



CENTROTEC

HOCHLEISTUNGSKUNSTSTOFFE AG

CONSOLIDATED QUARTERLY REPORT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

at March 31, 2001

Notes

1. *Increased sales in all areas*

The sales trend for Centrotec, the German-Dutch specialist for high-temperature plastic components for industrial applications and plastic gas flue systems, was once again very good in the first three months of 2001. Compared with the corresponding prior-year period, sales were boosted by 19.5% to EUR 18.7 million. Over 95% of this growth is of an organic nature.

As in the previous year, the highest growth rates are being reported by the segment for plastic gas flue systems, which are used in conjunction with innovative condensing boiler technology. The expansion in business volume of 73% enabled us to strengthen our position as market leader. However, as the season in which heating boilers are installed is traditionally in the second half of the year, the impact of this growth is as yet only reflected to a limited extent in the overall figures. The growth rate has achieved this high figure because the process of aluminium gas flue systems being substituted by plastic gas flue systems is unfolding rapidly.

The Engineering Plastics segment has likewise made a substantial contribution to growth, expanding by 21%. The high level of orders received for outfitting plant for the semiconductor industry and the medical technology and food processing sectors and also sustained export demand have acted as the driving forces of growth.

2. *Earnings increase by 69.7%*

The net profit for the quarter is EUR 0.72 million (previous year: EUR 0.42 million), representing a rate of increase of 69.7% and consequently higher than the rise in sales. Centrotec's earnings before interest, taxes and the depreciation of goodwill (adjusted EBIT) rose by 20.1% to EUR 1.93 million.

Personnel costs, depreciation and other operating expenses rose less sharply. Only the direct costs of materials rose faster than sales. This is a result of an increased outsourcing and the higher share of gas flue systems having a lower value added. In the course of our growth, a higher level of fixed cost had to be created. Nevertheless, the result has risen more sharply than sales, being already on a high level last year. This development appears as a consequence of our restructuring and integration projects.

3. *Cut-off effect in working capital*

As of end of March several major orders have been delivered. This has resulted in an increase of trade receivables by EUR 3.9 million compared to January 1st, 2001. Temporarily, the credit lines have been used to a higher extent. At the point of time of the preparation of this report, the receivables have already been paid. Apart from cut-off effects, the company has a solid positive free cash flow. A further difference in a balance sheet item appears in the provisions. These have been higher at the beginning of the

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year 2000. They included a reserve for one-off expenses for the integration after the Ub-bink-takeover, which have also occurred in 2000. In comparison to the level at the beginning of 2001, no major changes have taken place in this item.

4. Accounting principles used in Centrotec reports: from now on exclusively acc. to IAS

This quarterly report has been drawn up in accordance with the International Accounting Standards (IAS). It is the first report prepared exclusively according to IAS; previously, we prepared HGB consolidated financial statements and supplemented them with IAS reconciliation accounts. Due to the change, the figures for the previous year had to be determined accordingly. The changes that affect the equity and the net result were already made transparent in the reconciliation accounts of last year's report. In addition to that, reclassifications among items in the balance sheet and p&l have been conducted. We believe that the complete switch to IAS will further enhance the appeal of our shares for foreign investors.

5. New Logistics Centre now guarantees almost 100% ability to supply

The new Logistics Centre in Brilon opened last June. This facility paves the way for future growth in the area of gas flue technology. Vigorous demand for plastic gas flue systems and the opening of a fully automated stock management system led to delivery bottlenecks in the second half of 2000, as already mentioned in previous reports. Thanks to various targeted measures we were able to return to our accustomed response times for deliveries by the end of 2000. We built on this trend, and are now able to exploit the benefits of the new Logistics Centre to the full. The ability to deliver orders is measured on a day-by-day basis, and is almost 100% every day.

6. Capacity expansion in Engineering Plastics

We still continue to operate at our capacity limits in the segment of engineering plastics. Productivity is currently being further improved and production capacity expanded in order to cope with the rising level of incoming orders. Implementing these measures while maintaining operation is likely to impose certain temporary restrictions on internal capacity in the second quarter; however, this effect will in all probability be outweighed by the clear improvement already in the second half of the year.

7. Participation in Rolf Schmidt Industriplast AS

Centrotec signed a purchase agreement for Rolf Schmidt Industri Plast A/S, of Kolding, Denmark, in March. This move now gives Centrotec a foothold in the Scandinavian market. Rolf Schmidt is one of the technology leaders in Scandinavia for the supply of structural elements made from high-performance plastics. In the finished parts sector, Centro-

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tec is thus gaining access to new client groups. Rolf Schmidt Industri Plast reported sales of EUR 4.6 million in 2000. Centrotec anticipates that Rolf Schmidt Industri Plast will contribute EUR 0.8 million to adjusted EBIT and EUR 0.4 million to the result after taxes by 2002. The Scandinavian market is not only notable for its clear emphasis on quality, but also for a customer structure that includes leading representatives of food and medical technology and of the electronics sector as highly attractive future markets for high-end plastic concepts.

8. *New patented solar technology system presented at exhibition*

The Centrotec subsidiary Ubbink participated highly successfully in a Dutch trade exhibition, where it presented several solar technology systems. In addition to the already introduced solar energy system, a version for flat roofs was presented. This version likewise has a patented plastic frame structure (of a modified design) which drastically cuts installation costs compared with conventional systems. Thanks to an ingenious mechanism, no transit packaging is required for this solar energy system. The special feature of this system, however, is that it can be adjusted in line with the sun's position, at an angle that minimises shadows when several solar panels are erected side by side. This enables the panels to make maximum use of the sunlight.

Centrotec's solar energy systems have met with an outstanding market reception. In a representative survey, a majority of processing companies declared the Centrotec system to be the best such product on the market. Two global oil companies have moreover expressed an interest in selling the system. With new state programmes to promote such technology currently being introduced, the prospects have become brighter still. In the Netherlands, the currently most important market for Centrotec's solar systems, a comprehensive programme involving subsidies of EUR 450 to 700 per solar system has been launched. Centrotec will nevertheless not be able to attain its original target of tripling sales for solar technology already this year. Contrary to expectations, some energy suppliers are as an interim measure being granted even higher government grants (new grants on top of previously granted project subsidies), which are favouring their systems to a disproportionately high extent. This measure will only restrict the competition in this year (until the end of the projects).

9. *Personnel: Management extension in the growth areas*

An additional director has been appointed to the management team for each of the engineering plastics and plastic gas flue systems areas. The board member Hans-Lothar Hagen will now be assisted by Frank Sager as Director of engineering plastics. Frank Sager has established a reputation within Centrotec through his outstanding efforts to develop the company over the years. A very experienced businessman has been recruited to the post of Director for Plastic Gas Flue Systems from within the industry. Dr. Peter Ludemann has a considerable reputation within the heating appliances industry thanks to his many years as board member of Fröling, one of the top ten boiler manufacturers. The director Norbert Wülbeck, who has developed the area of plastic gas flue

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systems from a “start up” to today’s largest business segment, now takes over additional responsibility for developing the new area of fibre-reinforced composites. We expect a success story from this area that is similar to the plastic gas flue systems.

10. *Expectations for 2001 as a whole: despite economic uncertainty, further growth for Centrotec*

The sales forecast for the current year is EUR 74 million, with an anticipated result after taxes of EUR 5 million. A slowdown in the economy – particularly in Germany – has been observed for some time. We are monitoring this development carefully. Centrotec too is registering a slackening of the economy in certain areas. However, the growth stimuli clearly outweigh the negative influences. The good first-quarter results, the high proportion of our sales generated outside Germany and not least the successful entry to the Scandinavian market strengthen our expectations that Centrotec will again sustain its high growth in 2001. We are therefore adhering to the plans for 2001 announced one year ago, and are confident that we will be able to achieve our targets, as in previous years.

These plans are based exclusively on organic growth of our current product areas. Centrotec Hochleistungskunststoffe AG’s high rate of organic growth will be maintained over the next years. In the medium term, we nevertheless aim at adjusting these targets upwards on several occasions as a result of acquisitions.

KEY FIGURES GROUP

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

at March 31, 2001

in '000 Euro

	31.03.2001	31.03.2000	Change in percent
Total Sales	18.704	15.653	19,5%
Engineering Plastics	3.895	3.209	21,4%
Plastic Systems	13.173	8.764	50,3%
Others	1.953	3.860	-49,4%
Less intercompany sales	(317)	(180)	76,2%
Earnings			
Cash flow I (net income + depreciation/amortization)	1.716	1.360	26,2%
EBIT (adjusted*)	1.931	1.608	20,1%
EBIT	1.742	1.429	21,9%
Net income (adjusted*)	909	603	50,7%
Net income	720	424	69,7%
Basic earnings per share (adjusted*)	0,13	0,08	50,8%
Basic earnings per share	0,10	0,06	69,9%
Employees			
Total (FTE)	367	336	9,3%
Personnel expenses	3.767	3.278	14,9%
Capital structure			
Equity and subordinated funds with an equity character	18.933	15.550	21,8%
Total capital	60.988	54.342	12,2%
Equity ratio	31,0%	28,6%	8,5%
Investments/depreciation and amortization			
Investments in tangible assets	656	2.661	-75,3%
Depreciation of tangible assets and intangible assets (excluding goodwill)	806	757	6,6%
Amortization of goodwill	189	179	5,6%

* Amortization of goodwill eliminated

Courtesy Translation

This report is a courtesy translation. Legally valid is only the original German text.
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CONSOLIDATED BALANCE SHEET

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

at March 31, 2001

in Euro

ASSETS

	31.03.01 Euro	31.03.00 Euro
A. Fixed Assets		
<i>I. Intangible assets</i>		
1. Internally generated intangible assets	112.368,31	361.322,42
2. Concessions, industrial and similar rights and assets and licences in such rights and assets	473.191,02	600.719,48
3. Goodwill	11.811.562,47	10.132.958,90
4. Payments on account	0,00	0,00
	12.397.121,80	11.095.000,79
<i>II. Property, plant and equipment</i>		
1. Land, land rights and buildings	13.739.141,54	8.407.503,80
2. Technical equipment and machines	5.309.274,06	4.493.333,60
3. Other equipment, factory and office equipment	1.461.076,01	788.859,84
4. Payments on account and assets und construction	173.735,37	4.404.328,95
	20.683.226,98	18.094.026,19
<i>III. Financial assets</i>		
1. Shares in affiliated companies	0,00	0,00
2. Loans to affiliated companies	0,00	994.374,49
3. Participations	406.813,51	0,00
4. Loans to companies in which participations are held	0,00	0,00
5. Security investments	0,00	0,00
6. Other loans	629.037,40	0,00
	1.035.850,91	994.374,49
	34.116.199,68	30.183.401,46
B. Deferred Tax	263.839,26	638.512,56
C. Current Assets		
<i>I. Inventories</i>		
1. Raw materials, consumables and supplies	3.284.159,67	2.114.296,65
2. Work in process	1.583.699,23	1.834.013,23
3. Finished goods and goods for resale	6.792.735,09	5.662.511,76
4. Payments on account	0,00	0,00
	11.660.594,00	9.610.821,64
<i>II. Receivables and other assets</i>		
1. Trade receivables	12.478.353,59	9.561.394,04
2. Receivables from affiliated companies	0,00	0,00
3. Receivables from companies in which participations are held	0,00	0,00
4. Other assets	1.256.692,85	315.071,61
5. Prepaid expenses	481.706,23	380.932,90
6. Current tax	0,00	0,00
	14.216.752,67	10.257.398,55
<i>III. Marketable securities</i>		
1. Shares in affiliated companies	0,00	0,00
2. Other marketable securities	0,00	0,00
	0,00	0,00
<i>IV. Cash in hand, bank balances and checks</i>	730.632,55	3.651.592,54
	26.607.979,22	23.519.812,73
	60.988.018,17	54.341.726,75

EQUITY AND LIABILITIES

	31.03.01 Euro	31.03.00 Euro
A. Equity		
I. Subscribed capital	7.200.000,00	3.600.000,00
II. Capital reserve	5.895.453,31	9.495.453,32
III. Other revenue reserves	2.047.111,52	541.099,81
IV. Treasury shares	(112.394,90)	0,00
V. Translation reserve	(60.756,64)	54.954,82
VI. Retained earnings / accumulated loss	(1.294.360,25)	(3.103.797,58)
VII. Consolidated net income / net loss	720.276,38	424.345,39
	14.395.329,42	11.012.055,76
B. Minority interest	0,00	16.757,20
C. Provisions and accruals		
1. Pensions and similar obligations	789.739,59	768.288,48
2. Other provisions	590.585,79	1.519.021,72
	1.380.325,38	2.287.310,20
D. Deferred Tax	43.568,28	238.135,69
E. Liabilities		
1. Loans	0,00	0,00
2. Liabilities to banks	26.773.027,68	23.437.157,21
3. Payments received on account	0,00	0,00
4. Trade payables	6.391.272,35	7.005.991,02
5. Liabilities to affiliated companies	0,00	0,00
6. Liabilities to companies in which participations are held	0,00	0,00
7. Other liabilities	10.270.334,62	9.208.030,89
8. Current tax	1.734.160,44	1.136.288,80
	45.168.795,09	40.787.467,91
	60.988.018,17	54.341.726,75

NOTIFIABLE SHAREHOLDINGS

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

at March 31, 2001

Name	Shares / Numbers	Options / Numbers
Board of directors		
Hans-Lothar Hagen	54.000	54.000
Dr. Gert-Jan Huisman	500	54.000
Dr. Alexander Kirsch	9.000	54.000
Martin Beijer	700	54.000
Supervisory board		
Guido A. Krass	1.200.000	0
Dr. Bernhard R. Heiss	0	0
Hans Thomas	1.800	0
Centrotec		
Own shares	6.040	0

CONSOLIDATED INCOME STATEMENT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

for the period from January 1st to march 31th, 2001

in Euro

	31.03.01 Euro	31.03.00 Euro
1. Sales	18.703.583,29	15.652.785,86
2. Increase or decrease in finished goods inventories and work in process	10.177,11	(161.574,30)
3. Own work capitalised	13.498,11	623,78
4. Other operating income	90.113,67	204.234,34
5. Cost of materials		
a) Cost of raw materials, consumables, supplies and of purchased merchandise	(9.266.576,28)	(7.422.495,19)
b) Cost of purchased services	(79.391,43)	(72.380,18)
6. Personnel expenses		
a) Wages and salaries	(2.765.021,09)	(2.399.683,02)
b) Social security, pensions and other benefit costs	(1.002.067,68)	(878.474,36)
7. Depreciation and amortisation	(995.550,26)	(935.595,79)
8. Other operating expenses	(2.966.813,48)	(2.558.027,22)
Earnings before interests and taxes	1.741.951,96	1.429.413,91
9. Other interest and similar income	31.196,56	22.139,82
10. Interest and similar expenses	(409.351,66)	(393.773,61)
Earnings before taxes	1.363.796,86	1.057.780,13
11. Taxes on income and other taxes	(643.520,47)	(633.434,74)
Profit / loss after tax	720.276,38	424.345,39
12. Minority interest	0,00	16.757,20

CASH-FLOW-STATEMENT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

at March 31, 2001

in '000 Euro

	31.03.01 Euro	31.03.00 Euro
Cash flows from operating activities		
Net Profit before taxation and interest	1.742	1.429
Adjustment for depreciation, change in provisions, deferred taxes and gains/losses from disposals of assets	784	1.200
Operating profit before working capital changes	2.526	2.630
Change in working capital	(4.620)	361
Cash generated from operations	(2.094)	2.991
Interest and income taxes paid	(994)	(375)
Net cash used in/from operating activities	(3.088)	2.615
Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired	(1.860)	0
Net change in fixed assets	(739)	(3.117)
Net cash used in/from investing activities	(2.599)	(3.117)
Cash flows from financing activities		
New long-term borrowings and change in equity	0	2.969
Repayment of lease and bank liabilities	(1.614)	(28)
Net cash used in/from financing activities	(1.614)	2.940
Net increase/decrease in cash and cash equivalents	(7.301)	2.439
Cash and cash equivalents at beginning of period	(5.511)	(7.958)
Cash and cash equivalents at the end of period	(12.812)	(5.519)



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