



GROUP QUARTERLY REPORT

of CENTROTEC Hochleistungskunststoffe AG, Brilon
at March 31, 2003
Report of the Management Board

Highlights

- EPS pre-goodwill up by 17%
- Profit after taxes up by 26%
- Increase in revenue (+1.6%), with overall economic situation remaining difficult

Outlook

- Revenue and profits forecasts for 2003 remain stable
Revenue forecast: In excess of EUR 110 million
Profits forecast: EPS* > EUR 1.00 - 1.05
- Prospects for the year as a whole bright
- Focus on systems and environmental products
- Medium-term growth target of 25-30% p.a.
- Extensions to capacity at Brilon site

* = before goodwill amortization

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1. Revenue: slight growth amid slack economic progress

CENTROTEC posted a moderate rise in revenue at March 31, 2003 to EUR 24.8 million (previous year EUR 24.4 million). This represents a stable performance, in the light of Germany's continuing economic weakness. The Systems segment posted a rise in revenue of 1.9%, and Engineering Plastics enjoyed significant growth of 14%. In the other revenue areas, revenue fell significantly by EUR 0.6 million. This is due to the fact that supply commitments to former fellow subsidiaries of Ubbink, resulting from the acquisition of Ubbink in 1999, are not being extended for strategic reasons. These revenue sources were in addition not particularly profitable. Growth in revenue is customarily expected in the second half of the year, with the result that the annual revenue target of more than EUR 110 million remains the basis for our plans.

Systems:

The Systems segment continues to make good progress. The segment grew by 1.9% compared with the previous year, from EUR 18.7 million to EUR 19.1 million. Viewed in the context of longer-term growth, this is currently a rather modest growth rate that is dictated by the present mood of economic restraint.

In view of the fact that the Gas Flue Systems and Climate Systems areas normally report higher revenue towards the end of the year due to seasonal effects, here again we are expecting an above-average contribution to revenue and earnings for the year as a whole. With the current level of renovation and new construction work if anything showing a downward trend, our growth in revenue demonstrates that we are gaining market shares overall. Once the economy recovers, our growth will then become even more marked. The Climate Systems area is benefiting from the growth of environment-friendly climate control systems with heat recovery. Slacking activities in the market for new constructions are the reason that the increasing market shares is not visible in absolute growth figures.

Engineering Plastics:

The Engineering Plastics segment posted a rise in revenue of 14%, to EUR 4.7 million (previous year EUR 4.1 million). The slight year-on-year improvement in the earnings situation is a positive development. Here too, there is still scope for growth despite the very weak state of the economy, but the market response remains very restrained.

2. Earnings: net profit up by 26%

With overall economic demand remaining weak, earnings after interest and taxes were nevertheless boosted to EUR 1.28 million (previous year EUR 1.0 million) – a growthrate of 26%. EPS pre-goodwill showed a year-on-year rise of 17% to EUR 0.22.

Within the operating result, EBIT pre-goodwill is 12.4% related to sales and the increase from EUR 3,065 thousand in 2002 to EUR 3,086 thousand at March 31, 2003 is only marginal at 0.7% and coorespond to the low increase in sales.

During the year 2002 pressure on earnings in the Engineering Plastics segment grew permanently. The trend has been stopped now.

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Cost reducing activities have led to stable earnings situation in this segment, however on a low level. The weak market situation in the segment engineering plastics still persists.

Whereas in 2002 the margins were decreasing we can expect slightly increasing margins in 2003. Due to this reason the distance to the previous year's figures seem to increase in the following months.

We anticipate that EPS pre-goodwill for the year as a whole will rise in line with forecasts, to approx. EUR 1.00 – 1.05.

3. Balance Sheet: equity ratio pushed up by lower debt burden

The equity ratio at the reporting date compared with the first quarter of the previous year was boosted by 4.4 percentage points. At 31.6%, it is now just above the figure at December 31, 2002 (31.5%).

Although the Working Capital (Trade receivables + stock – Trade payables) has been increased due to seasonal effects from Euro 21.4 Mill. (31.12.02) to Euro 24.3 Mill., the net-bank-liabilities (short term and long term reduced by cash-pos.) increased only from Euro 37.1 Mill. auf Euro 37.5 Mill. The net-bank-liabilities even have been reduced by Euro 4.0 Mill. compared to the first Quarter 2002, which is on a seasonal basis the adequate comparison.

The fact that our acquired subsidiaries continue to achieve EBIT ratios running well into double figures lends substance to the reported goodwill figures. In view of the rigid price policy adopted for acquisitions, the absolute level of goodwill is moreover of no more than a moderate magnitude.

4. Systems: moderate rate of growth but significant rise in share of earnings

Revenue for the Systems segment rose by a moderate 1.9%, but net earnings leaped significantly by 18%. The healthy cost structure has contributed towards the good consolidated earnings. This segment typically posts higher revenue in the second half of the year.

In the Solar/Roof area, revenue fell substantially by around 12% due to seasonal effects. As a result of the exceptionally high number of days of frost during a long winter, the sales volume fell short of expectations. In the course of the year this should be compensated again.

New developments for soundproofed, thermally insulated ventilation systems made from high-performance plastics have been successfully completed and are gradually being launched in existing sales markets. As well as the ongoing rejuvenation and modernization of technical products, an "insulating brick" made from high-performance plastics for use in the transitional zone between the roof and the wall has been brought to market maturity.

Growth for condensing boiler technology is expected to be generally flatter due to the lower number of new buildings.

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Heat recovery systems are continuing to grow and OEM business in Germany is progressing positively. We have actively embarked upon the development of new product generations of heat recovery systems. Extensive, in-depth market analyses have confirmed that this product line will demonstrate our leading product advantages in respect of comfort and technology; it is expected to reach the market at the start of 2004. As well as a very good market position in the Netherlands, above-average growth is expected here in Germany.

5. Engineering Plastics – slight positive trend

The Engineering Plastics segment continues to suffer from generally weak demand in core sales markets. Revenue nevertheless rose by 14% compared with the first quarter of the previous year. Earnings, too, moved just into the black again following extensive restructuring measures at the end of 2002. The cost-cutting programmes that have been drawn up are beginning to achieve the desired effect and will be systematically adhered to throughout 2003.

In the pioneering area of Advanced Composites, follow-up orders for the Tepex™-product range have already been secured from the sports equipment trade.

Bond Laminates GmbH, which is likewise based in Brilon, has successfully started up a new production line for the continuous production of specially developed long-fibre thermoplastic materials.

The new Production and Logistics Centre in Brilon, built to allow further expansion at the Brilon site, will be fully occupied by the end of May 2003.

6. Positive expectations for the year as a whole – forecasts unchanged

The revenue forecast of over 10% growth compared with the previous year should be achievable, including a small contribution external growth.

The profits forecast, with earnings growth of appr. 30% up to 1.00 – 1.05 Euro per share (previous year 0.76) pre-goodwill, should likewise – as matters stand – be readily attainable because the second half of the year is usually stronger. The second year 2002 was untypically weaker.

As the experienced M&A team at Centrotec is constantly on the lookout for attractive, profitable companies in high-growth niche markets, it may also be possible to exceed the revenue and earnings targets through acquisitions, and thus to step up the overall pace of growth in the medium term.

Brilon, May 2003

The Management Board

KEY FIGURES GROUP

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

at March 31, 2003

in thousand EUR

	31.03.2003	Previous Year**	Change
Total sales	24.796	24.400	1,6%
Engineering Plastics	4.732	4.147	14,1%
Plastic Systems	19.091	18.728	1,9%
Others	973	1.525	-36,2%
Earnings			
Cash flow I (net income and depreciation/amortization)	2.619	2.425	8,0%
EBIT (adjusted*)	3.086	3.065	0,7%
EBIT	2.662	2.643	0,7%
Net income (adjusted*)	1.702	1.435	18,6%
Net income	1.279	1.013	26,3%
Earnings per share (basic, adjusted*)	0,22	0,19	16,9%
Earnings per share (basic)	0,17	0,13	28,4%
Earnings per share (diluted)	0,17	0,13	28,4%
Weighted average shares outstanding (basic)	7.661.935	7.656.980	0,1%
Weighted average shares outstanding (diluted)	7.661.935	7.718.937	-0,7%
Employees			
Total (FTE)	616	590	4,4%
Personnel expenses	6.331	6.081	4,1%
Capital structure			
Equity	28.857	27.703	4,2%
Total capital	91.311	87.859	3,9%
Equity ratio	31,6%	31,5%	0,2%
Investments/depreciation and amortization			
Investments in tangible assets	1.042	642	62,4%
Depreciation of tangible assets and intangible assets (excluding goodwill)	917	990	-7,4%
Amortization of goodwill	424	422	0,3%

* Amortization of goodwill eliminated

** Category sales, net income, employees and investments/depreciations for the period from January 1 to March 31, 2002;
Category capital structure per December 31, 2002

CONSOLIDATED BALANCE SHEET

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

at March 31, 2003

in EUR

ASSETS

	31.03.2003	31.12.2002
Current assets		
Cash and cash equivalents	4.073.507,93	3.172.134,99
Trade account receivables	16.303.720,68	13.535.280,25
Inventories	14.320.184,07	13.931.078,20
Prepaid expenses and other current assets	1.809.934,82	2.114.356,46
Income tax receivables	458.791,37	443.768,89
	36.966.138,87	33.196.618,79
Noncurrent assets		
Property, plant and equipment	27.230.329,96	27.163.023,28
Intangible assets	424.166,28	450.511,40
Financial investments	60.576,07	33.576,07
Notes receivable / loans	45.922,56	45.922,56
Goodwill	25.667.471,24	26.091.245,71
Deferred tax	916.757,86	877.773,73
	54.345.223,96	54.662.052,76
	91.311.362,83	87.858.671,55

CONSOLIDATED BALANCE SHEET

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

at March 31, 2003

in EUR

EQUITY AND LIABILITIES

	31.03.2003	31.12.2002
Current liabilities		
Current portion of capital lease obligation	93.569,35	104.343,44
Short term debt and current portion of long-term debt	17.822.225,87	15.426.493,88
Trade accounts payable	6.325.983,07	6.095.962,46
Accrued expenses	2.566.755,08	2.702.232,58
Income tax payable	1.532.000,67	1.451.371,34
Other current liabilities	7.685.243,53	6.849.940,35
	36.025.777,57	32.630.344,05
Noncurrent liabilities		
Long-term debt less current portion	23.773.504,38	24.828.333,02
Capital lease obligations less current portion	166.994,06	187.726,30
Deferred tax	2.128.457,29	2.152.395,85
Pension accrual	359.177,34	356.510,19
	26.428.133,07	27.524.965,36
Shareholders` equity		
Share capital	7.667.975,00	7.667.975,00
Additional paid-in-capital	10.127.858,32	10.127.858,32
Treasury stock	(112.394,90)	(112.394,90)
Currency translation reserve	(260.544,53)	(136.110,36)
Retained earnings / accumulated deficit	10.156.034,08	6.007.789,89
Accumulated consolidated income / loss	1.278.524,23	4.148.244,19
	28.857.452,20	27.703.362,14
	91.311.362,83	87.858.671,55

SHAREHOLDERS' EQUITY

in thousand EUR

	Share capital	Addid. paid-in capital	Treasury stock	Curr. translation diff. in shareholders' equity	Retained earnings	Accumulated income	Consolidated-equity
December 31, 2001/							
January 1, 2002	7.222	6.036	(112)	33	6.008	0	19.187
Consolidated income / loss						4.148	4.148
Changes in cause of the exercise of acquisition Brink	446	4.092					4.538
Currency translation				(169)			(169)
December 31, 2002	7.668	10.128	(112)	(136)	6.008	4.148	27.703
Allocation to retained earnings					4.148	(4.148)	0
January 1, 2003	7.668	10.128	(112)	(136)	10.156	0	27.703
Consolidated income / loss						1.279	1.279
Currency translation				(124)			(124)
March 31, 2003	7.668	10.128	(112)	(261)	10.156	1.279	28.857

CONSOLIDATED INCOME STATEMENT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

for the period from January 1 to March 31, 2003

in EUR

INCOME STATEMENT

	01.01.2003 31.03.2003	01.01.2002 31.03.2002
Revenues	24.795.891,95	24.399.679,62
Other operating income	155.334,51	6.065,76
Changes in inventories of finished goods and work in progress	788.319,78	696.605,23
Production for own fixed assets capitalized	6.342,57	2.769,83
Cost of purchased materials and services	(11.181.746,80)	(10.962.000,91)
Personnel expenses	(6.330.583,70)	(6.081.365,53)
Depreciation and amortization	(917.141,60)	(990.125,87)
Amortization (and impairment) of goodwill	(423.774,99)	(422.311,27)
Other operating expenses	(4.230.498,64)	(4.006.287,19)
Operating income/loss	2.662.143,08	2.643.029,67
Interest income and expenses	(524.400,29)	(710.900,86)
Result before income taxes (and minority interest)	2.137.742,79	1.932.128,81
Income tax	(859.218,56)	(919.602,26)
Net income / loss	1.278.524,22	1.012.526,55

EARNINGS PER SHARE

Earnings per share (basic, adjusted*)	0,22	0,19
Earnings per share (basic)	0,17	0,13
Earnings per share (diluted)	0,17	0,13
Weighted average shares outstanding (basic)	7.661.935	7.656.980
Weighted average shares outstanding (diluted)	7.661.935	7.718.937

* Amortization of goodwill eliminated

CONSOLIDATED CASH FLOW STATEMENT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

for the period from January 1 to March 31, 2003

in thousand EUR

CASH FLOW STATEMENT

	01.01.2003 31.03.2003	01.01.2002 31.03.2002
Net income before taxes and interest	2.662	2.643
Depreciation	1.341	1.412
Gain/loss on disposal of non-current assets	0	0
Other non-cash items	0	0
Increase/decrease in provisions	(133)	55
Increase/decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	(2.868)	(3.907)
Increase/decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	483	(122)
Interest paid	(498)	(644)
Income taxes paid	(410)	(220)
Cash Flow from operating activities	577	(782)
Acquisition of share in participations - net of cash acquired	0	(21.738)
Purchase of property, plant and equipment/ intangible assets	(1.098)	(771)
Proceeds from disposal of property, plant and equipment/intangible assets	113	131
Cash Flow from investing activities	(985)	(22.378)
Proceeds from issuance of shares	0	4.537
Proceeds from borrowings/repayment of borrowings	(766)	15.304
Acquisition of treasury shares	0	0
Cash Flow from financing activities	(766)	19.841
Change in liquid funds	(1.175)	(3.319)
Liquid funds at the beginning of the financial year	(2.591)	(1.624)
Liquid funds at the end of the financial quarter	(3.766)	(4.943)

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at March 31, 2003
Explanatory Notes

1. Rendering of accounts

This Quarterly Report has been drawn up in accordance with the International Accounting Standards (IAS) and the guidelines of Deutsche Börse AG on "Structured Quarterly Reports".

2. Changes in the composition of the company's structure

The composition of the company's structure has not changed since the last annual financial statements.

3. Contingent liabilities

There has been no significant change in contingent liabilities since the balance sheet date.

4. Details of dividend payments and equity measures

No dividend payment is envisaged for the reporting period.

5. Reportable security holdings

Name	Shares / total	Options / total*
Management Board		
Dr. Gert-Jan Huisman	500	120,800
Dr. Alexander Kirsch	14,000	130,800
Martin Beijer	700	118,800
Rob Slemmer	0	36,300
Supervisory Board		
Guido A. Krass	1,200,000	0
Dr. Bernhard R. Heiss	0	0
J. Willem Brink	0	0
Centrotec		
Treasury stock**	6,040	0

* The maximum possible number of options has been indicated. How many options can actually be exercised depends on the attainment of individually specified targets.

** pursuant to § 160 Paras. 1 and 5 of German Stock Corporation Law (AktG)

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Explanatory Notes

6. Employees

The total number of employees (FTE = Full Time Equivalents) at the interim reporting date was 616 (previous year 590). This increase results substantially from organic growth.

7. Composition of Supervisory Board and Management Board

There have been no changes to the line-up of the Supervisory Board since the last annual financial statements. In the Management Board Mr. Hans-Lothar Hagen is since march 2003 not any more Member of the Board. Dr. Alexander Kirsch is since then responsible for the segment Engineering Plastics.

8. General business progress

During the period under review, revenue of EUR 24.8 million (previous year EUR 24.4 million) was recorded, with EBIT before goodwill totalling EUR 3,086 million (previous year EUR 3,065 million). The rise in revenue compared with the prior-year period is 1.6%.

The operative cash flow was EUR 0.6 million (previous year EUR -0.8 million). Cash flow 1 (profit plus amortization) totalled in EUR 2,619 thousand – an increase of approximately 8% compared to the last year (EUR 2,425 thousand).

Personnel expenses at the reporting date showed a slightly above-average rise compared with March 31, 2002, but were in line with plans, as more human resources are temporarily tied up in a number of R&D projects.

9. Segment report

The company is organised into the "Engineering Plastics" and "Systems" segments.

EUR thousand	Engineering Plastics	Plastic Systems	Other	Total	Consolidation	Consolidated accounts
Revenues	5,230	22,794	1,019	29,043	(3,297)	25,746
Expenses	(4,947)	(20,605)	(1,260)	(26,812)	3,203	(69,410)
Accounting profit	283	2,190	(241)	2,231	(94)	2,138

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Explanatory Notes

10. Research and development activities

We have actively embarked upon the development of new product generations of heat recovery systems. This product line will demonstrate our leading product advantages in respect of comfort and technology and is expected to reach the market at the start of 2004. As well as the ongoing rejuvenation and modernization of technical products, an "insulating brick" made from high-performance plastics for use in the transitional zone between the roof and the wall has been brought to market maturity.

11. Capital expenditure

Capital expenditure on property, plant and equipment amounted to EUR 1.0 million at the reporting date and thus showed an increase of EUR 0.4 on the previous year. This change has been prompted by capital expenditure on the new property in Brilon.

12. Outlook for the year as a whole

There is every prospect of Centrotec ending the 2003 financial year successfully and achieving its most recent revenue objective of + 10% compared to 2002. The earnings objective likewise remains unchanged at EUR 1.00 - 1.05 EPS (pre-goodwill).

Based on the assumption that the cyclical performance of the German and European economy in 2003 will not experience such a drawn-out trough as in 2002, we are likely to achieve our medium-term plans of 25-30% growth.



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