



Group quarterly report at 30.09.00

CENTROTEC Hochleistungskunststoffe AG - Marsberg

Notes

1. *Increased sales in all areas*

Sales by Centrotec, the German-Dutch specialist for high-temperature plastic components for industrial applications and plastic gas flue systems, made exceptionally good progress in the first nine months of 2000. Compared with the corresponding prior-year period, sales including the figures for acquisitions were boosted by 313.3 % to DM 95.1 million. The pace of intrinsic growth of 51.7 % was likewise highly satisfactory.

As in the previous year, this growth is underpinned in particular by plastic gas flue systems for innovative condensing boiler technology. The season in which boilers tend to be installed is traditionally the second half of the year, with the result that the company was able to operate almost to capacity in the third quarter. The expansion in business volume of 104.1 % enabled it to strengthen its position as market leader. The Engineering Plastics segment likewise made a substantial contribution to growth, expanding by 18.9 %. The success of its five-dimensional processing technology and the sharp rise in orders for structural components for clean-room technology were the key reasons for this development.

Centrotec's earnings before interest, taxes and the depreciation of goodwill (adjusted EBIT) rose at an even faster rate than sales: the rate of increase was 501.2 %, from DM 1.8 to 11.1 million. Profits after taxes jumped from DM 1.5 to 5.0 million.

2. *Leap in orders from the semiconductor industry*

Supplying the semiconductor industry will become an increasingly important field of activity in the Engineering Plastics segment. With sales increasing six-fold to DM 1.2 million, a further new growth area has been tapped. PVDF connecting elements for use on chip production lines, which have to satisfy extremely rigorous customer requirements, are the mainstay of sales in this area.

This growth will be sustained for the next few years. The boom in sales to the semiconductor industry is a further endorsement of Centrotec's strategy of specialising in the processing of high-tech plastics for niche applications.

3. *Participation in Internet purchasing platform*

During the third quarter, Centrotec acquired a 9.9% stake in the Internet purchasing platform for plastics, ClickPlastics AG. ClickPlastics.com is the first and so far only online platform for the electronic purchasing of plastics. Centrotec has been handling its purchases of raw materials via this platform since April. In addition to the pioneer Centrotec, the platform's customers also include several other leading plastic processing companies. There are three principal advantages to ClickPlastics compared with traditional methods of purchasing: (1) the greater efficiency of electronic processing, (2) economies of scale from the pooling of demand from several sources, and (3) access to new sources of raw materials (e.g. Asian suppliers). Centrotec anticipates an annual

saving of approx. DM 1 million (before taxes) as a result of purchasing via ClickPlastics. ClickPlastics takes up the investment as a capital increase. The start-up offers all customers the option of "purchasing plus investment" to all its customers.

4. *Bright prospects for the growth market of "solar technology"*

In the last quarterly report we were able to announce the first customer order, worth in excess of DM 1.4 million, for the newly developed photovoltaic solar systems "Solosun" and "Duosun". With new state programmes to promote such technology currently being introduced, the prospects have become brighter still. In the Netherlands, an important market for Centrotec's solar systems, a comprehensive programme involving subsidies of DM 450 to 700 per solar system has been launched. Centrotec will benefit considerably from this legislation, as it is rapidly creating more production capacity. We anticipate that sales of solar technology will at least treble in 2001. The key feature of the Centrotec system, developed in conjunction with the Technical University of Eindhoven and with the aid of state subsidies, in addition to the solar panel itself, is a flexible plastic frame structure that can be fitted very rapidly to a wide variety of house roofs. Compared with conventional solar energy systems, this reduces the installation work by more than half.

5. *Extended permit for plastic gas flue systems almost assured*

In the final quarter of 2000, the current construction supervision permit for plastic gas flue systems for the German market is to be superseded by a permit covering a broad range of applications. It is very likely that multiple use will be authorised for the first time, an important development for boiler manufacturers. It will then be permissible to connect two or more condensing devices to a single plastic gas flue system. This will give Centrotec access to a sub-segment that has previously been the preserve of conventional systems. The technical obstacles regarding the flow of gases have been overcome through intensive research and development efforts. Special check valves are used, to eliminate any risk to the condensing devices in the system that are not in use at any given moment. Centrotec will thus gain access to the market for plastic gas flue systems in larger buildings.

6. *Investments in the Engineering Plastics sector*

The healthy prospects for growth have prompted Centrotec to invest in two new machines for the production of finished parts: a CNC cutting machine, and a CNC automatic lathe. In addition to extending our capacity and enhancing efficiency, this modern processing technology enables Centrotec to broaden our range of large-volume finished parts in particular.

7. *Newly established quality system already accredited*

The new logistics centre was opened this June in Brilon. This new facility paves the way for future growth in the area of gas flue technology. The quality system was partly reorganised to coincide with the occupation of the new building. An audit conducted by NIS ZERT in September was immediately passed in entirety. DIN EN ISO 9001 certification as demanded by our customers is thus assured for a further three years.

8. *Delivery bottlenecks for gas flue technology*

Vigorous demand for plastic gas flue systems and the opening of the new logistics centre led to delivery bottlenecks. Extended procurement times, a shortage of skilled labour and the need to become familiar with the new, fully automated stock management system temporarily resulted in longer delivery times for our customers. We implemented a variety of one-off measures and structural changes and already expect to see a resumption in our customarily rapid deliveries by no later than December, after which we will soon be able to enjoy the full benefit of the new logistics centre.

9. *Bonus shares issued on September 1*

The resolution on the issue of bonus shares, passed at the Shareholders' Meeting on May 18, 2000 and entered in the Commercial Register in August, was registered with Deutsche Börse and the bonus shares were added to the shareholders' securities accounts on September 1. Each shareholder has received one bonus share for every share held. Experience has shown that the doubling of the number of shares in circulation prompts a rise in liquidity.

10. *Unchanged positive Expectations for 2000 as a whole:*

The welcome surge in sales in the first months of the year gives Centrotec the confidence to reach at least the forecast sales of DM 120 million. Centrotec adheres to its adjusted EBIT forecast (from which step-up and goodwill depreciation have been eliminated) of DM17.0 million, as against DM 3.9 million one year previous. These forecasts mean that sales for the year as a whole will jump over 230 %, with an over 300 % rise in profits. Centrotec Hochleistungskunststoffe AG's pattern of high growth will be maintained over the next few years.

11. *Breakdown of sales, 3rd quarter of 2000*

	<u>DM '000</u>
Engineering Plastics	19,327
Plastic Systems	61,728
Other	18,082
Less	
– Internal sales	– 1,566
– Discounts, bonuses	– 865
– Reduction of proceeds	1,607
Total	<u>95,099</u>

Overview Consolidated

- unaudited -

	30.09.00	30.09.99	change in %
	DM '000	DM '000	
Sales total	95.099	23.010	313,3%
Engineering Plastics	18.845	16.365	15,2%
Plastic Systems	69.443	7.572	817,1%
Others	8.377	0	100,0%
Less Internal Sales	-1.566	-927	68,9%
Earnings			
Cash flow I	10.604	2.323	356,5%
EBIT (adjusted*)	11.070	1.841	501,2%
Net income (adjusted*)	6.236	1.515	311,7%
Net income	4.993	1.515	229,6%
Earnings per share (adjusted *;Euro)	0,44	0,22	-
Earnings per share (Euro)	0,35	0,22	-
Employees			
Number (Average)	358	103	247,6%
Personnel expenses	19.671	5.628	249,5%
Capital Structure			
Equity and subordinated funds with an equity character	33.533	17.811	88,3%
Total capital	102.773	27.569	272,8%
Solvency ratio (equity / total assets)	33%	65%	-49,5%
Investments/Depreciation			
Investments in tangible assets	10.655	1.534	594,6%
Depreciation on tangible fixed assets and intangible assets (excluding step-up)	4.536	808	461,4%
Depreciation on goodwill and step-up	1.243	0	100,0%

* After elimination of depreciation on intangible assets resulting from share transactions ("goodwill and step-up depreciation")

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

Consolidated balance sheet as of September 30th, 2000

CENTROTEC Hochleistungskunststoffe AG, Marsberg

- unaudited -

ASSETS

	30.09.00	30.09.99
	DM	DM
A. Assets		
I. Intangible assets		
1. Industrial rights and similar rights	999.192,29	200.695,00
2. Payments on account	5.040,00	0,00
3. Goodwill consolidation of funds	18.785.435,97	0,00
	19.789.668,26	200.695,00
II. Tangible assets		
1. Land and buildings	22.503.185,66	3.416.854,00
2. Technical equipment and machinery	7.647.296,06	1.972.726,00
3. Other equipment, operating and office equipment	2.974.217,39	611.563,00
4. Payments on account and tangible assets in course of construction	4.342.917,29	203.763,35
	37.467.616,41	6.204.906,35
III. Financial assets		
1. Shares in affiliated undertakings	58.675,96	0,00
2. Investments	795.658,07	0,00
3. Other loans	1.374.541,89	0,00
	2.228.875,92	0,00
	59.486.160,60	6.405.601,35
B. Current Assets		
I. Inventories		
1. Raw materials, consumables and supplies	4.469.613,25	798.787,73
2. Work in process	2.935.023,97	1.693.532,63
3. Finished goods and merchandise	12.025.805,94	3.721.259,83
	19.430.443,16	6.213.580,19
II. Receivables and other assets		
1. Trade receivables	19.985.964,18	5.127.691,44
2. Accounts receivables group companies	0,00	0,00
3. Other assets	433.961,60	529.265,00
	20.419.925,78	5.656.956,44
III. Securities own shares	194.106,16	0,00
IV. Cash-in-hand, postal giro and bank balances	2.496.075,51	9.232.957,97
	42.346.444,45	21.103.494,60
C. Prepaid expenses	746.732,39	60.053,52
	102.773.443,59	27.569.149,47

Consolidated balance sheet as of September 30th, 2000

CENTROTEC Hochleistungskunststoffe AG, Marsberg

- unaudited -

LIABILITIES

	30.09.00	30.09.99
	DM	DM
A. Equity		
I. Subscribed capital	14.081.976,00	7.040.988,00
II. Capital reserve	13.218.024,00	20.259.012,00
III. Revenue reserves	1.058.299,17	43.047,90
IV. Equity difference due to currency conversion	-78.562,11	0,00
V. Accumulated losses brought forward	-8.614.875,83	-11.046.926,21
VI. Consolidated net income/net loss	4.992.900,51	1.514.709,51
	24.657.761,73	17.810.831,20
B. Minority participation	32.774,23	0,00
C. Provisions		
1. Reserve for retirement allowances	25.289,80	0,00
2. Provisions for taxes	3.981.856,54	14.669,66
3. Other provisions	4.703.237,06	1.090.450,00
	8.710.383,40	1.105.119,66
D. Liabilities		
1. Liabilities to banks	41.757.706,85	4.916.666,70
2. Trade payables	10.813.695,86	2.684.266,39
3. Other liabilities	16.801.121,52	1.052.265,52
	69.372.524,23	8.653.198,61
	102.773.443,59	27.569.149,47

**Consolidated statement of income for the period from January 1st
until September 30th, 2000**

CENTROTEC Hochleistungskunststoffe AG, Marsberg

- unaudited -

	30.09.00	30.09.99
	DM	DM
Sales revenues	95.099.257,77	23.009.550,01
Increase or decrease in inventories		
of finished goods and work in progress	659.020,63	-119.745,96
Capitalized cost of self-constructed assets	1.220,00	0,00
Other operating income	890.063,52	418.137,13
Cost of materials		
Cost of raw materials, consumables and supplies		
and of purchased goods	-46.151.924,86	-10.786.241,29
Cost of purchased services	-433.609,73	-342.510,71
Personnel expenses		
Wages and salaries	-14.468.938,94	-4.637.155,17
Social security costs	-5.202.033,75	-991.047,19
Depreciations on		
intangible and tangible assets	-4.536.469,30	-808.023,70
Other operating expenses	-14.786.803,02	-3.901.550,89
Operating result (adjusted EBIT)	11.069.782,31	1.841.412,23
Other interest and similar income	58.703,91	140.092,58
Depreciation on goodwill and step-up	-1.243.186,29	0,00
Interest and similar expenses	-2.209.038,89	-241.770,52
Result from ordinary operations	7.676.261,05	1.739.734,29
Taxes on income	-2.541.585,05	-171.207,00
Other taxes	-141.775,49	-53.817,78
Consolidated net profit/loss for the year	4.992.900,51	1.514.709,51
Minority participation	32.774,23	0,00
Operating result	11.069.782,31	1.841.412,23
Interest result	-2.150.334,97	-101.677,94
Result before taxes (adjusted)	8.919.447,34	1.739.734,29
Taxes	-2.683.360,54	-225.024,78
Result after taxes (adjusted)	6.236.086,80	1.514.709,51

Step-up depreciation and depreciation of goodwill totalling DM 828.788,05 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 -

	30.09.00	30.09.99
	DM '000	DM '000
Net income /net loss for the period (quarter)	4.993	1.515
Adjustment for non-cash expenditures/income		
Depreciation on goodwill and step-up	1.075	0
Depreciation on intangible assets	419	55
Depreciation on tangible fixed assets	4.117	754
Cash flow I	10.604	2.323
Decrease/-increase of assets, increase/-decrease in equity and liabilities		
Inventories	-1.234	-1.007
Trade receivables	-4.432	-1.601
Receivables from affiliated companies	0	0
Other assets	1.170	84
Minority participation	33	0
Provisions for pensions and similar obligations	25	0
Provisions for taxes	-579	-3
Other provisions	495	-27
Trade payables	933	1.497
Other liabilities	3.527	39
Reduction/increase in prepaid expenses	-742	-60
Net income /expenditure from operations	9.800	1.245
Investments in intangible assets	-207	-41
Investments in tangible fixed assets	-10.655	-1.493
Investments in financial assets	-387	0
Cash flow from investment activities	-11.249	-1.534
Increase/decrease of medium and long-term bank liabilities	5.397	-75
Increase in subscribed capital	7.041	0
Increase/decrease of capital reserve	-7.041	0
Increase/decrease of other reserves	46	0
Investments in financial assets	-194	0
Cash flow from financing activities	5.249	-75
Net change in liquid funds	3.801	-364
Liquid funds at the start of the financial year	-15.565	9.575
Liquid funds at the end of the quarter	-11.764	9.211
Increase/decrease in liquid funds	3.801	-364

IAS-Reconciliation Accounts (consolidated)

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.

	30.09.00	30.09.99
	DM '000	DM '000
Consolidated equity acc. to HGB	24.658	17.811
+/- Increase or decrease in finished goods and work in process	-63	0
Leasing	-134	-127
Development costs	662	12
Pension obligations	-1.563	0
Provisions	710	0
Deferred taxes		
from HGB / IAS adjustments	220	49
from accumulated losses brought forward	227	1.341
from the calculation of available net equity	0	0
Total adjustments	60	1.276
Consolidated equity acc. to IAS	24.718	19.086

a) IAS reconciliation accounts for consolidated net income

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.

	30.09.00	30.09.99
	DM '000	DM '000
Consolidated net income according to HGB	4.993	1.515
+/- Increase or decrease in finished goods and work in process	104	0
Leasing	-89	-83
Development costs	-66	-15
Pension obligations	-133	0
Provisions	0	0
Deferred taxes		
from HGB / IAS adjustments	70	42
from accumulated losses brought forward	-682	-803
from the calculation of available net equity	0	0
Total adjustments	-796	-858
Consolidated net income	4.196	657



Centrotec

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