst, the Netherlands, which was consolidated for the first time in the accounts for 2002, is progressing very successfully.

Through this latest acquisition, CENTROTEC AG is making further progress with the systematic strategy of expansion in highly promising segments of environmental technology. The company has already been demonstrably successful with this approach in the field of plastic gas flue systems for condensing boilers.

During the past fiscal year, we nevertheless considered in depth the risks to which our company is exposed. Our dependence on major accounts deserves particular attention. Our largest customer represents less than 10% of consolidated sales. Our customer structure as a whole is very balanced. The loss of major accounts could nevertheless diminish earnings.

Throughout the group, our market niches are growing and are relatively immune to cyclical fluctuations. Where our customers operate in the mechanical and plant engineering sectors, we naturally also feel the impact of cyclical effects.

The investment Centroplast emerged as a risk in 2002. Increasingly slack demand in the market for semi-finished products, compounded by price effects, seriously weakened Centroplast's earnings. Restructuring measures were actively drawn up and initiated in response to the risks that came to light, including as a result of internal risk management work. Thanks to the measures initiated, the potential risk has been moderated and, as matters stand, no longer constitutes a significant risk.

Our past experience at the level of the group as a whole none the less shows that we have operated profitably even in times of economic slackness, thanks to the highly diverse range of applications and the fact that sales are spread among more than seven countries.

We enjoy a secure market position in all divisions thanks to a steady stream of new and refined developments which enhance both the technology and the quality of our products. Factors which could erode our competitive edge, such as the appearance of new competitors, increasing employee power or substitution products, cannot of course be excluded in this connection.

Internally, we perceive potential risks in the production sector. We implement suitable accident prevention regulations and measures to prevent possible accidents and plant breakdowns. All plant is moreover insured in line with its value. However, the failure of critical plant could result in noticeable losses. A further risk exists at the supply end. The loss of critical suppliers could result in our experiencing delivery bottlenecks. We tackle this risk through close technical cooperation with important suppliers and by maintaining at least two sources of supply for all important products.

In the IT sector, the possibility cannot be excluded that problems that have not yet been identified will arise, or that previously solved problems will recur. Next year we will in particular face the challenge of implementing further stages in the integration of our ERP system Baan IV in various areas of the company. This may entail risks to the efficiency of procedures in isolated instances. Likewise we cannot generally exclude the possibility that a problem in the IT sector could lead to a loss of data, despite ongoing data safeguarding, and cause considerable damage.

The company is moreover exposed to a degree of dependence on certain key employees. However, as we expand so will our base of highly qualified employees, with the result that this risk will gradually dwindle.

Now that the Centrotec Group has invested the financial resources generated by the initial public offering, there was a slight temporary dip in the equity ratio; it recovered, however, during the past fiscal year. The higher equity ratio fundamentally reduces susceptibility to fluctuations in earnings. Internal scenario calculations have, however, indicated that it would only be necessary to conduct a capital increase if there were to be a sharp decline in revenue instead of the forecast growth.

The post-acquisition scenarios have shown a rise in revenue and earnings. Our vigorous growth itself in addition harbours risks. Internal structures in particular must be repeatedly and rapidly adjusted to the requirements of a growing group organization. Reorganization projects in the various areas of the company and at its various locations have made a substantial contribution towards ensuring that the company's internal structure suitably reflects the size of the group. This viable basis is constantly being elaborated.

Outlook

The provisional assessment of CENTROTEC Hochleistungskunststoffe AG after four years on the "Neuer Markt" tier of the stock market is all in all highly positive: its promise of growth has been redeemed. All stages of growth have been completed in a highly profitable manner. The groundwork for further profitable growth has already been accomplished.

The growth potential for the group as a whole will once again reach a double-digit percentage in 2003.

The percentage growth in plastic gas flue systems, too, will run into double figures. We assume that condensing boiler technology will ultimately prove as successful in neighbouring European countries as it has done in Germany, and that this will consequently create new, sizeable markets for plastic gas flue systems in those countries, too. Through the Ubbink Group's subsidiaries in the Netherlands, Belgium, France and Great Britain and the subsidiary Centrotherm Gas Flue Technologies Italy S.r.l., we have established the sales basis for achieving further growth with this pioneering technology on foreign markets.

We expect highly attractive growth from the aircraft, automotive, ballistics, sport and leisure industries in 2003 and beyond for the various potential applications of fibre-reinforced composites. The emphasis in this area of the Engineering Plastics segment is on long-term, profitable growth. Two relatively large orders were already booked in the final quarter of 2002 and at the start of 2003.

The heat recovery technology of the new acquisition Brink Climate Systems again promises high potential for growth both in its established home markets and in export markets. The Netherlands leads the way in this sector, as in the field of condensing boiler technology: Brink Climate Systems consequently represents a further important technology cornerstone in the context of an increasing trend towards climate control systems.

Finally, we aim to continue producing the occasional positive surprise in the form of targeted strategic acquisitions. CENTROTEC AG therefore views future developments in a distinctly positive light and offers bright prospects for investors who are looking to buy shares that represent genuine substance coupled with attractive growth rates.

Marsberg, March 19, 2003 **CENTROTEC Hochleistungskunststoffe AG**

Dr. Gert-Jan Huisman,
Finance (Chairman)

Martin Beijer,
Plastic Systems, Gas Flue + Solar/Roof Segment

Dr. Alexander Kirsch,
Strategy and Expansion, Engineering Plastics

Rob Slemmer,
Plastic Systems, Climate Segment

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

OF CENTROTEC Hochleistungskunststoffe AG, Marsberg

FOR THE FINANCIAL YEAR 2002

A. General information

The company is a large company as defined by Section 267 (3) of HGB (German Commercial Code), on the strength of its stock exchange listing. The format of the Balance Sheet and Income Statement is based on the provisions of Sections 264 ff. of HGB applicable to corporate enterprises. It applies the nature of expenditure method pursuant to Section 275 (2) of HGB for the Income Statement.

B. Accounting and valuation policies

(1) Non-current assets

Purchased intangible assets are capitalized at cost and depreciated according to the straight-line method in accordance with their expected useful lives.

Tangible assets are carried at their cost of acquisition or manufacture, less regular depreciation. Depreciation is performed by the straight-line method on the basis of customary useful life. The half-yearly rule for the depreciation of movable assets pursuant to Section 44 (2) of German Income Tax Law is not used. Low-value assets are written down in full in the year of their addition and reported as a disposal.

(2) Financial assets

The financial assets are valued at cost or at fair value if lower.

(3) Accounts receivable and other assets

The receivables and other assets are carried at their principal amount. Foreign currency receivables are valued at the historical rate or at the lower rate prevailing at the closing date.

(4) Cash and cash equivalents

These amounts exist exclusively in domestic currency (EUR) and are carried at their principal amount.

(5) Accrued expenses

The other accruals are formed for contingent liabilities and take account of all identified risks. They are carried at the amount dictated by sound business judgement.

(6) Liabilities

The liabilities are carried at their redemption amount. Foreign currency liabilities are valued at the historical rate or at the higher rate prevailing at the closing date.

C. Special information and notes

(1) Balance Sheet

1.1 Assets

1.1.1 Non-current assets

The classification and movements of fixed assets are shown in the following Asset Movement Schedule:

Asset Movement Schedule

1.1.2 Current assets

Accounts receivable and other assets

The receivables and other assets do not contain any items with more than one year to maturity.

1.2 Equity and liabilities

1.2.1 Shareholders' equity

At December 31, 2002 the capital stock of the company is divided into 7,667,975 individual share certificates. The individual share certificates have no par value. The no-par shares each represent EUR 1 of capital stock. All shares have been fully paid in.

Approved capital in addition exists. The Management Board is authorized, with the approval of the Supervisory Board, to increase the company's capital stock by up to EUR 3,155,025 (approved capital) until August 31, 2003 by issuing new bearer individual share certificates in return for cash or non-cash contributions on one or more occasions. The new shares are to be accepted by banks, with the obligation to offer them for subscription to the shareholders. The Management Board is, however, authorized to exclude residual amounts from the shareholders' subscription right. The Management Board is also authorized to exclude the right of subscription in order to issue new shares in return for non-cash contributions. Moreover, the Management Board is entitled pursuant to Sec. 186 (3), fourth sentence of the Stock Corporation Act (AktG) to exclude the shareholders' right of subscription for up to EUR 766,797 of the approved capital on one or more occasions if the issuing price of the new shares is not significantly lower, but in any event no more than 5% lower, than the market price of the shares already listed at the time when the issuing price is finally fixed by the Management Board, which should be as close as possible to the placement of the shares.

The share capital of the company was increased by EUR 445,975 on January 2, 2002 in the context of the Brink acquisition, using the approved capital for the issue of 445,975 new bearer individual share certificates, from EUR 7,222,000 to EUR 7,667,975. As resolved by the Manage-

ment Board and approved by the Supervisory Board on January 2, 2002, the shares were issued against the granting of non-cash contributions. By way of non-cash contribution, 380 shares (20%) in Brinkluchtverwarming b.v., Staphorst, the Netherlands, were contributed by Brink Holding b.v., Staphorst, the Netherlands. The valuableness of the contribution in kind was examined by the auditor appointed by the Local Court of Marsberg, Arthur Andersen, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft mbH, Hannover. The capital increase was entered in the Commercial Register. The additional paid-in capital also rose by EUR 4,092 thousand in this connection.

The conditional capital has in addition been increased to the amount of EUR 766,797. The conditional increase will only take effect if the stock options are exercised as provided for by the resolutions adopted by the shareholders' meetings on September 9, 1998, May 17, 2001 and May 28, 2002. The new shares pay dividends from the beginning of the fiscal year in which the options are exercised. The conditional capital is divided into 766,797 individual share certificates.

With effect from July 1, 1999 192,780 options were issued to employees, executive staff and Management Board members at an exercise price of EUR 7.38. The options can be exercised from July 1, 2001 to July 1, 2006. With effect from January 10, 2000, 193,500 options were issued to employees, executive staff and Management Board members at an exercise price of EUR 14.35. The options can be exercised from January 10, 2002 to January 10, 2007. With effect from May 2, 2001, 315,167 options were issued to employees, executive staff and Management Board members at an exercise price of EUR 10.20. The options may be exercised from May 2, 2003 to May 2, 2008. A total of 22,000 options have been exercised to date. All options exercised to date are from the issue of July 1, 1999 and were exercised in the 2001 fiscal year.

Exercise of the options is linked to the fulfilment of certain conditions and objectives. They may only be exercised if the market price on the Frankfurt Stock Exchange on the day before exercising is quoted as at least 30% above the average price for the 30 trading days preceding issue of the options. Exercise of the options is also linked to the fulfilment of individual objectives by employees, executive staff and Management Board members. It is therefore uncertain how many of the options issued will actually be exercised.

In accordance with the resolution adopted by the shareholders' meeting on May 11, 1999, which was amended by the resolution adopted by the shareholders' meeting on May 18, 2000 and May 17, 2001 and extended on May 28, 2002, the company is entitled to buy back treasury shares representing up to 10% of capital stock. This authorization is effective until November 28, 2003. The price for the acquisition of these shares may not be more than 15% higher or more than 15% lower than the average cash settlement price of shares of the same class and features at the Frankfurt Stock Exchange on the ten trading days preceding the acquisition. The Management Board is authorized to offer all or so-

me of the shares thus acquired to third parties as (partial) payment for the acquisition of companies or investments in companies, excluding the shareholders' right of subscription. The Management Board is also authorized to retire the company's treasury shares without the need for a further resolution to be adopted by the shareholders' meeting. The retirement may be restricted to part of the purchased shares.

A total of 6,040 treasury shares were held in the fiscal year. These shares represent 0.078% of share capital. These shares were held at the parent as treasury shares as at the balance sheet date. No treasury shares were acquired or sold during the fiscal year.

The capital stock of Centrotec Hochleistungskunststoffe AG, Marsberg, totals EUR 7,668 thousand, the additional paid-in capital EUR 10,991 thousand and the revenue reserves EUR 1,986 thousand. As a result of a loss carryforward of EUR 126 thousand and a net income of EUR 105 thousand, the company's equity at December 31, 2002 totals EUR 20,624 thousand.

The calculation of retained earnings is shown in the following table:

1.2.2 Other accruals

The other provisions include costs of the Shareholders'

Meeting, legal and consultancy costs, claims for outstanding vacation entitlements and purchase invoices outstanding.

1.2.3 Liabilities

The remaining maturities are shown in EUR thousand in the following table:

The collateral provided for bank liabilities consists principally of global assignments of receivables, storage assignments of inventories, assignments of technical equipment and machinery of the companies Centrotec AG, Centroplast GmbH, both Marsberg, and Centrotherm GmbH, Brilon, as security, and a mortgage on the site of the Centroplast GmbH plant in Marsberg, amounting to EUR 2,556 thousand.

At the closing date, EUR 8,922 thousand of the liabilities were covered by collateral.

D. Other particulars

(1) Contingent liabilities

As part of the takeover of the Ubbink Group, it was agreed that a group company of Centrotec Hochleistungskunststoffe AG would do all in its power to help sales representatives be released from rental guarantees assumed by the seller. The rental agreements in question are an agreement in England for annual rent of currently GBP 148,000 (EUR 239

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

OF CENTROTEC Hochleistungskunststoffe AG, Marsberg

FOR THE FINANCIAL YEAR 2002

thousand), originally due to run until 2008, which however expires together with the rental guarantee in 2003, and a rental agreement in England for an annual rent of currently GBP 80,000 (EUR 129 thousand), due to run until 2012. Centrotec Hochleistungskunststoffe AG moreover releases its designated sponsors, M.M. Warburg & CO KG aA, Hamburg and Dresdner Kleinwort Wasserstein AG, Frankfurt am Main, from liability in connection with their sponsoring activities, subject to this liability not resulting from gross negligence or fault on the part of the designated sponsor. A letter of subordination was issued to Centrotec Composites GmbH in respect of EUR 20,000.

(2) Other financial obligations

At the balance sheet date there existed a letter of subordination and capital commitment declaration to WGZ Bank Westdeutsche Genossenschafts-Zentralbank eG, Münster, to secure the subsidiary Centrotherm Abgassystemtechnik GmbH as a going concern.

(3) Average number of employees

Over the period from January 1 to December 31, 2002, the company had an average of eight employees, five of whom were board members.

(4) Corporate governance

Background

On February 26, 2002 the Government Commission on the German Corporate Governance Code presented a code of behaviour for management boards and supervisory boards of listed German companies. The objective is to render the German corporate governance system transparent and intelligible, and to promote investors' confidence in the way companies are supervised. The German Transparency and Publicity Act (TransPuG), which gives the German Corporate Governance Code a legal basis, moreover took effect on July 26, 2002. TransPuG adds a new Section 161 to German Stock Corporation Law, stating that the management board and supervisory board of a company listed on the stock exchange are obliged to declare once a year whether the code has been and will be complied with, or which recommendations of the code are not applied. This declaration was to be submitted for the first time in 2002.

Declaration of Compliance by CENTROTEC Hochleistungskunststoffe AG in respect of the German Corporate Governance Code

"Centrotec Hochleistungskunststoffe AG complies with the recommendations of the Government Commission on the German Corporate Governance Code, with the exception of the aspects detailed below:

Section 3.8. of the Code recommends an appropriate excess for D&O insurance cover for members of corporate bodies. Our current policy for D&O cover does not include an excess. Renegotiation of the policy would probably result in significantly higher costs in view of the sharp rise in insurance premiums last year. We are planning to agree an appropriate excess once the current policy has expired.

Section 5.3. of the Code recommends the formation of committees. This is, however, to take place subject to the specific circumstances of the company and the number of members of the Supervisory Board. Our Supervisory Board comprises three members, who consider all matters concerning the company jointly. We therefore regard the creation of committees to be inappropriate in our case. We believe that our stance is compatible with the Code, but supply this information as a precautionary measure by way of clarification.

Section 5.4.5. of the Code recommends a variable as well as a fixed remuneration component for Supervisory Board members. Each member of the Supervisory Board receives fixed remuneration of EUR 1,533.88 per year; the Deputy Chairman receives one and a half times this amount, and the Chairman twice this amount. No variable remuneration is envisaged at present. We are planning to table a motion on the introduction of a variable remuneration component at the next Shareholders' Meeting. Centrotec moreover observes all target requirements of the Code on sound corporate governance."

(5) Management and supervisory bodies

The members of the Management Board in the fiscal year were Dipl.-Ing. Hans-Lothar Hagen, engineer, Altenbeken, Germany, Mr Martin Beijer, merchant, Doesburg, the Netherlands, Dr. Alexander Kirsch, merchant, Mülheim an der Ruhr, Germany, Dr. Gert-Jan Huisman, merchant, Nijkerk, the Netherlands, and Mr Rob Slemmer, Hoewelahen, the Netherlands. Herr Hagen is entitled to act as sole representative of the company and is exempt from the restrictions of Section 181 of German Civil Code. Dr. Kirsch, Mr Beijer and Dr. Huisman are entitled to act as sole representatives of the company. Mr Slemmer is entitled to act as the company's representative in conjunction with one further member of the Management Board. Dr. Gert-Jan Huisman took over as Chairman of the Management Board with effect from May 28, 2002. After the reporting date, Mr. Hans-Lothar Hagen was granted leave from his mandate to the Management Board at his own request for personal reasons.

The members of the Supervisory Board were Guido A. Krass, entrepreneur (chairman), London, England, Dr. Bernhard Heiss, lawyer, Munich, Germany, and Dipl.-Kfm. Hans Thomas, consultant businessman, Hofheim, Germany. Herr Hans Thomas retired from the Supervisory Board with effect from March 8, 2002; Herr Wim Brink was appointed to the Supervisory Board in his place.

In addition to belonging to the corporate bodies of Centrotec Hochleistungskunststoffe AG, the following members of the Management and Supervisory Boards hold non-executive directorships of other stock corporations:

Guido A. Krass:
PACT Technologies AG, Munich, Germany
Pari Capital AG, Munich, Germany (Chairman).
Pari Capital Group AG, Steinhausen, Switzerland

(Chairman of Board of Directors)
Ubbink Nederland B.V. (Chairman)

Wim Brink:
Newion Investments BV, Heerenveen, Netherlands
H.D.S. BV, Hoogeveen, Netherlands

Dr. Bernhard-R. Heiss:
ArtMerchandising & Media AG, Munich, Germany
OPUS 1 Vermögens-Management AG, Munich, Germany

Dr. Alexander Kirsch:
Pari Capital AG, Munich, Germany

(6) *Total remuneration of corporate bodies*

The remuneration of the members of the Supervisory Board totalled EUR 7 thousand in the fiscal year. The total salaries of the five Management Board members were EUR 1,130 thousand, with part of these salaries being paid by the subsidiaries. This amount includes social contributions and fringe benefits such as company cars and pension commitments. It does not include exercisable share options which are tied to the fulfilment of individual and company objectives. Options granted in 2002 have merely a theoretical value of EUR 0 thousand, as the share price was below the threshold for exercising.

(7) *Interest*

The company owned holdings in the following companies at the balance sheet date:

The equity of these subsidiaries and their result for the past fiscal year are not indicated here, on the basis of Section 286 (3) Sentence 1, No. 2 HGB.

Centrotec AG prepares consolidated financial statements for itself and its subsidiaries for the largest group of companies. These consolidated financial statements are available from the offices of Centrotec Hochleistungskunststoffe AG, Unterm Ohmberg 1, 34431 Marsberg, Germany.

(8) *Other particulars*

Notices pursuant to Section 21 (1) of German Securities Trading Law (WpHG)

On January 2, 2002, Brink Holding B.V., R.D. Bügelstraat 6, NL-7951 DA Staphorst, the Netherlands, disclosed the following: "We hereby give you notice, pursuant to Section 21 (1) of German Securities Trading Law, that our share of voting rights in Centrotec Hochleistungskunststoffe AG, Unterm Ohmberg 1, 34431 Marsberg, Germany, Securities Identification No. 540 750, exceeded the threshold of 5% on January 2, 2002 and is now 5.82%."

Marsberg, March 19, 2003
CENTROTEC Hochleistungskunststoffe AG

Dr. Gert-Jan Huisman (Chairman), Finance
Martin Beijer, Plastic Systems
Dr. Alexander Kirsch, Strategy and Expansion
and Engineering Plastics
Rob Slemmer, Climate Systems

	<i>Place and country of incorporation</i>	<i>Share of capital</i>	<i>Share capital/ limited liability capital</i>	<i>Currency acquired</i>	<i>Founded/</i>
Comprehensive consolidation					
Centroplast Kunststoffzeugnisse GmbH	Marsberg, D	100 %	250,000.00	EUR	01.08.1990
Centrotherm Abgastechnik GmbH	Brilon, D	100 %	102,258.38	EUR	15.12.1993
Centrotec Composites GmbH	Brilon, D	100 %	27,000.00	EUR	01.08.1990
Ubbink Holding B.V.	Doesburg, NL	100 %	20,003.09	EUR	01.11.1999
Ubbink Nederland B.V.	Doesburg, NL	100 %	46,246.00	EUR	21.12.1999
Ubbink N.V./S.A.	Mariakerke, B	100 %	140,059.84	EUR	21.12.1999
Ubbink UK Ltd.	Brackley, UK	100 %	57,330.06	EUR	21.12.1999
Ubbink Distribution S.a.r.l.	Nantes, F	100 %	152,449.02	EUR	21.12.1999
Centrotherm Gas Flue Technology Italy S.R.L.	Milano, I	100 %	10,000.00	EUR	19.10.2000
Rolf Schmidt Industriplast A/S	Kolding, DK	100 %	403,393.89	EUR	16.03.2001
Brink Climate Systems B.V.	Staphorst, NL	100 %	2,004.00	EUR	02.01.2002
Deveko B.V.	Deventer, NL	100 %	18,052.00	EUR	02.01.2002
Golu B.V.	Soest, NL	100 %	18,052.00	EUR	02.01.2002
Kempair B.V.	Eindhoven, NL	100 %	18,052.00	EUR	02.01.2002
Centrothem International GmbH	Brilon, D	100 %	25,000.00	EUR	18.12.2002
Proportionate consolidation					
Bond Laminates GmbH	Brilon, D	24.95 %	93,800.00	EUR	21.11.2000
Companies not included in consolidation					
Haskotherm B.V.	Joure, NL	40.00 %	15,882.31	EUR	02.01.2002

AUDIT OPINION

We have audited the annual financial statements, together with the bookkeeping system, and the management report of Centrotec Hochleistungskunststoffe AG, Marsberg, for the business year from 1 January to 31 December 2002. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions in the articles of incorporation are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit pro-

cedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and 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, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. On the whole the management report provides a suitable understanding of the Company's position and suitably presents the risks of future development.

Kassel, March 19, 2003

PriceWaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(Siemon)
Wirtschaftsprüfer

(Müller)
Wirtschaftsprüfer

MANAGEMENT



Management Board

Dr. Gert-Jan Huisman (Chairman, 35), a Doctor of Business Administration, has been Finance Director of Centrotec Hochleistungskunststoffe AG since 2000 and since 2002 chairman of Centrotec Hochleistungs-Kunststoffe AG. A Dutch national, he has held management positions in Germany for over eight years, including as branch manager of a bank and project manager at McKinsey.

Martin Beijer (56), who has successfully headed Ubbink Systemtechnik (acquired 1999) since 1997, is responsible for Systems within the Centrotec Group. Beijer transformed Ubbink from a more traditionally oriented plastics company into a high-growth specialist for plastic gas flue and ventilation systems.

Dr. Alexander Kirsch (36), a Doctor of Business Administration, has been a Board Member of Centrotec Hochleistungskunststoffe AG since 1998. He was initially the Finance Director, then took charge of Strategy and Expansion in 2000, a new area of responsibility on the board created in response to Centrotec's growth. He began his career as a management trainer, then worked for McKinsey & Company for several years.

Rob Slemmer (59) has been Managing Director of Brink Climate Systems (acquired 2002) since 1984. He has held various management positions within that group since 1978. Slemmer successfully transformed Brink into the European market leader for innovative heat recovery technology.

Imprint

Text: CENTROTEC Hochleistungskunststoffe AG,
Marsberg

Layout/
Production: MetaCom CorporateCommunications
GmbH, Hanau, Georg Biekehör
Jens Gloger, Viktor Diebold

Photographs: CENTROTEC Group, Schmidt, Stockphotos



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