

**Neschen AG – Sales slowdown in 2003;
turnover and yield growth expected for 2004**

German Neschen AG, located in Bueckeburg, according to management will incur a slight loss for the financial year ending in December 2003 (first-time after 1995). A significant portion of the expected loss can be attributed to the sales slowdown and the disadvantageous exchange rate of the EURO. Nevertheless, EBITDA margin is expected to be in the range of last year's margin of 6.5%.

The sales slowdown primarily results from the sluggish climate of the advertising industry. However, market is currently beginning to recover and received orders in the USA are improving. Per Oct. 31st generated sales in the US market amount to about EUR 41m .

Operations in the production site in Elkridge, Maryland, entirely started as of November after investments of about EUR 5m. Neschen's competitive position in the US market has been strengthened by this facility. Margins are expected to increase substantially due to elimination of currency risk, freight and duty costs.

In its archival segment, Neschen installed its first bulk machines for the de-acidification in the archives of Moscow and Krakow. This division will contribute to Neschen's growth in future.

Due to the high R&D costs and investments in recent time, cash flows are anticipated to increase significantly as capital expenditures will be below depreciation in the next years. The internationally implemented cost containment program launched at the beginning of this year have turned out to be effective. The workforce has been reduced from 800 to 740. Management expects to attain nearly a two-digit EBITDA margin in 2004.

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