



GROUP QUARTERLY REPORT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg
at September 30, 2002
Report of the Management Board

Highlights

- Consolidated sales up by more than 28%
- Above-average rise in EBIT (pre-goodwill) of 38%
- Entry into the Asian growth market
- Major order in the field of advanced composites received for 2003

Outlook

- Despite the continuing weakness of the economy, the sales and profits forecasts for 2002 remain stable

Sales forecast: > EUR 100 million
Profits forecast: EUR 0.90 – 0.95 EPS*
- Bright prospects for the final quarter: positive seasonal effects for Systems and improved profitability for Engineering Plastics segment
- Strategic emphasis on systems and environmental products underpins organic growth
- Medium-term growth target of 25-30% p.a.
- Moderate extensions to capacity

* = before goodwill amortization

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of CENTROTEC Hochleistungskunststoffe AG, Marsberg

at *September 30, 2002*

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1. Sales up 28%

CENTROTEC posted a rise in sales of 28% to EUR 72.3 million at September 30, 2002; previous year EUR 56.4 million. Actual business progress has consequently lent substance to the forecasts for the year as a whole.

Systems:

The Systems segment is performing highly satisfactorily and is once again able to report a sharp increase in sales of over 40%, to EUR 57.3 million (previous year EUR 40.8 million). In view of the fact that the Gas Flue Systems area normally reports higher sales towards the end of the year due to seasonal effects, we are moreover expecting it to make an above-average contribution to sales and earnings for the year as a whole. The Climate Systems area, which has to a large extent already been integrated smoothly into the group as a whole, has likewise posted very positive sales and earnings.

Engineering Plastics:

The Engineering Plastics segment, which accounts for less than 20% of sales within the overall portfolio of the Centrotec Group at EUR 12.0 million (previous year EUR 12.3 million), recorded a slight improvement in earnings in the third quarter compared with the first half of 2002, in the face of a slow economy. The effects of internal cost optimization measures are becoming increasingly apparent. However, the main potential from these projects will not begin to take shape until the final quarter of 2002 and in 2003. We therefore expect that the Engineering Plastics segment, too, will return to a pattern of steadily rising sales and earnings.

2. Earnings: 38% rise in EBIT before goodwill amortization

In the face of protracted slackness in the overall economy, it was nevertheless possible to boost EBIT by approx. 38% (before goodwill amortization) to EUR 8.8 million (previous year EUR 6.4 million).

A higher tax and interest burden is the main reason why the earnings after taxes are slightly weaker, and down on the previous year by around one percentage point as a proportion of sales. This is also reflected in the earnings per share figure. On the other hand, after amortization of goodwill, the situation appears much brighter, in spite of the aforementioned burdens. Earnings per share at the reporting date showed a rise of approx. 5%. The net profit for the period before goodwill actually leaped by 12%. It should be borne in mind that the number of shares was increased as a result of the acquisition of Brink.

The slight decrease in the result after taxes of EUR 0.1 million is principally due to a variety of effects:

The cyclical decline in demand in the Engineering Plastics segment, specifically in the high-tech sector, exerted considerable pressure on earnings. The net profit for the period in the Engineering Plastics segment was down by EUR 0.6 million at the reporting date. As reported in 2001, we benefited from a one-off effect worth approx. EUR 0.3 million in the corresponding period of last year. It follows from this that the results of operations for the Systems segment have risen sharply.

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Viewed in isolation, the third quarter once again looked significantly healthier compared with the second quarter. With sales on the increase, the direct costs of materials, personnel costs and other operating expenses were reduced, with the overall effect that earnings before interest and taxes in the third quarter were approx. 13% above the quarterly average for 2002.

We expect that a similarly positive trend will be maintained for the year as a whole and that the earnings forecast [EPS before goodwill amortization of 0.90 – 0.95 euros] for 2002 will be achieved.

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

The equity ratio showed an increase of approx. 1.5 percentage points at the reporting date compared with the half-year figure, and is now running at around 30%. The decrease compared with December 31, 2001 results from acquisitions and should be entirely cancelled out by December 31, 2002. Total liabilities were reduced by approx. EUR 1.2 million in the third quarter alone, compared with the half-year position. The cash flow from operating activities was slightly down as a result of the even more pronounced seasonal nature of overall group's business and various one-off effects compared with the prior-year figures.

The disproportionately high level of working capital, which is seasonal in nature, will have been reduced again by the end of the year.

The fact that our acquired subsidiaries continue to achieve rising EBIT ratios running well into double figures lends substance to 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: growth rate in excess of 40%

The Systems segment has once again contributed significantly towards the overall success of the group, with growth in excess of 40% compared with the previous year. This development is attributable both to the acquisition of Brink Climate Systems and to continued growth for advanced condensing boiler technology in the Gas Flue Systems area.

Our emphasis on energy-saving products has been able to safeguard our growth even in a year that has been dominated by cyclical weakness. Our heat recovery have continued to make decisive progress this year. In the Netherlands, which leads the way in implementing this energy-saving technology, it is likely to be installed in over 40% of all newly built single-family and two-family houses built this year. The market has likewise grown in Germany, though it is still at a relatively early stage of development here. The installation rate in Germany in new buildings is currently less than 10%; in other words, the potential for the future is immense.

Our plastic gas flue systems are designed for use in energy-saving heating systems. This area, too, is therefore shielded against a collapse in the market as a whole. We have further consolidated our leading position throughout Europe in this market with

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new developments. The flow-optimized systems which we described in the last quarterly report are currently being given their market launch. They are meeting with a highly positive response, as the customer enjoys the benefits of our gas flue systems' enhanced efficiency in the form of energy-savings.

5. Engineering Plastics – earnings recover in the third quarter

Following a rapid cooling-down of the economy, the Engineering Plastics segment was able to report a return to a positive trend in earnings in the third quarter. The cost-cutting programmes that have been drawn up are beginning to achieve the desired effect and will be systematically adhered to over the coming months and throughout 2003. The fully renewed calendering line (one of only three of its kind in Europe) resumed operation after almost one year under construction, and is now capable of a higher capacity and a broader range of products. Deliveries of high-precision panels to customers recommenced at the end of the third quarter. This line will once again represent a significant source of earnings which was absent in recent quarters. This area remains dominated by a sharp downturn in the high-tech sector, especially in the semiconductor industry.

Further progress was likewise made in the field of pioneering advanced composites. Following the transfer of certain production tasks of Centrotec Composites to Asia at the start of 2002, the joint venture agreement for the Singapore-based **Centrotec JI Asia Pte Ltd** was signed in September 2002 in Singapore. Centrotec Composites holds a majority of the shares, with a 57.5% stake. The joint venture partner is Centrotec's long-standing business partner JI Trading, based in Singapore. It plans to manufacture components and finished goods from fibre composite plastics for use in such areas as the sports goods industry. Singapore is moreover envisaged medium-term plans to act as a sales springboard for the Asian market.

In the field of Advanced Composites, the Brilon-based Bond Laminates GmbH, in which we own a 25% stake, has succeeded in securing a new major order for next year which is worth more than half this company's entire sales for the whole of 2002. To pave the way for further expansion at the Brilon site, the Centrotec Group is therefore extending its production and logistics hall, to ensure that Bond's Tepex[®] production plant, scheduled for delivery at the start of 2003, is able to commence operation smoothly.

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

The sales forecast of more than EUR 100 million remains very realistic. The profit forecast of EUR 0.90 – 0.95 EPS before goodwill (previous year EUR 0.84), which was revised at the six-month point, has moreover been confirmed by the nine-month figures. This is all the more satisfying, considering the fact that 2002 has probably been the most economically difficult year for CENTROTEC since its IPO in 1998. CENTROTEC traditionally generates a higher proportion of its earnings in the second half of the year. Our recent acquisition Brink likewise exhibits a similar seasonal pattern. The final quarter of the year will consequently once again bring in a disproportionately high share of the year's earnings. There will be an added boost from the Engineering Plastics segment, where earnings have likewise turned the corner. CENTROTEC has every prospect of once again achieving a consolidated EBIT-to-revenue ratio of more than 10% this year, and is therefore well on course for posting highly successful results for 2002, in the face of the adverse economic climate.

Marsberg, November 2002

The Management Board

KEY FIGURES GROUP

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

at September 30, 2002

in thousand EUR

	30.09.2002	Previous Year**	Change
Total sales	72.305	56.430	28,1%
Engineering Plastics	12.024	12.304	-2,3%
Plastic Systems	57.345	40.824	40,5%
Others	2.936	3.302	-11,1%
Earnings			
Cash flow I (net income and depreciation/amortization)	7.321	6.414	14,1%
EBIT (adjusted*)	8.817	6.396	37,8%
EBIT	7.550	5.725	31,9%
Net income (adjusted*)	4.347	3.872	12,3%
Net income	3.080	3.200	-3,7%
Earnings per share (basic, adjusted*)	0,57	0,54	5,1%
Earnings per share (basic)	0,40	0,44	-8,6%
Earnings per share (diluted)	0,40	0,44	-8,6%
Weighted average shares outstanding (basic)	7.660.122	7.197.264	6,4%
Weighted average shares outstanding (diluted)	7.660.122	7.197.264	6,4%
Employees			
Total (FTE)	624	395	58,1%
Personnel expenses	18.317	12.262	49,4%
Capital structure			
Equity	26.724	19.187	39,3%
Total capital	89.470	59.564	50,2%
Equity ratio	29,9%	32,2%	-7,3%
Investments/depreciation and amortization			
Investments in tangible assets	2.826	2.908	-2,8%
Depreciation of tangible assets and intangible assets (excluding goodwill)	2.974	2.542	17,0%
Amortization of goodwill	1.267	671	88,7%

* Amortization of goodwill eliminated

** Category sales, net income, employees and investments/depreciations for the period from January 1 to September 30, 2001;
Category capital structure per December 31, 2001

CONSOLIDATED BALANCE SHEET

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

at September 30, 2002

in EUR

ASSETS

	30.09.2002	31.12.2001
Current assets		
Cash and cash equivalents	1.229.765,20	1.236.629,22
Trade account receivables	15.010.465,54	9.820.403,49
Inventories	15.087.528,90	11.237.190,74
Prepaid expenses and other current assets	2.006.453,30	1.043.058,44
Income tax receivables	1.041.012,61	1.254.689,22
	34.375.225,55	24.591.971,11
Noncurrent assets		
Property, plant and equipment	26.889.530,40	21.743.091,97
Intangible assets	464.170,98	417.900,97
Financial investments	428.096,66	409.063,19
Notes receivable / loans	289.278,75	528.255,53
Goodwill	26.552.386,41	11.468.555,81
Deferred tax	471.250,42	405.178,36
	55.094.713,61	34.972.045,83
	89.469.939,16	59.564.016,94

CONSOLIDATED BALANCE SHEET

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

at September 30, 2002

in EUR

EQUITY AND LIABILITIES

	30.09.2002	31.12.2001
Current liabilities		
Current portion of capital lease obligation	138.944,86	151.915,19
Short term debt and current portion of long-term debt	15.346.322,19	8.587.195,60
Trade accounts payable	5.163.533,29	5.354.734,94
Accrued expenses	1.913.572,35	475.459,27
Income tax payable	3.008.003,08	2.713.039,94
Other current liabilities	8.282.108,48	5.775.700,05
	33.852.484,25	23.058.044,99
Noncurrent liabilities		
Long-term debt less current portion	25.914.273,52	15.458.957,67
Capital lease obligations less current portion	185.390,05	247.311,30
Deferred tax	2.415.195,74	1.237.540,56
Pension accrual	378.642,90	375.584,48
	28.893.502,21	17.319.394,01
Shareholders` equity		
Share capital	7.667.975,00	7.222.000,00
Additional paid-in-capital	10.127.858,32	6.036.033,32
Treasury stock	(112.394,90)	(112.394,90)
Currency translation reserve	(47.643,91)	33.149,79
Retained earnings / accumulated deficit	6.007.789,97	857.225,58
Accumulated consolidated income / loss	3.080.368,23	5.150.564,15
	26.723.952,71	19.186.577,94
	89.469.939,16	59.564.016,94

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, 2000/ January 1, 2001	7.200	5.895	(112)	(40)	857	0	13.800
Consolidated income / loss						5.151	5.151
Currency translation				73			73
Changes in cause of 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 income / loss						3.080	3.080
Changes in cause of the exercise of acquisition Brink	446	4.092					4.538
Currency translation				(81)			(81)
September 30, 2002	7.668	10.128	(112)	(48)	6.008	3.080	26.724

CONSOLIDATED INCOME STATEMENT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

for the period from January 1 to September 30, 2002

in EUR

INCOME STATEMENT

	01.01.2002 30.09.2002	01.01.2001 30.09.2001
Revenues	72.304.968,55	56.430.297,81
Other operating income	125.027,35	1.335.704,11
Changes in inventories of finished goods and work in progress	864.953,37	(13.542,36)
Production for own fixed assets capitalized	60.571,21	29.648,54
Cost of purchased materials and services	(32.193.592,97)	(26.298.165,82)
Personnel expenses	(18.316.797,86)	(12.261.759,90)
Depreciation and amortization	(2.973.779,83)	(2.542.151,61)
Amortization (and impairment) of goodwill	(1.266.932,83)	(671.277,09)
Other operating expenses	(11.054.338,32)	(10.283.567,51)
Operating income/loss	7.550.078,67	5.725.186,17
Interest income and expenses	(1.849.751,10)	(869.654,95)
Result before income taxes (and minority interest)	5.700.327,56	4.855.531,22
Income tax	(2.619.959,34)	(1.655.247,14)
Net income / loss	3.080.368,23	3.200.284,08

EARNINGS PER SHARE

Earnings per share (basic, adjusted*)	0,57	0,54
Earnings per share (basic)	0,40	0,44
Earnings per share (diluted)	0,40	0,44
Weighted average shares outstanding (basic)	7.660.122	7.197.264
Weighted average shares outstanding (diluted)	7.660.122	7.197.264

* Amortization of goodwill eliminated

CONSOLIDATED INCOME STATEMENT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

for the period from July 1 to September 30, 2002

in EUR

INCOME STATEMENT

	01.07.2002 30.09.2002	01.07.2001 30.09.2001
Revenues	24.339.267,71	18.159.874,61
Other operating income	4.448,45	489.834,45
Changes in inventories of finished goods and work in progress	(188.915,87)	(243.786,56)
Production for own fixed assets capitalized	39.956,78	(204,52)
Cost of purchased materials and services	(10.469.240,57)	(7.406.239,46)
Personnel expenses	(6.083.463,21)	(4.207.322,49)
Depreciation and amortization	(986.007,52)	(832.522,50)
Amortization (and impairment) of goodwill	(422.310,27)	(268.744,02)
Other operating expenses	(3.381.860,75)	(3.761.611,47)
Operating income/loss	2.851.874,75	1.929.278,04
Interest income and expenses	(602.499,51)	(152.547,04)
Result before income taxes (and minority interest)	2.249.375,25	1.776.731,01
Income tax	(1.101.372,60)	(459.277,19)
Net income / loss	1.148.002,64	1.317.453,81

CONSOLIDATED CASH FLOW STATEMENT

of CENTROTEC Hochleistungskunststoffe AG, Marsberg

for the period from January 1 to September 30, 2002

in thousand EUR

CASH FLOW STATEMENT

	01.01.2002 30.09.2002	01.01.2001 30.09.2001
Net income before taxes and interest	7.550	5.725
Depreciation	4.241	3.213
Gain/loss on disposal of non-current assets	0	0
Other non-cash items	0	0
Increase/decrease in provisions	31	580
Increase/decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	(3.409)	(1.634)
Increase/decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	(2.908)	(608)
Interest paid	(1.458)	(1.333)
Income taxes paid	(1.372)	(2.403)
Cash Flow from operating activities	2.675	3.540
Acquisition of share in participations - net of cash acquired	(21.738)	(1.850)
Purchase of property, plant and equipment/ intangible assets	(2.993)	(2.701)
Proceeds from disposal of property, plant and equipment/intangible assets	418	99
Cash Flow from investing activities	(24.313)	(4.452)
Proceeds from issuance of shares	4.538	0
Proceeds from borrowings/repayment of borrowings	13.270	(3.327)
Acquisition of treasury shares	0	0
Cash Flow from financing activities	17.808	(3.327)
Change in liquid funds	(3.830)	(4.239)
Liquid funds at the beginning of the financial year	(1.625)	(5.511)
Liquid funds at the end of the financial quarter	(5.455)	(9.750)

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at September 30, 2002
 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 interim report.

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

As a result of the moderate capital increase in connection with the acquisition of Brink Climate Systems, shareholders' equity has risen by EUR 4.537 million. An increase in the capital stock accounts for EUR 445,975 of this amount (+ approx. 6%). No other effects as a result of § 34 Para. 16 e) IAS materialized. No dividend payment is envisaged for the reporting period.

5. Reportable security holdings

Name	Shares / total	Options / total*
Management Board		
Hans-Lothar Hagen	54,000	130,800
Dr. Gert-Jan Huisman	500	120,800
Dr. Alexander Kirsch	9,000	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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6. Employees

The total number of employees (FTE = Full Time Equivalents) at the six-month reporting date was 624 (previous year 395). This increase is partly due to the acquisition of Brink in 2002 and partly to organic growth in the Systems segment.

7. Composition of Supervisory Board and Management Board

There have been no changes to the line-up of the Supervisory Board and Management Board since the last interim report.

8. General business progress

During the period under review, sales of EUR 72.3 million (previous year EUR 56.4 million) were recorded, with EBIT before goodwill totalling EUR 8.8 million (previous year EUR 6.4 million). The rise in sales compared with the prior-year period is 38%.

The operative cash flow was EUR 2.7 million (previous year EUR 3.5 million). Although cash flow 1 (profit plus amortization) rose, this increase was temporarily counterbalanced by a higher level of working capital.

Personnel expenses at the reporting date rose less steeply than sales compared with the position at June 30, 2002 (in each case compared with the prior-year figures). The overall rise is substantially due to the acquisition of Brink, a company with a very high degree of manufacturing penetration. (See also the Report of the Management Board for further details on this and on the following statement.)

9. Segment report

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

EUR thousand	Engineering Plastics	Plastic Systems	Other	Total Segments	Consolidation	Consolidated accounts
Revenues	13,086	57,600	4,118	74,804	(2,313)	72,491
Expenses	(12,922)	(54,049)	(4,079)	(71,051)	1,641	(69,410)
Net profit for the period	164	3,550	38	3,753	(672)	3,080

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Explanatory Notes

10. Research and development activities

The results of research and development activities in the Gas Flue Systems area have been brought to market maturity and are now being placed with key accounts by updating the corresponding product ranges. The calendering line has been successfully rebuilt and is once again operational. Pilot production runs for new applications and grades are already progressing successfully.

11. Capital expenditure

Capital expenditure on property, plant and equipment amounted to EUR 2.8 million at the reporting date and thus remained virtually constant compared with the previous year. Part of the expenditure was for the acquisition of a new piece of land for extensions at the Brilon site.

12. Outlook for the year as a whole

There is every prospect of Centrotec ending the very difficult 2002 financial year successfully and achieving its most recent sales objective of EUR 100 million. The earnings objective likewise remains unchanged at EUR 0.90 – 0.95 EPS (pre-goodwill).

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



CENTROTEC

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