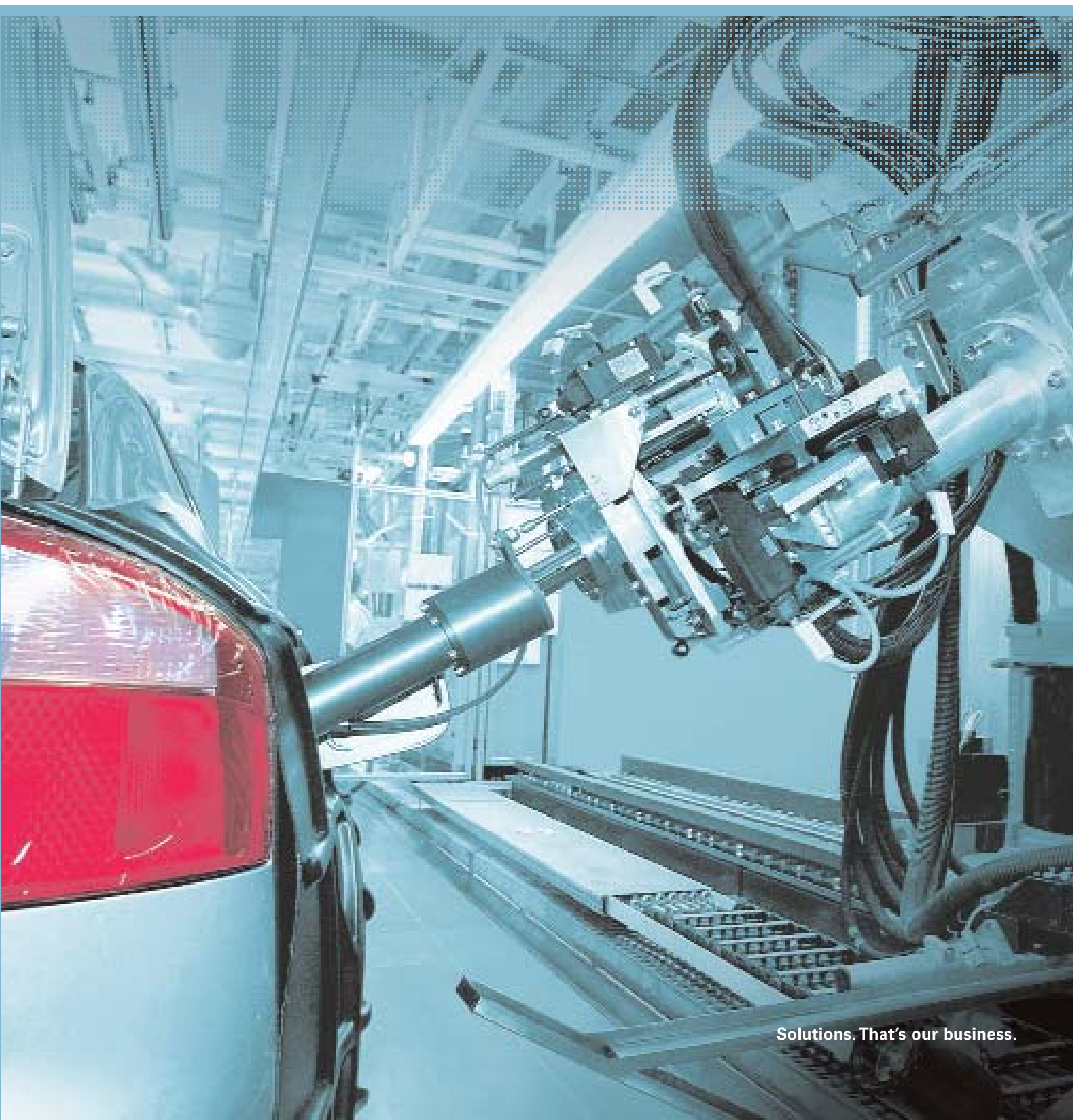


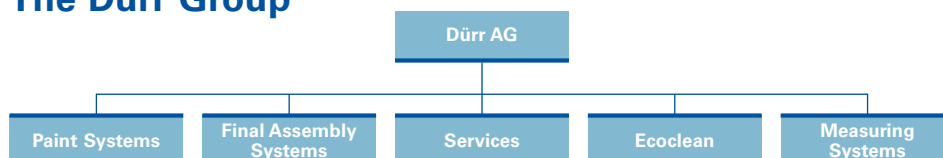


**Interim Report – January 1 to June 30, 2002**



Solutions. That's our business.

## The Dürr Group



### Business units:

**Paint Systems** is the leading supplier of turnkey paint shops used in mass production by vehicle and component manufacturers in the automotive industry. Specializing in innovative process technologies, we play a definitive role in the development of new painting methods.

**Final Assembly Systems** is one of the world's leading suppliers of complete systems for final assembly in the automotive industry. We are also among the industry's key partners in plant planning and conveyor techniques.

**Services** provides manufacturing support services to the automotive industry. The range of services offered – primarily for paint shops – includes materials logistics and facility management as well as cleaning, maintenance and service.

**Ecoclean** makes a key contribution to power train component production in the automotive industry with state-of-the-art systems for parts cleaning, coolant recycling and materials flow. We also occupy leading positions in other sectors.

**Measuring Systems** comprises the activities of the Schenck Group in measurement technology. Main areas of business are balancing and diagnostic systems – with emphasis on the automotive industry –, testing systems for vehicle development, and measuring and process systems which provide flexible solutions for a wide range of industries.

## Key Figures

		1st half of 2002	1st half of 2001
Consolidated sales revenues	in € millions	877.0	887.5
Consolidated incoming orders	in € millions	1,172.7	1,008.2
Consolidated orders on hand (as of June 30)	in € millions	1,462.6	1,455.1
Employees (as of June 30)		12,577	12,754
EBITDA (Earnings before interest expense, taxes, depreciation and amortization)	in € millions	21.9	54.1
EBIT (Earnings before interest and taxes)	in € millions	5.2	32.3
EBT (Earnings before taxes)	in € millions	– 15.6	12.2
Net loss/income	in € millions	– 7.9	6.5
Loss/earnings per share	in €	– 0.55	0.45
Market price of Dürr shares (Frankfurt)			
High	in €	26.00	29.00
Low	in €	22.00	23.00
Close	in €	22.80	26.00
No. of shares (as of June 30)	in thousands	14,298	14,298
Market capitalization (as of June 30)	in € millions	326.0	371.8

## Content

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- 4 Management Report
- 11 Consolidated Financial Statements



## Letter to the Shareholders

- Excellent orders position at the beginning of the second half of 2002 as well
- Restructuring measures taking effect
- Results at last year's level expected for full year 2002

### Dear Shareholders,


In view of the continuing instability in the global economy and in the automobile markets, Dürr can be pleased with developments during the first half of 2002. Despite an occasionally considerable lack of demand in the important US market, your company once again posted two-digit growth in incoming orders compared to the previous year, and also reached the same high level of revenue as during the first half of 2001.

These successes can be traced to our leading positions in the market and in technology; positions we have systematically extended over the past three years – for example in painting systems and in all aspects relating to engine and transmission production, but above all with our offer of systems for final vehicle assembly, as well as our manufacturing support services. We are also profiting from the expansion of the French automotive industry and growing business with suppliers and other key industries.

However, earnings were not able to keep pace with the positive level of incoming orders, primarily due to high restructuring expenses, which above all were incurred by the Schenck Group, as well as some Dürr companies in the USA. Added to this was strong pressure on profit margins caused by the general economic situation as well as financing costs related to acquisitions. However, in the second quarter, along with strong increases in incoming orders and revenue, Dürr already came close to achieving positive earnings before taxes and did reach a clearly positive operating income (EBITDA).

We recognized weak points in earnings in individual areas early on and countered them energetically. The restructuring measures we initiated are on target and are creating the prerequisites for an improvement in earnings. For example, our new business model for Schenck's Measuring and Process Systems division is more robust when faced with fluctuations in demand. We expect to see significant positive effects from our restructuring as early as the fourth quarter.

Our Group-wide SPRINT program comprises an additional broad spectrum of individual measures to increase earnings. It ranges from personnel reductions and mergers of facilities aimed at achieving synergy effects, through global purchasing programs for the reduction of procurement costs, and on to measures for reducing tied-up capital and debt. By using this program, we want to stay on our course for earnings-based growth over the medium and long-term – even in a difficult environment.



In spite of regional differentiation, the situation regarding strategic major projects in the automotive industry is, for the most part, stable. The fact that Dürr solutions are in demand is shown last but not least by a continuing lively pace for incoming orders at the beginning of the second half of the year.

From today's perspective, for the entire fiscal year 2002 we expect incoming orders and sales revenues to attain the high level of the previous year. Earnings too, before restructuring expenses, should again be on the scale of 2001. However, there could be additional risks if the global economy declines further, among other things as a result of negative developments in the stock markets. This could have an effect on Dürr's currently stable project situation as well.

Dürr is very confident that it will benefit above average from an economic upturn as of 2003. Overall, we are exceptionally well placed, both strategically and geographically. We have set the correct course for meeting the growing challenges in our markets. Long-term investment trends in the automotive industry are intact. Dürr, with its systems solutions, allows for even more economical, more flexible and more environmentally sound vehicle production and thus contributes to the improvement of its customers' competitive ability.



Hans Dieter Pötsch  
Chairman of the Board of Management

## Dürr Stock

In a continuing negative market environment, Dürr stock held its ground better in the first half of 2002 than the comparable indices, the DAX (–16.6 %) and MDAX (–9.9 %), with a loss of 6.6 %.

**Dürr stock is a component of the DAX 100, MDAX, DAX 100 Machinery & Industrial as well as the CDAX-Machinery indices**

At the beginning of the year, Dürr stock was listed in Frankfurt at € 24.40. Its movement was at first lateral. It reached its high of € 26.00 at the beginning of June 2002. After the dividend payment of € 1.10 per common share on June 13, 2002, the stock was unable to distance itself from the general downward trend in the markets. On June 28, 2002, Dürr stock closed at € 22.80 (–6.6 %). At the end of July 2002, after suffering some serious losses, primarily in finance and technology stocks, the DAX reached its lowest level since May 1997. Dürr stock was trading at € 20.09 at the end of July.

The weak US economic figures, accounting scandals, and ongoing insecurity about continued economic development, all contributed to the negative mood in the capital markets.

### Development of the price of Dürr stock compared to the indexed development of the DAX and MDAX

in €



**German Securities ID No. (WPKN) 556 520  
ISIN DE 0005565204  
Reuters symbol DUEG**

Dürr has continued its consistent dialog with private and institutional investors. At the analysts' conference on the 2001 annual report on April 24, 2002 in Frankfurt and at road shows in Germany, Great Britain, and the USA, the Dürr Board of Management provided information on key figures, strategy, and the Group's perspectives. On September 12, 2002, the first Dürr Capital Markets Day for analysts and institutional investors will be held in Stuttgart.

## Global economic development

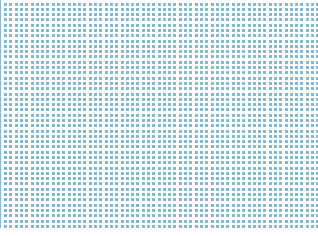
Production in the industrial nations has increased since the beginning of this year; however, the upturn has not yet touched all regions to the same degree. Expansion in the USA was clearly detectable, where industrial production in June 2002 had climbed for the sixth month in a row, even though this development may not yet be viewed as a certainty. In the emerging countries of Asia, as well as Central and Eastern Europe, the economic situation has also shown upward movement. Western Europe and Japan are still straggling. Development in the Central and South American countries continues to cause concern. Currently, the forecast for 2002 in the industrial nations is for about a 1.4 % increase in GDP compared to the previous year; in 2003, the growth rate should climb to 2.8 %.

However, overall there are clearly recognizable risks to the continued global economic upturn. A stronger devaluation of the dollar can lead to reduced export opportunities for the other regions. Another risk, which cannot yet be fully estimated, can arise from the financial and stock markets, whose developments have not been in harmony with the fundamental data over the short term. Some considerable asset losses in the stock markets could cause severe disruption in the economic trend if consumers reduce spending and especially if they increase savings rates with a view toward retirement provision.

## Cautious development in the automotive industry

During the first half of 2002, automobile sales worldwide were at the same level as the comparable period in the previous year. However, the relatively stable sales figures should not belie structural problems in the entire industry, major differences in regional sales figures, and uneven developments for individual manufacturers.

In the USA, sales fluctuated greatly in the first six months of the year. This caused continual adjustments to the forecasts for the year. In the meantime, forecasts have leveled off at about 16.5 million vehicles. This is still a high level compared to previous years; however, it is strongly characterized by rebates, premiums, and special financing by vehicle manufacturers, which in turn have negative effects on their margins. In addition, part of the stronger demand for autos in the second quarter can be traced to dealers having to restock their low inventory levels and these deliveries are already counted as sales. In Europe, we expect stagnant to slightly lower sales figures. At about 15 million car sales, Western Europe will not show significant growth in 2002. The rather cautious positive developments in Central and Eastern Europe cannot have a compensating effect due to the low base there. In Asia, the upturn in the Chinese automobile market should be emphasized in particular; Japan, on the other hand, remains at last year's level. However, the prospects for Japanese manufacturers are improving based on the currently weak yen, not only domestically, but thanks to market success, in foreign countries as well.



Worldwide, this gives rise to stagnation in the automotive industry. Capital expenditures by automobile manufacturers will likely be restrained in 2002, and probably in 2003 as well, in view of this economic situation and existing problems, such as large excess capacities and increasing pressure on margins.

## **Dürr's strategy: Focus on growth potentials**

Dürr is a global systems partner in the automotive industry and earns about 85 % of its sales revenue from auto manufacturers and suppliers. Dürr is well prepared for the trend toward awarding increasingly larger systems orders and turnkey projects: Solutions are available for important stages in automotive production's value-added chain – from planning, implementation, and financing up to service and ongoing operation of production facilities. Through intensive networking and cooperation with its customers, Dürr orients its offerings to the increasing demand for ever more efficient production facilities. The trend toward niche vehicles and increasing model varieties, in spite of overall constant sales figures, leads to a growing demand for modern production systems with maximum flexibility.

The continued expansion of our systems competence and a strengthened position with automotive industry suppliers is opening additional opportunities for Dürr, for example in painting systems. Within just a short time, Dürr was able to establish itself as a leading partner for complete final assembly systems. Against a background of continuing automation, automobile manufacturers will emphasize this value-adding step in their capital expenditures in the coming years. As a technology group, Dürr is also profiting from the dynamic development in engine and transmission production; on the one hand thanks to its strong position in cleaning and filtration technology, as well as automation, and due to its expertise in all areas of engine development systems on the other.

In addition to complete systems, Dürr supplies manufacturing support services and thus covers an additional growth segment within the automotive industry. Furthermore, Dürr is also a technology and market leader in other expanding industries. For example, our products in measuring, diagnostic, and process systems are employed in the electronics, aerospace, chemical, and raw materials industries.

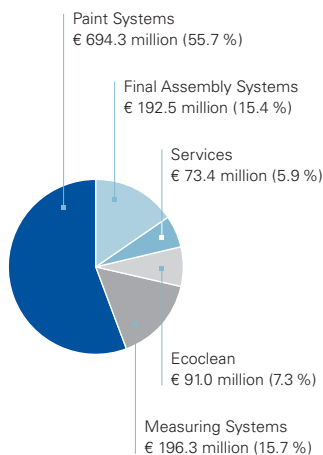
## **Note to figures provided**

Dürr prepares its consolidated financial statements in accordance with US Generally Accepted Accounting Principles (US-GAAP). The terms "previous year" and "previous year's value" always refer to the first half of 2001.

The following material changes have occurred compared to the first half of 2001:

- At the beginning of 2002, Dürr realigned its activities in the area of final vehicle assembly in the new Final Assembly Systems business unit (previously Automotion). Testing systems for vehicle development previously in the Automotion business unit were assigned to the Measuring Systems business unit. The previous year's values for Final Assembly Systems and Measuring Systems are reported on a comparable basis.
- The former Environmental business unit was integrated organizationally into the Paint Systems business unit as a product line. The previous year's values for Paint Systems are reported on a comparable basis.
- As of April 30, 2001, Dürr acquired the remaining 50 % share of the former Alstom Automation S.A. The company, now renamed Dürr AIS S.A., together with its subsidiaries, has been fully consolidated since May 1, 2001 and has been allocated almost completely to the Paint Systems business unit. It was consolidated using the equity method for the period from January 1, 2001 to April 30, 2001.

**Total incoming orders  
by business unit  
1st half of 2002  
Total: € 1,247.5 million**



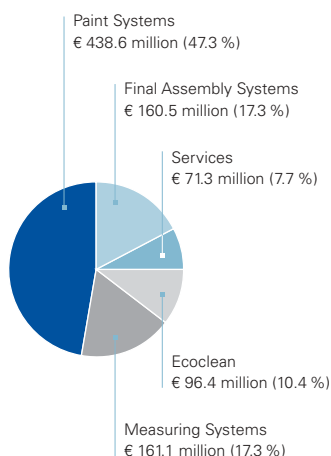
## Excellent orders position

Consolidated incoming orders for the Dürr Group rose during the first half of 2002 by 16 % to € 1,172.7 million (previous year: € 1,008.2 million). This positive development continued at the beginning of the second half of the year as well. In July, Dürr received major orders valued at about € 160 million.

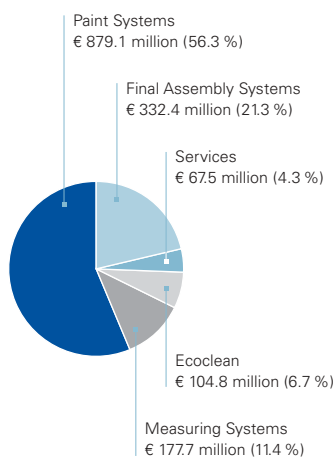
Total incoming orders<sup>1</sup> of the **Paint Systems** business unit, at € 694.3 million, significantly exceeded the high level of the previous year (€ 505.1 million). Contributing to this growth were major orders for painting systems from Germany, France, China, as well as the USA. At € 192.5 million, total incoming orders for the **Final Assembly Systems** business unit were higher than the previous year's (€ 169.5 million), primarily due to increased demand by customers in the USA. In markets outside the automotive industry, Dürr's activities in painting and assembly systems for the aerospace industry in particular showed positive development. The **Services** business unit increased its total incoming orders from € 61.2 million to € 73.4 million. New projects were implemented, in particular in the USA, Great Britain, and Brazil. The **Ecoclean** business unit posted significantly fewer incoming orders than in the previous year (€ 91.0 million vs. € 138.3 million). This is primarily due to weaker demand for industrial cleaning systems in the USA. Total incoming orders for the **Measuring Systems** business unit reached € 196.3 million thanks to gratifying development in parts of Europe and in Asia, approaching the previous year's level of € 205.0 million.

<sup>1</sup> Total incoming orders: Incoming orders by business unit including Group-internal orders from other business units.

**Total sales revenues  
by business unit  
1st half of 2002  
Total: € 927.9 million**



**Total orders on hand  
by business unit  
as of June 30, 2002  
Total: € 1,561.5 million**



## Sales revenues at previous year's level

During the first half of 2002, the Dürr Group achieved consolidated sales revenues of € 877.0 million, almost reaching the high level of the previous year (€ 887.5 million). In the second quarter, Dürr posted large increases in sales revenues compared to the first quarter of 2002.

Total sales revenue<sup>2</sup> in the **Paint Systems** business unit amounted to € 438.6 million compared to € 471.1 million the previous year. The cause of the decline is the lower degree of completion for major orders in 2002 compared to the previous year. The **Final Assembly Systems** business unit was able to maintain the previous year's high level (€ 161.6 million) with € 160.5 million in sales revenue. Thanks to new projects, the **Services** business unit increased its total sales revenue to € 71.3 million (previous year: € 61.0 million). The **Ecoclean** business unit, primarily due to the weak market in the USA, did not reach the high total sales revenue of the previous year (€ 96.4 million vs. € 109.6 million). Against the background of a good orders position in parts of Europe and in Asia, the **Measuring Systems** business unit was able to post total sales revenue in the amount of € 161.1 million, coming very close to the previous year's value of € 162.3 million.

## Large inventory of orders on hand

Due to the pleasing number of orders received, as of June 30, 2002, Dürr had a very good inventory of consolidated orders on hand totaling € 1,462.6 million (previous year: € 1,455.1 million). This is an increase of € 295.8 million compared to the end of 2001. Total orders on hand<sup>3</sup> equaled € 1,561.5 million (previous year: € 1,639.4 million).

## Earnings marked by restructuring measures

The Group's operating income (EBITDA – earnings before interest expense, taxes, depreciation, and amortization) amounted to € 21.9 million as of June 30, 2002 (previous year: € 54.1 million). Earnings before taxes (EBT) were € –15.6 million (previous year: € 12.2 million)<sup>4</sup>. However, in the second quarter, along with strong increases in incoming orders and revenue, Dürr already came close to achieving positive earnings before taxes and did reach a clearly positive EBITDA.

Earnings were marked by restructuring expenses, primarily in the Schenck Group, as well as in some Dürr companies in the USA. In addition, the continuing economic weakness affected earnings.

<sup>2</sup> Total sales revenues: Sales revenues by business unit including Group-internal sales with other business units

<sup>3</sup> Total orders on hand: Orders on hand including Group-internal orders

<sup>4</sup> Earnings before taxes as of June 30, 2001 include expenses for the amortization of goodwill. Since the beginning of 2002, in accordance with US-GAAP goodwill is no longer amortized regularly.

The net loss of the Group was € –7.9 million (previous year's net income: € 6.5 million); this corresponds to a loss per share of € –0.55 (previous year's earnings per share: € 0.45).

EBITDA in the individual business units was as follows:

The **Paint Systems** business unit recorded EBITDA of € 15.8 million (previous year: € 19.4 million). The decline can be traced primarily to lower billings of sales compared to the same period in the previous year. EBITDA in the **Final Assembly Systems** business unit totaled € –2.8 million compared to € 1.1 million in the previous year. This is mainly due to a weakening of business in the area of testing systems for final assembly, as well as expenses for restructuring measures in the USA. The **Services** business unit contributed € 4.9 million (previous year: € 5.1 million) to the Group's EBITDA, confirming its good position in the market. Lower sales and unsatisfactory earnings performance in the USA in the **Ecoclean** business unit led to lower EBITDA of € 5.4 million compared to the previous year (€ 7.1 million). Due to restructuring measures and increased pressure on margins in North America, the **Measuring Systems** business unit had to accept a loss of € –12.7 million (previous year: € –0.3 million). Earnings for the Corporate Center totaled € 11.3 million (previous year: € 21.7 million). The decline is primarily due to the inclusion of income from special projects in the previous year's earnings. These projects were, on the whole, related to the takeover of companies.

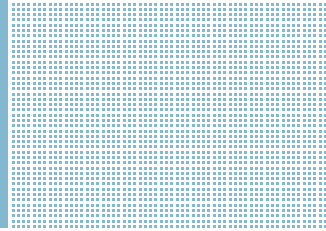
## Improvement in earnings has the highest priority

To improve profits, measures are being implemented in all business units to achieve a sustainable increase in operative earnings power.

The turnaround program in the Measuring Systems business unit, implemented to restructure the measurement systems activities of the Schenck Group, is proceeding on target. A decision has been made to reduce the workforce at our Darmstadt location by up to 200 positions by the end of the year. The adjustment of Schenck's business model, with a streamlining of the product portfolio, is in pursuit of our goal of reducing the break-even point and making the model more robust when faced with economic fluctuations. The Measuring Systems business unit is intensifying its marketing and sales activities consistently in market segments with above-average growth and earnings prospects.

In the Final Assembly Systems business unit, we are supporting the development of synergies, among other ways, through changes under corporate law and a new management structure.

Adjustments in personnel and capacity are being made rapidly in various US companies with weak earnings.

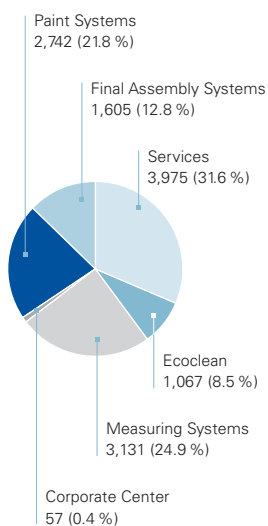


The Group-wide SPRINT program for increasing earnings that we successfully launched a year ago is producing further contributions to profitability. Material individual projects in SPRINT include the merger of locations, primarily in the USA, the reduction of manufacturing costs by utilizing the most cost-effective locations within the Group-wide production network, intensification of our global procurement program, improvements in project management, the expansion of electronic business processes, and the implementation of worldwide product standards. We are achieving additional earnings effects by reducing tied-up capital and strengthening liquidity management across the Group, as well as reducing debt.

## Targeted investment

After a period of above average investment in capital expenditures by the Group in the previous years, this item declined in the first half of 2002 to € 9.9 million (previous year: € 19.9 million). One emphasis was on the Services business unit, where Dürr invested about € 3.1 million, almost exclusively in engineering equipment, which will be used for new, future-oriented orders.

**Employees  
by business unit  
as of June 30, 2002  
Total: 12,577**



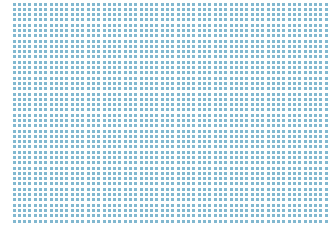
## Number of employees declines

As of June 30, 2002, the Dürr Group had 12,577 employees worldwide, 1.4 % less than the previous year (12,754).

Excluding the Services business unit, as a result of our restructuring measures, the Group's work force declined by 6 % within one year. Most of the reductions occurred in North and South America. Only the Services business unit showed a counter-trend, hiring project-related personnel primarily in the USA, Great Britain and Brazil.

## Constant R&D expenses

Innovation is one of Dürr's core competencies. By converting knowledge into economic profit, we secure the company's future. Among the major emphases of our R&D effort are the optimization of the product portfolio for powder painting, continued development of our simulation programs for process and facilities planning, and a new concept for robot-guided wheel alignment of fully-assembled vehicles. Including project-related R&D expenses, Dürr's R&D ratio again reached close to 6 %.



## Risk management

As with comparable industrial companies, Dürr's business is subject to risks that may arise from economic developments, procurement processes, currency effects, as well as from financial and legal questions. In order to recognize, analyze, evaluate, and control these risks early, Dürr has a risk management system, which it refines continually.

## Annual shareholders' meeting: Dividend resolution

Almost 80 % of the share capital was represented at the 13th annual shareholders' meeting of Dürr AG on June 12, 2002 in Stuttgart. The recommendation of the Board of Management and the Supervisory Board to issue the same dividend for fiscal year 2001 as in the previous year (€ 1.10 per common share), was approved by the shareholders. The dividend yield as of the payment date, June 13, 2002, was 4.6 %.

## Group outlook

Dürr's incoming orders remained brisk after the reporting period and the situation regarding strategic major projects in the automotive industry was also stable overall. Thus, from its current view the Board of Management expects incoming orders and sales revenues for the entire fiscal year 2002 to attain the level of the previous year. Earnings, before restructuring expenses, should also again be on the scale of 2001.

However, there could be additional risks if the global economy declines further, among other things as a result of negative developments in the stock markets. This could have an effect on Dürr's currently stable project situation as well.

Dürr is very confident that it will benefit above average from an economic upturn as of 2003.

This outlook and other sections of the interim report contain statements about future developments, which are based on information known as of the publication date. As with all forward-looking statements, our prognoses and their underlying assumptions involve uncertainties. For that reason, actual results and developments may deviate from the prognoses and assumptions.

# **Consolidated Financial Statements for Dürr AG for the Period January 1 to June 30, 2002**

12	Consolidated Statements of Income
13	Consolidated Balance Sheets
14	Consolidated Statements of Equity
15	Consolidated Statements of Cash Flows
16	Notes to the Consolidated Financial Statements

## Consolidated Statements of Income

for Dürr AG, Stuttgart, for the Periods January 1 to June 30, 2002 and 2001

In € thousands	1st half ending June 30, 2002	1st half ending June 30, 2001
Net sales	876,965	887,487
Cost of sales*	- 704,483	- 685,784
<b>Gross margin</b>	<b>172,482</b>	<b>201,703</b>
Selling, administrative and other operating expenses	- 170,680	- 175,287
Research and development expenses	- 16,388	- 16,867
Other operating income	15,854	21,602
<b>Income before financial income, income taxes and minority interests</b>	<b>1,268</b>	<b>31,151</b>
Financial income (expense), net	- 16,913	- 18,942
<b>Income before income taxes and minority interests</b>	<b>- 15,645</b>	<b>12,209</b>
Income taxes	6,603	- 5,738
<b>Income before minority interests</b>	<b>- 9,042</b>	<b>6,471</b>
Minority interests	1,165	-
<b>Net loss/income</b>	<b>- 7,877</b>	<b>6,471</b>
<b>Basic and diluted loss/earnings per share in €</b>	<b>- 0.55</b>	<b>0.45</b>
* Restructuring expenses included		

The accompanying notes are an integral part of these Consolidated Financial Statements.

## Consolidated Balance Sheets

for Dürr AG, Stuttgart, as of June 30, 2002 and 2001

In € thousands	Note	As of June 30, 2002	As of June 30, 2001
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible assets, net	(3)	395,081	317,905
Property, plant and equipment, net	(3)	197,014	216,446
Investments	(4)	16,726	18,360
		<b>608,821</b>	<b>552,711</b>
<b>Non-fixed assets</b>			
Inventory, net	(5)	460,301	498,960
Receivables and other assets, net		494,558	618,818
Short-term investments		5	270
Cash and cash equivalents		104,919	130,060
		<b>1,059,783</b>	<b>1,248,108</b>
<b>Deferred taxes</b>		<b>60,433</b>	<b>43,217</b>
<b>Prepaid expenses</b>		<b>8,387</b>	<b>9,153</b>
<b>Total assets</b>		<b>1,737,424</b>	<b>1,853,189</b>
(thereof short-term as of June 30, 2002: € 1,113,800 thousand; as of June 30, 2001: € 1,276,550 thousand)			
<b>Liabilities and Stockholders' Equity</b>			
Capital stock	(6)	36,603	36,603
Additional paid-in capital		159,033	159,000
Retained earnings		40,425	45,764
Deferred compensation		- 30	-
Accumulated other comprehensive income		24,940	41,546
		<b>260,971</b>	<b>282,913</b>
<b>Minority interest</b>		<b>6,161</b>	<b>11,374</b>
<b>Accruals</b>	(8)	<b>327,724</b>	<b>361,408</b>
<b>Liabilities</b>	(9)	<b>1,095,041</b>	<b>1,172,419</b>
<b>Deferred taxes</b>		<b>40,443</b>	<b>16,198</b>
<b>Deferred income</b>		<b>7,084</b>	<b>8,877</b>
<b>Total liabilities and stockholders' equity</b>		<b>1,737,424</b>	<b>1,853,189</b>
(thereof short-term as of June 30, 2002: € 1,050,997 thousand; as of June 30, 2001: € 1,170,416 thousand)			

The accompanying notes are an integral part of these Consolidated Financial Statements.

## Consolidated Statements of Equity

for Dürr AG, Stuttgart, for the Periods January 1 to June 30, 2002 and 2001

In € thousands	Capital stock	Additional paid-in capital	Retained earnings	Deferred compensation	Accumulated other comprehensive income			Total	Comprehensive income
					Minimum pension liability adjustment	Net derivative losses	Cumulative translation adjustment		
<b>Balance at January 1, 2001 (as restated)</b>	<b>36,603</b>	<b>159,000</b>	<b>55,021</b>	–	– 159	–	<b>40,534</b>	<b>290,999</b>	
Net income for the period January 1 to June 30, 2001	–	–	6,471	–	–	–	–	6,471	6,471
Other comprehensive income	–	–	–	–	–	– 1,619	2,790	1,171	1,171
<b>Comprehensive income</b>	–	–	–	–	–	–	–	–	<b>7,642</b>
Dividends	–	–	– 15,728	–	–	–	–	– 15,728	
<b>Balance at June 30, 2001</b>	<b>36,603</b>	<b>159,000</b>	<b>45,764</b>	–	– 159	– 1,619	<b>43,324</b>	<b>282,913</b>	
<b>Balance at January 1, 2002</b>	<b>36,603</b>	<b>159,048</b>	<b>64,030</b>	– 44	– 119	– 6,784	<b>45,036</b>	<b>297,770</b>	
Net loss for the period January 1 to June 30, 2002	–	–	– 7,877	–	–	–	–	– 7,877	– 7,877
Other comprehensive income	–	–	–	–	–	– 761	– 12,432	– 13,193	– 13,193
<b>Comprehensive income</b>	–	–	–	–	–	–	–	–	<b>– 21,070</b>
Change resulting from variable plan	–	– 15	–	15	–	–	–	–	
Income from deferred compensation	–	–	–	– 1	–	–	–	– 1	
Dividends	–	–	– 15,728	–	–	–	–	– 15,728	
<b>Balance at June 30, 2002</b>	<b>36,603</b>	<b>159,033</b>	<b>40,425</b>	– 30	– 119	– 7,545	<b>32,604</b>	<b>260,971</b>	

The accompanying notes are an integral part of these Consolidated Financial Statements.

# Consolidated Statements of Cash Flows

for Dürr AG, Stuttgart, for the Periods January 1 to June 30, 2002 and 2001

In € thousands	1st half ending June 30, 2002	1st half ending June 30, 2001
<b>Net loss/income</b>	<b>- 7,877</b>	<b>6,471</b>
Minority interests	- 1,165	-
Dividends paid to minority shareholders	- 262	-
Depreciation and amortization	16,662	21,795
Net gain on disposal of property, plant and equipment	- 89	- 240
Deferred income taxes	- 10,871	- 9,265
Non-cash income/loss from associated companies	- 325	2,011
Non-cash income from stock option program	- 1	-
Changes in operating assets and liabilities:		
Inventory	- 108,081	- 65,936
Receivables	83,078	185,100
Short-term investments	- 2	1,504
Accruals	11,605	- 23,222
Liabilities (other than bank)	- 35,252	- 161,114
Other assets and liabilities	- 1,289	21,672
<b>Net cash used in operating activities</b>	<b>- 53,869</b>	<b>- 21,224</b>
Acquisitions of intangible assets	- 420	- 23,137
Purchases of property, plant and equipment	- 9,925	- 20,099
Purchases of financial assets	- 28	-
Purchases of investments	-	- 1,843
Acquisitions, net of cash acquired	- 109	31,681
Proceeds from disposals of fixed assets	1,640	1,009
<b>Net cash used in investing activities</b>	<b>- 8,842</b>	<b>- 12,389</b>
Net change in short-term debt and lines of credit	28,606	127,293
Proceeds from long-term debt to banks	2,842	32,002
Redemption of long-term debt	- 742	- 29,385
Dividends paid	- 15,728	- 15,728
<b>Net cash provided by financing activities</b>	<b>14,978</b>	<b>114,182</b>
Effect of exchange rates on cash and cash equivalents	2,812	734
Decrease/increase in cash and cash equivalents	- 44,921	81,303
<b>Cash and cash equivalents</b>		
At the beginning of the period	149,840	48,757
<b>At the end of the period</b>	<b>104,919</b>	<b>130,060</b>
Cash paid for:		
Interest	23,403	11,624
Income taxes	4,855	12,236

The accompanying notes are an integral part of these Consolidated Financial Statements.

## Notes to the Consolidated Financial Statements for the Period January 1 to June 30, 2002

### 1. Summary of Significant Accounting Policies

The accounting policies of Dürr AG for the consolidated financial statements as of June 30, 2002 are identical to those as of December 31, 2001, with the exception of the new accounting principles described below; in this respect we refer to the annual report of Dürr AG as of December 31, 2001.

### New Accounting Provisions

In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations"; and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001.

Under SFAS No. 142, goodwill will no longer be amortized, but will be tested for impairment on an annual basis and whenever indicators of impairment arise. Additionally, goodwill on equity method investments will no longer be amortized; however, it will continue to be tested for impairment in accordance with APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock". Under SFAS No. 142, intangible assets with indefinite lives will not be amortized. Instead they will be carried at the lower cost or market value and tested for impairment at least annually. All other recognized intangible assets will continue to be amortized over their estimated useful lives. Dürr adopted SFAS No. 142 on January 1, 2002 (for the first six months of 2001 goodwill amortization of € 7,168 thousand was incurred).

For detailed information on the new accounting principles adopted by the Group we refer to the annual report of Dürr AG as of December 31, 2001.

### Loss/Earnings per Share

Basic loss/earnings per share is calculated by dividing net loss/income by the weighted average number of common shares outstanding. Diluted earnings per share reflects the potential dilution that would occur if all options to acquire common shares were exercised (we refer to point 7 "Stock Compensation"). The calculation is as follows (all amounts in thousands of euro, except per share amounts):

	1st half ending June 30, 2002	1st half ending June 30, 2001
Net loss/income for the period	- 7,877	6,471
Weighted average shares outstanding	14,298.2	14,298.2
Diluted effect of exercise of options	0.9	-
<b>Weighted average shares outstanding (diluted)</b>	<b>14,299.1</b>	<b>14,298.2</b>
Basic earnings per share	- 0.55	0.45
Diluted earnings per share	- 0.55	0.45

## 2. Scope of Consolidation

The Group is comprised of Dürr Aktiengesellschaft and 106 foreign and domestic subsidiaries as of June 30, 2002 (as of June 30, 2001: 108). The consolidated financial statements include eight companies in which minority interests are held (as of June 30, 2001: eight). Eight companies (as of June 30, 2001: six) are accounted for in the consolidated financial statements using the equity method. Five entities (as of June 30, 2001: four) are accounted for under the cost method of accounting. In the reporting period two companies were included in the consolidated financial statements for the first time; no entities have been removed from the consolidation group.

The financial statements of consolidated companies are prepared as of June 30, 2002. Three associated companies have different balance sheet dates. In these cases, the most recent financial statements available as of December 31, 2000, March 31, 2001 and September 30, 2001 were considered. The time lag in reporting is consistent from period to period. Dürr does not anticipate any material impact on the results of operations, financial position or cash flows as a result of the inclusion of more recent financial statements.

## 3. Fixed Assets, Net

Intangible assets mainly comprise goodwill arising from the acquisition of companies.

Details regarding the changes in the Group's intangible assets and property, plant and equipment are presented in the consolidated fixed assets schedule in note 12 "Development of Fixed Assets." Amortization of intangible assets amounted to € 3,188 thousand (first six months 2001: € 9,978 thousand) and depreciation of property, plant and equipment amounted to € 13,474 thousand (first six months 2001: € 11,789 thousand).

Four (as of June 30, 2001: two) buildings were capitalized as capital leases. Dürr does not have legal title to these buildings. The following table shows the acquisition cost and accumulated depreciation for these buildings reported under property, plant and equipment.

In € thousands	As of June 30, 2002	As of June 30, 2001
Historical cost	20,088	11,942
Accumulated depreciation	– 5,608	– 4,910
<b>Net book value</b>	<b>14,480</b>	<b>7,032</b>

## 4. Investments

Included in intangible assets is € 5,760 thousand (as of June 30, 2001: € 5,760 thousand) of goodwill related to investments in associated companies. Amortization of this goodwill was not necessary for the first six months of 2002 (first six months 2001: € 145 thousand).

## 5. Inventory, Net

Inventory is comprised of the following:

In € thousands	As of June 30, 2002	As of June 30, 2001
Raw materials and manufacturing supplies	60,887	61,119
Finished goods	6,291	10,414
Prepayments to suppliers	49,685	49,841
Reserve for obsolescence	– 8,549	– 8,398
Cost and estimated earnings in excess of billings on uncompleted contracts	351,987	385,984
	<b>460,301</b>	<b>498,960</b>

The majority of raw materials and manufacturing supplies are valued using the average cost and FIFO (“first in, first out”) methods in the amounts of € 41,151 thousand and € 11,839 thousand, respectively.

## Cost and Estimated Earnings on Uncompleted Contracts

The following table provides a summary of cost and estimated earnings and the related invoiced amounts.

In € thousands	As of June 30, 2002	As of June 30, 2001
Cost and estimated earnings	458,519	609,375
Less billings	– 446,996	– 413,128
	<b>11,523</b>	<b>196,247</b>

These amounts are included in inventories above and liabilities (see note 9 “Liabilities”) under the following captions:

In € thousands	As of June 30, 2002	As of June 30, 2001
Cost and estimated earnings in excess of billings on uncompleted contracts	351,987	385,984
Billings in excess of cost and estimated earnings	– 340,464	– 189,737
	<b>11,523</b>	<b>196,247</b>

## 6. Stockholders’ Equity

As of June 30, 2002, the capital stock was € 36,603 thousand and was divided into 14,298,200 no par value shares made out to the bearer.

## 7. Stock Compensation

SFAS No. 123 "Accounting for Stock-Based Compensation," established accounting and disclosure requirements using a fair value based method of accounting for stock-based employee compensation plans.

In accordance with the provisions of SFAS No. 123, Dürr has elected to account for stock-based awards issued to employees using the intrinsic value method prescribed in APB Opinion No. 25, "Accounting for Stock Issued to Employees."

For more detailed information on the Dürr International Stock Option Plan (DISOP) we refer to the annual report of Dürr AG as of December 31, 2001.

## 8. Accruals

Accruals are summarized as follows:

In € thousands	As of June 30, 2002	As of June 30, 2001
Pensions	53,437	50,327
Taxes	15,911	17,244
Other accruals	258,376	293,837
	<b>327,724</b>	<b>361,408</b>
Thereof current	259,476	283,720

Other accruals are mainly comprised of post-contract costs, anticipated losses on pending transactions, warranties, legal costs, and personnel accruals.

## 9. Liabilities

Liabilities consist of the following:

In € thousands	Total	Of which fall due		
		< 1 year	1 < x < 5 years	> 5 years
Liabilities to banks	449,655	172,048	133,384	144,223
(as of June 30, 2001)	(593,296)	(296,644)	(277,029)	(19,623)
Billings in excess of cost and estimated earnings	340,464	319,320	21,144	–
(as of June 30, 2001)	(189,737)	(189,737)	(–)	(–)
Accounts payable	164,363	164,363	–	–
(as of June 30, 2001)	(242,231)	(242,231)	(–)	(–)
Payables to associated companies	4,003	4,003	–	–
(as of June 30, 2001)	(7,118)	(7,118)	(–)	(–)
Other liabilities	136,556	115,018	14,849	6,689
(as of June 30, 2001)	(140,037)	(129,106)	(8,819)	(2,112)
<b>As of June 30, 2002</b>	<b>1,095,041</b>	<b>774,752</b>	<b>169,377</b>	<b>150,912</b>
<b>(as of June 30, 2001)</b>	<b>(1,172,419)</b>	<b>(864,836)</b>	<b>(285,848)</b>	<b>(21,735)</b>

Aggregate amounts of liabilities to banks maturing during the next five years and thereafter are as follows:

In € thousands	2003	2004	2005	2006	2007	Thereafter
Liabilities to banks	172,048	23,962	17,387	57,208	34,827	144,223

All lines of credit can be summarized as follows:

In € thousands	As of June 30, 2002
Total credit lines available to the Group	1,044,610
Drawings on lines of credit	449,655
Thereof due within 1 year	172,048
Thereof due after 1 year	277,607

## 10. Segment Information

The Dürr Group is comprised of a strategic management holding and five business units (as of June 30, 2001: seven), differentiated by products and services. The business units listed below have global responsibility for their products and results.

### Paint Systems

The Paint Systems business unit plans and manufactures products and systems for large scale production line painting for automotive producers and their suppliers.

The Environmental business unit presented in the period until June 30, 2001 has been combined with the Paint Systems business unit. Environmental is managed as a product line within the Paint Systems business unit and supplies systems for the purification of waste air and water.

Certain prior year amounts have been adjusted corresponding to the new organizational structure.

### Final Assembly Systems

The activities of the Dürr Group as a supplier of products and systems for final vehicle assembly are now organized in the Final Assembly Systems business unit – formerly Automotion – formed at the beginning of 2002.

The activities relating to testing systems for vehicle development that were organized in the former Automotion business unit until year-end 2001 have been managed by the Measuring Systems business unit since January 1, 2002.

Certain prior year amounts have been adjusted corresponding to the new organizational structure.

### Services

The Services business unit offers manufacturing support services such as plant maintenance for the global automotive industry.

### Ecoclean

The Ecoclean business unit is a specialist for integrated systems for cleaning parts and treating coolants as well as automation technology used to interlink processes in industrial production.

## Measuring Systems

The measurement technology activities of the Schenck Group are organized in the Measuring Systems business unit. This includes balancing and diagnostic systems and measuring and process systems technology and, since the beginning of 2002, the testing systems for vehicle development division previously organized in the former Automotion business unit.

Certain prior year amounts have been adjusted corresponding to the new organizational structure.

In the following tables, Corporate Center consists of Dürr AG and other fully consolidated companies.

The principles underlying the Group's management reporting and controlling are substantially the same as those described in the consolidated financial statements according to US-GAAP. The Group measures the performance of its operative segments by earnings before interest expenses, taxes, depreciation and amortization (EBITDA) in accordance with the disclosure in the consolidated statements of income. Revenues related to transactions between the business units are generally recorded at values that approximate the prices that would be offered to independent third parties.

In € thousands	Paint Systems	Final Assembly Systems	Services	Ecoclean	Measuring Systems	Corporate Center	Dürr Group
<b>1st half ending June 30, 2002</b>							
Revenues	434,848	123,617	71,164	91,747	155,589	–	876,965
Sales with other business units	3,749	36,860	153	4,613	5,556	–	50,931*
<b>Total revenues</b>	<b>438,597</b>	<b>160,477</b>	<b>71,317</b>	<b>96,360</b>	<b>161,145</b>	<b>–</b>	<b>927,896</b>
Earnings before interest expenses, taxes, depreciation and amortization	15,839	– 2,852	4,928	5,342	– 12,680	11,277	21,854

\*These sales were eliminated in the Group.

In € thousands	Paint Systems	Final Assembly Systems	Services	Ecoclean	Measuring Systems	Corporate Center	Dürr Group
<b>1st half ending June 30, 2001</b>							
Revenues	457,089	118,090	61,195	96,990	154,123	–	887,487
Sales with other business units	14,048	43,528	–	12,644	8,093	–	78,313*
<b>Total revenues</b>	<b>471,137</b>	<b>161,618</b>	<b>61,195</b>	<b>109,634</b>	<b>162,216</b>	<b>–</b>	<b>965,800</b>
Earnings before interest expenses, taxes, depreciation and amortization	19,420	1,129	5,066	7,147	– 270	21,624	54,116

\*These sales were eliminated in the Group.

## Risks

Dürr operates in countries where political and economic risks exist. The effects of such risks are, from today's perspective, not known and are therefore not included in the consolidated financial statements.

Dürr may be involved in lawsuits, including product liability, in the normal course of business. Legal costs are expensed as incurred.

Dürr has litigation before a court of arbitration regarding its acquisition of Dürr AIS S.A. (former Alstom Automation S.A.). Dürr believes it is probable that an independent expert will be appointed by the court and that Dürr will be successful in winning its material claims.

## 11. Additional Local Disclosure Requirements

### Conditions for Exemption in Accordance with Sec. 292a of the German Commercial Code (HGB)

As a publicly traded company, Dürr AG makes use of the option to prepare exempting consolidated financial statements according to an internationally recognized set of accounting standards instead of according to German GAAP as set forth in sec. 292a HGB.

### Other Disclosures

Average number of employees:

	<b>1st half ending June 30, 2002</b>	<b>1st half ending June 30, 2001</b>
Industrial employees	5,629	5,301
Office employees	6,763	6,699
Trainees/apprentices	277	255
	<b>12,669</b>	<b>12,255</b>

The increase, compared to the comparative period, is largely attributable to the first-time consolidation of Dürr AIS S.A. and its affiliates as of May 1, 2001.

## 12. Development of Fixed Assets

### Intangible Assets

In € thousands	Licences, patents and similar rights	Goodwill	Prepayments	Total
<b>Acquisition and manufacturing cost at January 1, 2002</b>	<b>57,763</b>	<b>425,285</b>	<b>250</b>	<b>483,298</b>
Changes in scope of consolidation	10	62	–	72
Additions	413	–	–	413
Disposals	–	–	–	–
Reclassifications	333	–	–	333
<b>Acquisition and manufacturing cost at June 30, 2002</b>	<b>58,519</b>	<b>425,347</b>	<b>250</b>	<b>484,116</b>
<b>Accumulated amortization at January 1, 2002</b>	<b>26,668</b>	<b>58,854</b>	<b>41</b>	<b>85,563</b>
Changes in scope of consolidation	3	–	–	3
Additions	3,094	–	94	3,188
Disposals	–	–	–	–
Reclassifications	281	–	–	281
<b>Accumulated amortization at June 30, 2002</b>	<b>30,046</b>	<b>58,854</b>	<b>135</b>	<b>89,035</b>
<b>Net book value at June 30, 2002</b>	<b>28,473</b>	<b>366,493</b>	<b>115</b>	<b>395,081</b>
Net book value at December 31, 2001	31,935	381,307	226	413,468

### Property, Plant and Equipment

In € thousands	Land and buildings including buildings on third party land	Machines and equipment	Other equipment, furniture and fixtures	Prepayments and construction in progress	Total
<b>Acquisition and manufacturing cost at January 1, 2002</b>	<b>203,456</b>	<b>79,240</b>	<b>141,035</b>	<b>1,668</b>	<b>425,399</b>
Changes in scope of consolidation	–	–	67	–	67
Additions	162	2,876	5,801	1,029	9,868
Disposals	109	956	2,575	–	3,640
Reclassifications	219	777	– 964	– 365	– 333
<b>Acquisition and manufacturing cost at June 30, 2002</b>	<b>203,728</b>	<b>81,937</b>	<b>143,364</b>	<b>2,332</b>	<b>431,361</b>
<b>Accumulated depreciation at January 1, 2002</b>	<b>60,908</b>	<b>57,261</b>	<b>105,252</b>	<b>–</b>	<b>223,421</b>
Changes in scope of consolidation	–	–	10	–	10
Additions	3,065	3,593	6,816	–	13,474
Disposals	–	190	2,087	–	2,277
Reclassifications	13	82	– 376	–	– 281
<b>Accumulated depreciation at June 30, 2002</b>	<b>63,986</b>	<b>60,746</b>	<b>109,615</b>	<b>–</b>	<b>234,347</b>
<b>Net book value at June 30, 2002</b>	<b>139,742</b>	<b>21,191</b>	<b>33,749</b>	<b>2,332</b>	<b>197,014</b>
Net book value at December 31, 2001	150,967	23,494	38,695	1,756	214,912

## Investments

In € thousands	Investments in associated companies	Other investments	Marketable securities	Other loans	Total
<b>Acquisition and manufacturing cost at January 1, 2002</b>	<b>12,886</b>	<b>2,104</b>	<b>553</b>	<b>2,267</b>	<b>17,810</b>
Changes in scope of consolidation	–	–	–	–	–
Additions	128	–	–	28	156
Disposals	19	–	–	169	188
<b>Acquisition and manufacturing cost at June 30, 2002</b>	<b>12,995</b>	<b>2,104</b>	<b>553</b>	<b>2,126</b>	<b>17,778</b>
<b>Accumulated depreciation at January 1, 2002</b>	<b>852</b>	<b>200</b>	–	–	<b>1,052</b>
Changes in scope of consolidation	–	–	–	–	–
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
<b>Accumulated depreciation at June 30, 2002</b>	<b>852</b>	<b>200</b>	–	–	<b>1,052</b>
<b>Net book value at June 30, 2002</b>	<b>12,143</b>	<b>1,904</b>	<b>553</b>	<b>2,126</b>	<b>16,726</b>
Net book value at December 31, 2001	12,644	1,929	559	2,581	17,713

## 2002 Financial Calendar

- Interim report – January 1 to June 30, 2002  
Conference call, August 21, 2002
- Road show Luxembourg, Switzerland  
September 2002
- Capital Markets Day  
September 12, 2002, Stuttgart
- Road show Germany, France,  
Great Britain, USA, October 2002
- German Equity Forum  
November 14, 2002, Paris
- Interim report – January 1 to September 30, 2002  
Conference call, November 20, 2002
- German Mid Cap Conference  
49th calendar week of 2002, Frankfurt/Main

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Upon request we will be glad to send you additional copies of the report, as well as additional information about the Dürr Group.

