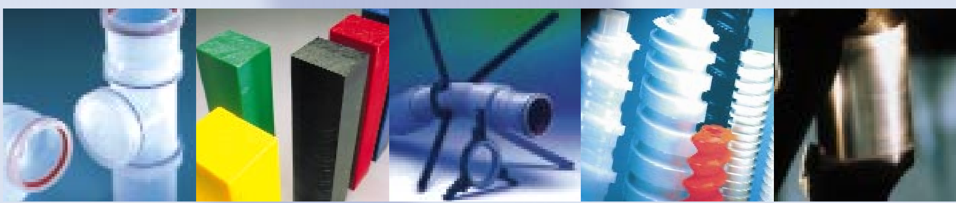

CENTROTEC
HOCHLEISTUNGSKUNSTSTOFFE AG

Group quarterly report at 31.03.2000

CENTROTEC Hochleistungskunststoffe AG
Marsberg

Notes

Growth in sales enters a new dimension

Following the record-breaking year of 1999, we have entered a new dimension in 2000 with a leap in the growth rate. We are able to report sales growth of 385 percent compared with the prior-year quarter, from DM 6.3 to 30.6 million.

We anticipate sales in the order of DM 120 million for the year as a whole; this is equivalent to a growth rate of 250 percent. The rate of increase in the first quarter is even higher. This is a mathematical effect, because the prior-year figures are not readily comparable with the current year due to the shift in the seasonal emphasis of the sales mix between 1999 and 2000.

There were two main causes of this surge in sales: organic growth, in particular for new-generation plastic gas flue systems – which are already over 100 percent up on last year – and the effect of the acquisition of the Dutch plastics specialist Ubbink Systemtechnik, which was taken over at the end of December 1999. The figures for Engineering Plastics likewise currently reveal growth of 16 percent. The sales campaign launched at the start of 1999 and the development of our technological expertise, and therefore our product range, have paid dividends here. Sales in the category "Other" are low-margin supplies by Ubbink's former parent company which tend to be concentrated in the first quarter of the year, and which will come to an end in 2002.

Growing client portfolio of boiler manufacturers

By concentrating its forces through the link-up with Ubbink, Centrotec is now Europe's leading supplier of plastic gas flue systems. Ubbink is pioneering the use of plastic components in traditional systems in key growth markets such as France and Great Britain. We are now able to take advantage of Ubbink's Europe-wide network in exploiting our technological expertise in all-plastic systems. We expect to achieve a breakthrough with several boiler manufacturers in the course of this year. A major order from the English company Vokèra, worth over DM 8 million and running until the end of 2001, provides initial evidence of our progress.

Sharp rise in profits

The development in profits was equally satisfying. Whereas we reported a marginal loss in the first quarter of last year, due to seasonal effects, we generated a substantial surplus in the first quarter of the current year. Profits after taxes rose from DM –0.1 to 1.1 million; after adjustment for goodwill depreciation, the figure is an even higher DM 1.5 million. The "adjusted EBIT" figure (earnings before interest, taxes and goodwill), which is a good indicator of operational profitability, actually rose from DM –0.1 to 3.3 million. Here again, all divisions contributed to this achievement with substantial rates of increase compared with the previous year.

Costs develop at slower rate than sales

Costs, in line with sales, have risen sharply but by a slightly lower rate than the latter. The materials ratio (adjusted for changes in inventories) was improved to 48 percent. Personnel costs and other operating expenses likewise rose less rapidly than sales. The latter item is currently only temporarily inflated as a result of one-off expenses in connection with the integration measures that are already under way. We expect it to decrease in relative terms in the course of time.

Depreciation of tax assets in the IAS reconciliation accounts

The result according to the IAS reconciliation accounts is lower than the HGB result, on account of the tax deferrals to be set up in accordance with IAS principles. Whereas the HGB financial statements take actual taxes as their basis, for IAS purposes tax assets were formed in previous years on account of accumulated losses brought forward; these are to be depreciated in 2000 with an effect on expenses. Our steadily increasing research and development activities currently have a positive effect on the IAS result; this is because the costs to be capitalised in the first quarter were slightly in excess of the depreciation on projects capitalised in the past.

Healthy capital situation

The balance sheet structure has clearly been transformed by the first-time consolidation of Ubbink. As it was possible to finance the takeover without the need for a capital increase, the equity share has fallen and, including subordinated funds with an equity character (DM 9 million), now amounts to approximately 29 percent. We have thus realised a capital structure which leverages our high rates of return.

Investments in a new logistics centre

Similarly to the previous year, the emphasis of investment measures this year is on gas flue systems. A new logistics centre in Brilon, which enables us to offer our customers a 24-hour service throughout Germany, accounted for the lion's share of new investments. As this facility is scheduled to open in June, this investment (among others) is reported under the balance-sheet item "Payments on account". The high level of cash in hand, which is the result of a bank loan already provided but not yet called, is attributable to this.

Several important market launches

The high importance attached to research and development by Centrotec is regularly demonstrated by the highly promising new products it launches. At the start of this year, we brought onto the market an innovative ventilation system for the low-energy house. This is a complete system comprising a fully automatic ventilation unit, roof duct and special piping system with low-resistance connections. A further significant new product will appear on the market this summer: a complete dormer window of special plastic. This innovation, aimed initially at the Dutch market, is the first genuine standard product that can be manufactured on a large industrial scale and permits a higher quality standard than the conventional design. Its long-term sales potential in excess of DM 20 million is significant.

Enlarged Managing Board

To maintain sufficient capacity for strategic projects, in particular acquisitions, alongside our increased business operations, two new members joined the Managing Board during the period under review. Dr. Gert-Jan Huisman has been appointed new Finance Director. Dr. Huisman is a former project manager at McKinsey & Company; a Dutch national who has held management positions in Germany for eight years, he will also be able to liaise effectively with Ubbink. The former Finance Director Dr. Alexander Kirsch now has a new area of responsibility: Strategy and Expansion Division. Following the acquisition of Ubbink, we were also able to recruit Martin Beijer as Head of the Plastic Systems Division. Beijer can look back on a successful track record as Managing Director of the Ubbink Group since 1997. He transformed the company from a more traditionally oriented plastics company into a high-growth specialist for plastic gas flue and ventilation systems.

3:1 share split, bonus shares ratified

Following the share split performed this February at a ratio of 3:1, the subscribed capital of DM 3.6 million is now divided into 3,600,000 bearer individual share certificates. Our ordinary shareholders' meeting on May 18 moreover ratified the issue of 3.6 million bonus shares to shareholders. Due to the time required for entry on the Commercial Register and for publication, this resolution will take approximately two months to implement.

Of the authorised but unissued capital (“bedingtes Kapital”) which currently totals 270,000 shares, 193,140 options for employees, management and board members have been issued to date. These options can only be exercised if ambitious individual and corporate targets are met. It is therefore uncertain what proportion will be exercised in practice. The company currently owns no shares of its own.

Bright outlook

In the light of the good start to the year, the promising negotiations with potential new customers and the new product launches mentioned above, our expectations for 2000 as a whole are positive. We anticipate a sales volume of DM 120 million, an adjusted EBIT of DM 17 million and a result after taxes of DM 7 million for the year as a whole.

Breakdown of sales, 1st quarter of 2000

	DM '000
Engineering Plastics	6,360
Plastic Systems	17,805
Other	7,549
Less	
- Internal sales	-352
- Discounts, bonuses	-257
- Reduction of proceeds	-491
Total	30,614

Key data for the group

- unaudited -

	31.03.00 DM '000	31.03.99 DM '000	Change Percent
Sales, total	**30.614**	**6.315**	**384,8%**
Engineering Plastics*	5.925	5.144	15,2%
Plastic Systems	17.140	1.171	1363,5%
Others	7.549	0	100,0%
*of which internal deliveries	352	262	
Result			
Cash flow I	2.928	112	2524,3%
EBIT (adjusted**)	3.254	-72	-
Net income for the period (adjusted**)	1.476	-128	-
Net income for the period	1.121	-128	-
Earnings per share (adjusted**; euro)	0,21	-0,02	-
Earnings per share (euro)	0,16	-0,02	-
Employees			
Total (average)	336	92	265,2%
Personnel expenses	6.369	1.880	238,8%
Capital structure			
Equity and subordinated funds with an equity character	29.910	16.168	85,0%
Total capital	103.696	24.893	316,6%
Solvency ratio (equity / total assets)	29%	65%	-55,6%
Investments/depreciation			
Investments in tangible fixed assets	5.229	352	1385,4%
Depreciation on tangible fixed assets and intangible assets (excluding step-up)	1.453	240	505,2%
Depreciation on goodwill and step-up	354	0	100,0%

** After elimination of depreciation on differences resulting from the acquisition of shareholdings ("goodwill and step-up depreciation")

Differences may be possible due to rounding of the figures expressed in DM '000

Consolidated balance sheet at March 31, 2000

CENTROTEC Hochleistungskunststoffe AG, Marsberg

- unaudited -

ASSETS

				31.03.00	31.03.99
				DM	DM
A.	**Assets**				
	I.	Intangible assets			
		1.	Industrial rights and similar rights	1.174.905,17	197.806,00
		2.	Goodwill from the consolidation of capital	19.432.259,82	0,00
				20.607.164,99	**197.806,00**
	II.	Tangible assets			
		1.	Land and buildings	12.112.421,54	3.437.354,54
		2.	Technical equipment and machinery	12.697.781,18	1.489.098,00
		3.	Other equipment, operating and office equipment	1.542.875,74	524.455,00
		4.	Payments on account and tangible assets in course of construction	8.614.118,70	164.887,50
				34.967.197,16	**5.615.795,04**
	III.	Financial assets			
		1.	Shareholdings in affiliated companies	0,00	0,00
		2.	Loans to affiliated companies	1.944.827,45	0,00
		3.	Securities	0,00	2.270.121,12
				1.944.827,45	**2.270.121,12**
				57.519.189,60	**8.083.722,16**
B.	**Current assets**				
	I.	Inventories			
		1.	Raw materials, consumables and supplies	4.135.204,82	617.823,82
		2.	Work in process	3.686.349,10	1.188.575,77
		3.	Finished goods and merchandise	11.151.587,09	3.763.483,14
				18.973.141,01	**5.569.882,73**
	II.	Receivables and other assets			
		1.	Trade receivables	18.700.461,30	3.442.738,53
		2.	Receivables from affiliated companies	0,00	0,00
		3.	Other assets	616.226,50	472.540,41
				19.316.687,80	**3.915.278,94**
	III.	Cash in hand, postal giro balances, cash in other banking accounts		7.141.894,24	7.313.361,94
				45.431.723,05	**16.798.523,61**
C.	**Prepaid expenses**			**745.040,00**	**10.800,00**
				103.695.952,65	**24.893.045,77**

Consolidated balance sheet at March 31, 2000

CENTROTEC Hochleistungskunststoffe AG, Marsberg

- unaudited -

EQUITY AND LIABILITIES

			31.03.00	31.03.99
			DM	DM
A.	**Equity**			
	I.	Subscribed capital	7.040.988,00	6.000.000,00
	II.	Capital reserve	20.259.012,00	21.300.000,00
	III.	Revenue reserves	1.228.073,18	43.047,90
	IV.	Accumulated losses brought forward	-8.614.875,83	-11.046.926,21
	V.	Consolidated net profit/loss	1.121.242,49	-128.414,98
			21.034.439,84	**16.167.706,71**
B.	**Minority interest**		**32.774,23**	**0,00**
C.	**Provisions**			
	1.	Provisions for pensions and similar obligations	29.629,75	0,00
	2.	Provisions for taxes	2.222.387,72	12.903,66
	3.	Other provisions	4.578.361,17	858.365,00
			6.830.378,64	**871.268,66**
D.	**Liabilities**			
	1.	Liabilities to banks	45.839.095,18	5.508.078,42
	2.	Trade payables	13.702.527,41	1.412.118,31
	3.	Other liabilities	16.256.737,36	933.873,67
			75.798.359,95	**7.854.070,40**
			103.695.952,65	**24.893.045,77**

Consolidated statement of income at March 31, 2000

CENTROTEC Hochleistungskunststoffe AG, Marsberg

- unaudited -

CONSOLIDATED STATEMENT OF INCOME

	31.03.00 DM	31.03.99 DM
Sales revenues	30.614.188,17	6.314.835,74
Increase or decrease in finished goods		
inventories and work in process	-306.668,41	-73.202,06
Capitalised cost of self-constructed assets	1.220,00	0,00
Other operating income	399.447,64	301.816,75
Cost of materials		
Cost of raw materials, consumables, supplies		
and of purchased goods	-14.517.138,76	-3.114.632,35
Cost of purchased services	-141.563,33	-118.708,91
Personnel expenses		
Wages and salaries	-4.693.372,05	-1.515.877,40
Social security costs	-1.675.252,80	-363.785,02
Depreciation on intangible		
and tangible assets	-1.400.877,58	-240.047,19
Other operating expenses	-5.029.864,95	-1.261.966,51
Operating result	**3.250.117,93**	**-71.566,95**
Other interest and similar income	43.301,73	63.361,79
Depreciation on goodwill	-350.221,93	0,00
Interest and similar expenses	-750.246,56	-75.835,33
Result from ordinary operations	**2.192.951,17**	**-84.040,49**
Taxes on income	-1.023.879,02	-22.800,00
Other taxes	-47.829,67	-21.574,49
Consolidated net income/net loss for the period	**1.121.242,49**	**-128.414,98**
Minority participation	**32.774,23**	**0,00**

Operating result (adjusted)	**3.254.228,02**	-71.566,95
Interest result	-706.944,83	-12.473,54
Result before taxes (adjusted)	2.547.283,19	-84.040,49
Taxes	-1.071.708,69	-44.374,49
Result after taxes (adjusted)	**1.475.574,51**	-128.414,98

Step-up depreciation totalling DM 4.110,09 and depreciation of goodwill totalling DM 350.221,93 have been eliminated; these amounts are not tax-deductible and therefore no adjustment to taxes has been made for them.

Cash flow statement

CENTROTEC Hochleistungskunststoffe AG, Marsberg

- unaudited -

	31.03.00 DM '000	31.03.99 DM '000
Income from/expenditure for operating activities		
Net income/net loss for the period (quarter)	1.121	-128
Adjustments for transition from net income/net loss for the period to income/expenditure		
Depreciation on goodwill and step-up	354	0
Depreciation on intangible assets	516	16
Depreciation on tangible fixed assets	937	224
Cash flow I	**2.928**	**112**
Decrease/increase in assets and increase/decrease in equity and liabilities		
Inventories (excluding step-up)	-743	-363
Trade receivables	-3.164	84
Receivables from affiliated companies	0	0
Other assets	988	140
Provisions for pensions and similar obligations	30	0
Provisions for taxes	360	-5
Other provisions	370	-259
Trade payables	3.822	225
Other liabilities	284	-80
Net income/expenditure from operations	**4.875**	**-145**
Cash flow from investment activities		
Investments in intangible assets	-5	0
Investments in tangible fixed assets	-5.229	-352
Investments in financial assets	-53	-2.270
Cash flow from financing activities		
Increase/decrease in medium-term and long-term amounts due to banks	5.875	-25
Increase in subscribed capital	0	0
Increase/decrease in capital reserves	0	0
Investments in financial assets	0	0
Reduction/increase in prepaid expenses	-740	-11
	4.724	**-2.803**
Increase/decrease in liquid funds	4.724	-2.803
Liquid funds at the start of the financial year	-15.565	9.475
Liquid funds at the end of the quarter	-10.840	6.672
Composition of liquid funds at the end of the quarter		
Cheques, cash in hand, cash in banking accounts, postal giro balances	7.142	7.313
Short-term borrowings from banks	-17.982	-641
	-10.840	**6.672**

IAS reconciliation (group)

CENTROTEC Hochleistungskunststoffe AG, Marsberg

- unaudited -

a) IAS reconciliation accounts for consolidated equity

The following table shows the adjustments to the specifications of commercial law which are required in order to show the consolidated equity acc. to IAS for the consolidated financial statements at the end of the quarter.

		31.03.00 DM '000	31.03.99 DM '000
Consolidated equity acc. to HGB		**21.034**	**16.168**
+/-	Increase or decrease in finished goods and work in process	-176	0
	Leasing	-47	-38
	Development costs	707	22
	Pension obligations	-1.473	0
	Provisions	710	0
	Deferred taxes		
	from HGB/ IAS adjustments	101	7
	from accumulated losses brought forward	682	1.876
	from the calculation of available net equity	0	0
	Total adjustments	**503**	**1.867**
Consolidated equity acc. to IAS		**21.538**	**18.035**

b) Reconciliation accounts for consolidated net income acc. to IAS

The following table shows the adjustments to the specifications of commercial law which are required in order to show the consolidated equity acc. to IAS for the consolidated financial statements at the end of the quarter.

		31.03.00 DM '000	31.03.99 DM '000
Consolidated net income acc. to HGB		**1.121**	**-128**
+/-	Increase or decrease in finished goods and work in process	-9	0
	Leasing	-2	6
	Development costs	-22	-5
	Pension obligations	-43	0
	Provisions	0	0
	Deferred taxes		
	from HGB/ IAS adjustments	12	-1
	from accumulated losses brought forward	-227	-268
	from the calculation of available net equity	0	0
	Total adjustments	**-291**	**-267**
Consolidated net income acc. to IAS		**830**	**-395**

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