



Technologies · Systems · Solutions

Interim report · January 1 to March 31, 2005



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Key figures for the Dürr Group (IFRS)

(Continuing activities)

		1st quarter 2005	1st quarter 2004
Sales revenues	€m	337.6	429.8
Incoming orders	€m	375.6	361.9
Orders on hand as of March 31	€m	989.2	1,221.0
Employees as of March 31		7,221	7,582
EBITDA (earnings before interest, income taxes, depreciation and amortization)	€m	7.0	12.7
EBIT (earnings before interest and income taxes)	€m	1.6	7.0
EBT (earnings before income taxes)	€m	- 6.8	2.1
Net loss/income (before minority interests)	€m	- 4.2	0.7
Earnings per share (after minority interests)	€	- 0.29	0.03
Net financial debt as of March 31	€m	328.9	199.5
Net working capital as of March 31	€m	188.9	95.9
Equity as of March 31 (without minority interests)	€m	191.2	188.2
Equity ratio as of March 31	%	14.8	14.0
Dürr stock			
ISIN: DE0005565204			
High	€	17.49	20.71
Low	€	13.77	17.50
Close	€	15.90	18.60
Number of shares as of March 31	k	14,298	14,298

Immaterial variances may occur in this report due to roundings in the computation of sums and percentages.

Management report

Economic environment

The market environment in the automotive industry is still marked by excess capacities, heavy competitive pressure, and high rebates. Manufacturers and suppliers are taking stronger positions in the emerging markets of Eastern Europe and Asia. Several new factories are planned in Russia, where automobile production increased by 10% in 2004. The creation of additional manufacturing capacities will also continue in China and India. We are in a good position to profit from these developments, especially because of our direct presence locally, our experience with international projects, and the greater number of Dürr employees in those markets. Automobile manufacturers are increasingly adding basic and cost-efficient vehicles to their product ranges. That presents market opportunities for us in regard to new plants and in remodeling business. The latter involves retooling and modernization of existing plants, to which we are gearing ourselves increasingly.

At the same, we are further expanding our higher-margin general industry business. We are striving in our new Group structure to increase the sales share of those activities through organic growth from 15% to 25% in the medium term. There are good market opportunities with process technology solutions from Schenck for the mining and basic materials industries, including for example coal-washing plants and pulverized coal feeding systems. Demand for such products is high especially in China due to the rising need of raw materials there. Our position as an equipment supplier to the aviation industry is also improving. In that segment, we recently delivered assembly and painting technology as well as turbine balancing systems for the new Airbus A380. Other growth areas in our general industry business include environmental, weighing, and feeding technology for the pharmaceutical, food, and chemical industries.

New Group structure

New Group structure since March 1, 2005

Dürr AG

Paint and Assembly
Systems

Measuring and Process
Systems

We have restructured and downsized the Dürr Group as of March 1, 2005. We have combined the Paint Systems and Final Assembly Systems business units, which primarily operate in plant engineering, in the new Paint and Assembly Systems division. The Ecoclean and Measuring Systems business units now form the Measuring and Process Systems division, with emphasis in mechanical engineering.

The new structure reduces the complexity of our organization considerably. The leaner Group structure opens up paths for us to more earning power and competitiveness:

- Division and company boundaries and duplicate structures are eliminated.
- Synergies, arising for example in administration, development, and purchasing, may be realized more easily.
- We can present ourselves more distinctively and with greater clout on the market.
- Altogether, we expect annual savings of about € 10 million from 2006 onward.

We are disposing of areas that are outside our core portfolio. We have sold the Services (Premier) business unit to the Voith group, because the synergies between plant engineering and services business have turned out lower than expected at the time of acquisition in 1999. The contract of sale was signed on March 15, 2005 and is to be consummated before mid-year. We are also examining strategic options for the Development Test Systems (DTS) product line, which supplies testing technology for vehicle development. The options range from a minority shareholding to a complete sale.

Business developments

Unless indicated otherwise, all figures and statements in this management report refer to the Dürr Group's continuing operations, comprising the Paint and Assembly Systems division, the Measuring and Process Systems division (without Development Test Systems), and the Corporate Center (Dürr AG). The divested Service business unit and the Development Test Systems (DTS) product line are reported as discontinued operations.

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). We also state the comparison values for the first quarter of 2004 according to IFRS. In some cases, those figures deviate from the ones contained in the interim report for the first quarter of 2004, because we prepared the financial statements as of March 31, 2004 in accordance with United States Generally Accepted Accounting Principles (US GAAP). The differences in amount resulting from the switch from US GAAP to IFRS are not significant. Unless otherwise indicated, the expression "previous year" refers to the period from January 1 to March 31, 2004.

Incoming orders improved slightly, but sales revenues declined

Consolidated incoming orders improved slightly in the first quarter of 2005 to € 375.6 million (previous year: € 361.9 million) despite a difficult market environment in the automotive industry, but were thus below our expectations. Development in Measuring and Process Systems (MPS) contributed decisively to that growth. The division further expanded its industrial business in Asia, where it achieved success, for example, with coal-washing plants and pulverized coal feeding systems for the basic materials industries.

Consolidated sales revenues came to € 337.6 million and thus, as expected, did not reach the level of the first quarter of 2004 (€ 429.8 million). However, the previous year's figure was unusually high due to the contribution from a large order. The decline of sales revenues also reflects capital spending restraint on the part of our customers in the past six months and weak incoming orders in the fourth quarter of 2004. Orders on hand decreased to € 989.2 million as of March 31, 2005. The above-mentioned large order also led in this case to a very high comparative base as of the same date in the previous year (€ 1,221.0 million).

Earnings down on the previous year, but MPS developed positively

As expected, earnings before income taxes were weaker in the first quarter of 2005 at € –6.8 million than in the same period of the previous year (€ 2.1 million). Sales revenues declines in the Paint and Assembly Systems division were mainly responsible for that.

Furthermore, interest expense increased by € 3.7 million to € 8.9 million (previous year: € 5.2 million). One important reason for that is that we, as is usual in plant engineering business, temporarily tapped our credit lines more heavily, because we had lower prepayments from customers as of March 31, 2005 (€ 205.3 million) than in the previous year (€ 248.4 million) due to postponements of capital spending in the automotive industry. Correspondingly, net financial debt rose to € 328.9 million as of March 31, 2005 (March 31, 2004: € 199.5 million; December 31, 2004: € 242.8 million), while gross debt rose to € 370.7 million (March 31, 2004: € 294.3 million; December 31, 2004: € 289.2 million). We see chances that prepayments will increase in the further course of the year, since we are now concretely negotiating large orders with various automobile manufacturers.

The second main factor influencing the rise of interest expense is the corporate bond that we issued in July 2004, with which we put our financing on a long-term foundation. It accounts for interest expense of € 4.9 million per quarter.

Earnings development in the Measuring and Process Systems division (without DTS) was gratifying. Although the first quarter is usually relatively weak in Schenck's mechanical engineering business, earnings before income taxes improved by € 1.5 million, not least because of successful restructuring in the years before. Our operations in general industry business, which we will continue to expand, also played a substantial part in the improved performance.

We made progress in gross earnings. Despite increased raw material prices, we improved our gross margin from 17.1% to 19.4%, an important success of our *sprint*² earnings enhancement program, with which we are moving forward to reduce the cost of sales. We also managed to cut selling and administrative expenses by 2.0% to € 58.1 million (previous year: € 59.3 million). Other operating expenses increased from € 4.4 million to € 9.6 million. However, they include exchange rate losses of € 4.1 million from currency hedging of intragroup loans. Set against that are exchange rate gains of € 4.3 million, which flowed into other operating income (€ 9.7 million; previous year: € 3.8 million).

Earnings before interest, income taxes, depreciation and amortization (EBITDA) amounted to € 7.0 million after € 12.7 million in the previous year. At € 5.5 million, depreciation was nearly unchanged from the previous year's level (€ 5.8 million). Earnings before interest and income taxes (EBIT) came to € 1.6 million (previous year: € 7.0 million). Interest expense of € 8.9 million and interest income of € 0.4 million resulted in net interest expense of € 8.4 million (previous year: net interest expense of 4.9 million).

A net loss of € 4.2 million was booked for the first quarter of 2005 (previous year: net income of € 0.7 million). The net loss is lower than earnings before income taxes because we booked deferred taxes on unused tax losses.

With net income in discontinued operations of € 1.3 million (previous year: € 1.8 million), the Group as a whole arrives at a net loss of € 2.9 million (previous year: net income of € 2.6 million). Earnings per share after minority interests amounted to € -0.29 (previous year: € 0.03); the Group as a whole reports € -0.20 (previous year: € 0.16).



The *sprint*² earnings enhancement program continues to be crucial to ensuring our competitiveness in an aggressive price environment. In seeking to lower costs, we are focusing on four main areas: improvements in purchasing, product standardization, productivity improvement and portfolio consolidation, and administration.

Financial position

Balance sheet: Equity ratio of 14.8%

Compared with December 31, 2004, total assets increased slightly to € 1,289.6 million at the end of the first quarter of 2005 (December 31, 2004: € 1,288.5 million).

Non-current assets amounted to € 567.9 million (December 31, 2004: € 560.1 million), which equals 44.0% of total assets (December 31, 2004: 43.5%). Goodwill and other intangible assets accounted for 27.0%, or € 348.3 million, of total assets (December 31, 2004: 26.8%, or € 345.1 million).

Current assets declined to € 721.7 million (December 31, 2004: € 728.4 million) and thus accounted for 56.0% of total assets (December 31, 2004: 56.5%). Trade receivables fell from € 563.5 million to € 545.6 million. Cash and cash equivalents stood at € 41.8 million on March 31, 2005 (December 31, 2004: € 46.4 million).

On the liabilities side, equity (without minority interests) rose slightly to € 191.2 million as of March 31, 2005 (December 31, 2004: € 190.9 million). At 14.8%, the equity ratio remained unchanged compared with the end of 2004.

At € 354.2 million, non-current liabilities were above the level of December 31, 2004 (€ 290.9 million). That is primarily due to an increase of long-term financial liabilities by € 69.2 million to € 95.9 million.

Current liabilities decreased to € 742.6 million (December 31, 2004: € 804.8 million) mainly because of lower trade payables (€ 434.6 million; December 31, 2004: € 492.7 million). Net working capital increased to € 188.9 million, after € 150.3 million at the end of 2004. Lower prepayments received and the reduction of trade payables contributed very substantially to that.

Current and non-current liabilities

Amounts in €m	March 31, 2005	March 31, 2004	Dec. 31, 2004
Financial liabilities	191.8	303.6	112.0
Corporate bond	186.8	–	186.5
Internal financing	– 54.5	– 56.1	– 46.1
Trade payables	434.6	536.5	492.7
Tax liabilities	7.0	4.6	6.1
Other liabilities	110.9	131.0	117.6
Total	876.6	919.6	868.8

Cash flow*

Cash flow from operating activities in continuing operations, which represent the new Group structure, amounted to € –56.0 million in the first three months of the current year, after € –83.3 million in the previous year. The outflow of funds is due primarily to a decline of trade payables by € 63.1 million (previous year: € 132.7 million).

Cash flow from investing activities amounted to € –4.4 million in the first quarter of 2005 (previous year: € –2.6 million). The addition to intangible assets was primarily due to capitalization of development costs in the Paint and Assembly Systems division. The outflow of funds from purchasing property, plant and equipment in the amount of € 2.8 million (previous year: € 2.1 million) reflects capital expenditures on maintenance and replacement.

Cash flow from financing activities amounted to € 61.2 million (previous year: outflow of € 15.2 million) and was mainly based on an inflow from short-term liabilities to banks of € 78.4 million (previous year: outflow of € 4.5 million), which occurred against the background of the decline of trade payables and lower customer prepayments than in the previous year.

* The figures given in the cash flow section for changes of balance sheet items include exchange rate effects and may therefore not be recreated in the balance sheet.

Capital expenditures

Capital expenditures on property, plant and equipment and intangible assets increased in the first quarter of 2005 to € 4.5 million (previous year: € 3.0 million). They are composed as follows:

Amounts in €m	1st quarter 2005	1st quarter 2004
Paint and Assembly Systems	3.3	1.8
Measuring and Process Systems	1.0	0.9
Corporate Center	0.2	0.3
Total	4.5	3.0

Research and development

Direct expenditures for research and development (R&D) amounted to € 6.0 million in the first quarter of 2005 (previous year: € 6.9 million). The R&D ratio rose to 1.8% (previous year: 1.6%). However, the item reported in the income statements contains only a relatively small part of the actual expense incurred. As an engineering enterprise, we perform the largest part of our development work in the framework of customer orders. The expense for that is recorded in the cost of sales on a project-related basis.

Our innovation management aims at developing products that give our customers measurable added value, for example, in the form of lower unit costs due to reduced paint and energy consumption. We can thus generate demand despite the difficult situation in the automotive industry. Among the most important R&D projects of the Paint and Assembly Systems division are energy-saving concepts for the painting process and further development of painting robot technology. The focus in conveyor technology was on developing plastic modular conveyors, which offer advantages in regard to costs, wear and tear, maintenance expense, and assembly compared with other floor conveyors. The Measuring and Process Systems division has increased the performance of its pulverized coal feeding systems for cement furnaces. We can thus benefit from strong demand in Asia's fast-growing basic materials industries.

Employees

We had 7,221 employees on March 31, 2005. That is 4.8% fewer than at the same time a year earlier (7,582 employees). The decline mainly concerned the Measuring and Process Systems division, where the workforce decreased by 214 employees as a result of closing the pre-manufacturing operation in Darmstadt, Germany. In the traditional markets of Europe and the Americas, the number of employees fell by 511 from March 31, 2004 to 6,465. In the growth markets of Asia, where we managed to raise incoming orders by 5.3%, we created 115 additional jobs to be able to take advantage of future opportunities. Altogether, 624 persons were employed by Dürr there as of March 31, 2005.

	March 31, 2005	March 31, 2004	Dec. 31, 2004
Employees			
Paint and Assembly Systems	4,191	4,333	4,236
Measuring and Process Systems	2,977	3,191	2,993
Corporate Center	53	58	51
Total	7,221	7,582	7,280

Personnel changes

On April 20, 2005, the Supervisory Board appointed Martin Hollenhorst a regular member of Dürr AG's Board of Management effective immediately. Mr. Hollenhorst is responsible for the following areas: Finances/Taxes, Controlling, Legal/Insurance, Corporate Communications & Investor Relations, Human Resources, Organization, and Risk Management. Mr. Hollenhorst has also been appointed Employee Affairs Director. He succeeds Kay Bönisch, who has left Dürr by mutual agreement. Dr. Norbert Klapper was responsible for the Services (Premier) business unit until its sale and for the Final Assembly Systems business unit until its combination with Paint Systems. He has requested that his contract not be renewed at its expiration on September 30, 2005, because he wishes to devote himself to other tasks.

At the end of February 28, 2005, Harald Rüber left Dürr AG's Supervisory Board as a representative of management employees. Harald Lambacher has been court-appointed to succeed him effective as of April 22, 2005.

Treasury stock and subscription rights

Dürr AG owns no treasury stock. No subscription rights have been granted to its corporate bodies or employees in the framework of the Dürr International Stock Option Plan (DISOP).

Overview of divisions

Paint and Assembly Systems

Amounts in €m	1st quarter 2005	1st quarter 2004
Incoming orders	239.7	255.7
Sales revenues	230.3	328.1
EBITDA	5.9	14.6
EBT	1.5	10.8
Employees (as of March 31)	4,191	4,333

The Paint and Assembly Systems division received relatively large orders in the first quarter of 2005 from China, including one for a complete automotive paint shop, and from Great Britain, Iran, and Slovakia. Overall, however, the automotive industry continued to exercise capital spending restraint, which caused incoming orders to decline by 6.3%. At € 230.3 million, sales revenues were significantly below the previous year's level, which had been above average due to the high sales contribution of a large order. Earnings before income taxes decreased to € 1.5 million primarily because of the lower sales revenues, after € 10.8 million in the previous year. We reduced our workforce under market influence by 142 to 4,191 employees as of March 31, 2005.

Measuring and Process Systems (without DTS)

Amounts in €m	1st quarter 2005	1st quarter 2004
Incoming orders	135.9	106.2
Sales revenues	107.3	101.7
EBITDA	1.6	0.7
EBT	- 0.8	- 2.3
Employees (as of March 31)	2,977	3,191

Incoming orders in the Measuring and Process Systems division improved in the first quarter of 2005 by 28.0% to € 135.9 million. Development was especially positive in the Measuring and Process Technologies business unit, which continued to expand its coal-washing plant business in Asia. We also managed to raise sales revenues further, with a plus of 5.5%. At € -0.8 million, earnings before income taxes were still negative, but improved significantly compared with the previous year's level. Growth in Measuring and Process Technologies and in Balancing and Diagnostic Systems contributed to that. The number of employees fell to 2,977 at the end of the first quarter of 2005. We have eliminated 375 positions in Europe since March 31, 2004 primarily as a result of closing the premanufacturing plant in Darmstadt. On the other hand, we increased our capacities by 101 positions in the growth regions of Asia and by 27 in the advancing North American market.

Corporate Center

The Corporate Center's earnings before income taxes fell in the first quarter of 2005 to € -7.5 million (previous year: € -6.4 million). That primarily includes interest expense in addition to costs of the center.

Outlook

We now believe that with consumer sentiment remaining poor, the difficult market conditions in the automotive industry will not improve substantially in the further course of the year.

Our customers in the automotive sector are exercising capital spending restraint, which affects the amount of prepayments that we receive. Despite contract awards for new plants, project postponements are not unusual among our customers at present.

We expect that earnings will develop appreciably better in the remainder of 2005 than in the first three months. The expansion of our operations in industrial business and first cost-saving effects from implementing the leaner Group structure will play a key role in that. The aim is to improve the margin quality of our sales revenues by means of careful selection of orders.

Expected incoming orders for the months ahead will decide the further course of the business year in Paint and Assembly Systems. Negotiations with some of our automotive customers are at an advanced stage. In the Measuring and Process Systems division, we believe that earnings can be improved further after the customarily weaker first quarter. That is supported by solid incoming orders, which are 28.0% higher than last year's.

Against this background, we forecast that the entire Dürr Group in its new structure (continuing operations) will have higher earnings before income taxes and EBITDA in 2005 than in the previous year. As already announced, we simultaneously expect consolidated sales revenues in 2005 to be below last year's level.

Stuttgart, May 12, 2005

Dürr Aktiengesellschaft

Board of Management

Consolidated income statements

of Dürr Aktiengesellschaft, Stuttgart, for the periods January 1 to March 31, 2005 and 2004

Amounts in €k	1st quarter 2005	1st quarter 2004
Continuing operations		
Sales revenues	337,624	429,835
Cost of sales	– 272,218	– 356,223
Gross profit on sales	65,406	73,612
Selling expenses	– 31,492	– 31,894
General and administrative expenses	– 26,575	– 27,430
Research and development costs	– 6,019	– 6,931
Other operating income and expenses	59	– 560
Earnings before investment income, other interest and similar income, interest and similar expenses and income taxes	1,379	6,797
Share of profit of associates	192	175
Other investment income/loss	–	–
Other interest and similar income	441	389
Interest and similar expenses	– 8,856	– 5,240
Earnings before income taxes	– 6,844	2,121
Income taxes	2,636	– 1,386
Group profit from continuing operations	– 4,208	735
Group profit from discontinued operations	1,305	1,837
Net loss / income	– 2,903	2,572
Profit share of minority interests from continuing operations	24	– 254
Profit share of minority interests from discontinued operations	68	–
Profit share of minority interests Dürr Group	92	– 254
Profit share of shareholders of Dürr Aktiengesellschaft from continuing operations	– 4,184	481
Profit share of shareholders of Dürr Aktiengesellschaft from discontinued operations	1,373	1,837
Profit share of shareholders of Dürr Aktiengesellschaft Dürr Group	– 2,811	2,318
Earnings per share in € (basic and diluted)		
Continuing operations	– 0.29	0.03
Discontinued operations	0.10	0.13
Dürr Group	– 0.20	0.16

The accompanying notes are an integral part of these consolidated statements.

Consolidated balance sheets

of Dürr Aktiengesellschaft, Stuttgart, as of March 31, 2005 and 2004 and December 31, 2004

Amounts in €k	March 31, 2005	March 31, 2004	Dec. 31, 2004
Assets			
Non-current assets			
Goodwill	311,339	298,793	308,801
Other intangible assets	36,954	31,776	36,335
Property, plant and equipment	149,458	158,785	148,170
Investments in associates	16,126	16,556	15,762
Other financial assets	5,556	5,557	5,263
Tax receivables	127	114	100
Deferred taxes	47,911	49,595	44,955
Prepaid expenses	436	309	735
	567,907	561,485	560,121
Current assets			
Inventories and prepayments	65,803	73,627	52,683
Trade receivables	545,552	531,286	563,532
Tax receivables	5,413	5,056	5,022
Other receivables and other assets	59,444	76,802	57,783
Cash and cash equivalents	41,824	94,791	46,448
Prepaid expenses	3,647	3,875	2,903
	721,683	785,437	728,371
Assets of continuing operations	1,289,590	1,346,922	1,288,492
Assets of discontinued operations	159,803	163,003	146,524
Total assets	1,449,393	1,509,925	1,435,016
Equity and liabilities			
Subscribed capital	36,603	36,603	36,603
Capital reserve	159,000	159,000	159,000
Revenue reserves	4,834	560	8,950
Other comprehensive income	- 9,265	- 7,989	- 13,688
Equity without minority interest	191,172	188,174	190,865
Minority interests	1,605	5,814	1,886
Equity with minority interests	192,777	193,988	192,751
Total equity of discontinued operations	33,516	36,865	31,499
Total equity	226,293	230,853	224,250
Non-current liabilities			
Provisions for pension obligations	52,315	49,589	51,258
Other provisions	22,173	10,531	18,717
Bond	186,808	-	186,471
Financial liabilities	95,873	162,362	26,706
Internal financing	- 54,462	- 56,057	- 46,045
Tax liabilities	315	251	288
Deferred taxes	49,390	50,564	51,694
Deferred income	1,794	2,101	1,811
	354,206	219,341	290,900
Current liabilities			
Other provisions	93,611	114,133	101,716
Trade payables	434,602	536,527	492,705
Financial liabilities	95,947	141,206	85,279
Tax liabilities	6,685	4,301	5,813
Other liabilities	110,940	131,029	117,551
Deferred income	822	6,397	1,777
	742,607	933,593	804,841
Equity and liabilities of continuing operations	1,289,590	1,346,922	1,288,492
Equity and liabilities of discontinued operations	159,803	163,003	146,524
Total equity and liabilities	1,449,393	1,509,925	1,435,016

The accompanying notes are an integral part of these consolidated statements.

Consolidated statements of equity

of Dürr Aktiengesellschaft, Stuttgart, for the periods January 1 to March 31, 2005 and 2004

	Subscribed capital	Capital reserve	Continuing operations		Equity without minority interests from continuing operations	Discontinued operations	Equity without minority interests	Minority interests	Equity with minority interests
			Revenues reserves	Other comprehensive income					
Amounts in €k									
January 1, 2004	36,603	159,000	- 2,722	- 11,825	181,056	37,812	218,868	5,248	224,116
Net income of the Group for the period from Jan. 1, 2004 to March 31, 2004	-	-	481	-	481	1,837	2,318	254	2,572
Other changes	-	-	2,801	-	2,801	- 2,801	-	-	-
Other comprehensive income	-	-	-	3,836	3,836	14	3,850	315	4,165
March 31, 2004	36,603	159,000	560	- 7,989	188,174	36,862	225,036	5,817	230,853
January 1, 2005	36,603	159,000	8,950	- 13,688	190,865	31,510	222,375	1,875	224,250
Net loss of the Group for the period from Jan. 1, 2005 to March 31, 2005	-	-	- 4,184	-	- 4,184	1,373	- 2,811	- 92	- 2,903
Other changes	-	-	68	-	68	- 68	-	-	-
Other comprehensive income	-	-	-	4,423	4,423	581	5,004	- 58	4,946
March 31, 2005	36,603	159,000	4,834	- 9,265	191,172	33,396	224,568	1,725	226,293

The accompanying notes are an integral part of these consolidated statements.

Consolidated statements of cash flows

of Dürr Aktiengesellschaft, Stuttgart, for the periods January 1 to March 31, 2005 and 2004

Amounts in €k	1st quarter 2005	1st quarter 2004
Cash flow from operating activities of continuing operations		
Earnings before interest and income taxes	1,571	6,972
Income taxes paid	- 99	- 2,197
Share of profit of associates	- 192	- 175
Amortization and depreciation of non-current assets	5,472	5,766
Net gain on the disposal of property, plant and equipment	- 66	9
Other non-cash expenses and income	- 1,375	1,357
Changes in operating assets and liabilities		
Inventories	- 12,006	- 14,628
Trade receivables	32,636	95,917
Other receivables and assets	- 4,110	- 8,186
Provisions	- 4,847	- 6,077
Trade payables	- 63,106	- 132,682
Other liabilities (other than bank)	- 7,333	- 29,451
Other assets and liabilities	- 2,550	67
	- 56,005	- 83,308
Cash flow from operating activities of discontinued operations	- 4,063	- 3,004
Cash flow from operating activities	- 60,068	- 86,312
Cash flow from investing activities of continuing operations		
Purchase of other intangible assets	- 1,657	- 897
Purchase of property, plant and equipment	- 2,805	- 2,118
Other proceeds from investing activities	13	450
	- 4,449	- 2,565
Cash flow from investing activities of discontinued operations	- 879	- 1,750
Cash flow from investing activities	- 5,328	- 4,315
Cash flow from financing activities of continuing operations		
Change in current bank liabilities	78,432	- 4,462
Payment of finance lease liabilities	- 317	- 66
Change in financial liabilities to associates	- 1,083	- 1,115
Internal financing	- 1,864	- 4,681
Interest paid	- 13,954	- 4,892
	61,214	- 15,216
Cash flow from financing activities of discontinued operations	2,815	5,063
Cash flow from financing activities	64,029	- 10,153
Effect of exchange rate changes on cash and cash equivalents	- 2,436	402
Change in cash and cash equivalents	- 3,803	- 100,378
Cash and cash equivalents of the Group		
At the beginning of the period	51,471	199,859
At the end of the period	47,668	99,481
Cash and cash equivalents from continuing operations	41,824	94,791
Cash and cash equivalents from discontinued operations	5,844	4,690
Cash and cash equivalents from the Group	47,668	99,481

The accompanying notes are an integral part of these consolidated statements.

Notes to the consolidated financial statements for the 1st quarter 2005

1. Summary of significant accounting policies

The Company

Dürr Aktiengesellschaft ("Dürr AG" or the "the Company") is headquartered at Otto-Dürr-Strasse 8 in 70435 Stuttgart, Germany. Dürr AG and its subsidiaries ("Dürr" or "the Group") develop and manufacture paint shops, final assembly and conveyor systems as well as environmental systems and industrial cleaning technology. In addition, the performance spectrum of Dürr includes support services for the manufacture process, the manufacture of systems for process control procedures as well as for the automation of production processes, the balancing or diagnosis of revolving parts and assemblies. Dürr's main customers are the major companies in the automobile industry worldwide.

2. Accounting and measurement principles

Dürr prepared the consolidated interim financial statements of Dürr Aktiengesellschaft as of March 31, 2005 on the basis of the mandatory International Financial Reporting Standards (IFRS) in effect at that time. The IFRS comprise the new IFRS promulgated by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS) as well as the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standard Interpretations Committee (SIC). The same accounting and measurements principles were used as those used in the consolidated financial statements as of December 31, 2004; please refer to the 2004 annual report.

With the consolidated financial statements pursuant to IFRS, the Company makes use of the option to prepare exempting consolidated financial statements according to an internationally recognized set of accounting standards as set forth in Sec. 292 a HGB (Handelsgesetzbuch: German Commercial Code). In accordance with the interpretation by the German Standardization Committee (DSRC e.V.) in German Accounting Standard No 1 (DRS 1) the consolidated financial reporting is in line with the 7th EC Directive.

Income that is recorded during the reporting period for seasonal reasons, due to cyclical developments or only occasionally is not cut off in the consolidated interim financial statements. Expenses that are incurred irregularly during the reporting period have been cut off in those cases where they would also be cut off at year end.

The income taxes were determined on the basis of an estimated average annual effective income tax rate.

The consolidated financial statements are prepared in thousands of euro (€ thousand), unless stated otherwise.

Change in accounting and measurement policy

Effective January 1, 2004, Dürr adopted IFRS as its basis of group accounting for the first time.

The consolidated financial statements prepared as of March 31, 2004 in accordance with United States Generally Accepted Accounting Principles (US GAAP) were adjusted with the help of a reconciliation statement to the accounting and measurements principles of IFRS.

Please consult the annual report as of December 31, 2004 for information about the effects of the conversion to IFRS accounting on the group equity as of the cut-off dates January 1, 2003 and December 31, 2003 or on the group net loss for the year 2003.

3. Consolidated group

Besides Dürr AG, the consolidated financial statements as of March 31, 2005 in principle contain all domestic and foreign companies which Dürr AG can control, either directly or indirectly (control concept). The companies are included in the consolidated financial statements from the date when control was obtained.

Besides Dürr AG as parent company, the number of companies in the consolidated group is as follows:

	March 31, 2005	March 31, 2004
Number of fully consolidated companies		
Germany	25	26
Foreign	80	84
	105	110

	March 31, 2005	March 31, 2004
Number of companies accounted for at equity		
Germany	1	1
Foreign	6	6
	7	7

In the first quarter of 2005, four companies were no longer included as they were merged with other subsidiaries. One company was removed from the consolidation as of January 1, 2005. On aggregate, the changes in the consolidated group are immaterial for the net assets, financial situation and results of operations of the Group.

The consolidated financial statements contain nine (March 31, 2004: nine) companies in which minority shareholders hold interests.

4. Discontinued operations

In connection with the strategic realignment of the Group, at its meeting on February 23, 2005 the Supervisory Board of Dürr AG approved the resolution of the Board of Management to discontinue certain areas of business in future.

Dürr decided in this context to sell the Services business unit in 2005. A purchase agreement to this effect was signed between Dürr and the Voith group on March 15, 2005. It was also decided to examine strategic options for the Development Test Systems (DTS) product line belonging to the Measuring and Process Systems division in 2005; the options range from a minority shareholding to the complete sale.

Earnings from discontinued operations break down as follows:

Amounts in €k	Discontinued operations	
	March 31, 2005	March 31, 2004
Earnings	63,746	54,486
Expenses	- 61,907	- 52,106
Earnings before income taxes from discontinued operations	1,839	2,380
Income taxes	- 534	- 543
Earnings for the period from discontinued operations	1,305	1,837

There were no impairments in value pursuant to IFRS 5.

The table below shows the assets and liabilities of the discontinued operations:

Amounts in €k	Discontinued operations		
	March 31, 2005	March 31, 2004	Dec. 31, 2004
Assets			
Non-current assets	68,108	77,160	64,060
Current assets	91,695	85,843	82,464
Total assets	159,803	163,003	146,524
Equity and Liabilities			
Equity with minority interests	33,516	36,865	31,499
Non-current liabilities	67,486	71,605	58,918
Current liabilities	58,801	54,533	56,107
Total equity and liabilities	159,803	163,003	146,524

5. Earnings per share

Earnings per share is computed by dividing the earnings attributable to the shareholders of Dürr Aktiengesellschaft by the weighted average of the number of shares issued during the period (March 31, 2005 and March 31, 2004 respectively: 14,298,200 shares). The basic and diluted earnings per share are the same.

6. Liabilities from restructuring measures

Liabilities from restructuring measures have decreased by € 1,508 thousand to € 5,874 thousand compared to December 31, 2004. The decrease is mainly due to the utilization with effect on income of the liabilities recorded in prior periods.

7. Segment reporting

In line with Dürr's dominating organizational structure, the Group's divisions form the basis of the primary reporting. In the segment table below, the product line DTS is included in the Measuring and Process Systems division. Corporate Center comprises other fully consolidated companies.

Consolidated financial statement figures by division:

1st quarter 2005	Paint and Assembly Systems	Measuring and Process Systems	Services	Corporate Center	Consolidation	Dürr Group
Amounts in €k						
Sales revenues with external customers	230,307	124,491	45,978	–	–	400,776
Sales revenues with other divisions	443	668	–	–	– 1,111	–
Total sales revenues	230,750	125,159	45,978	–	– 1,111	400,776
Earnings before interest and income taxes (EBIT) according to IAS 14	2,801	– 1,585	2,895	– 2,324	1,611	3,398
Employees (as of March 31, 2005)	4,191	3,524	5,664	53	–	13,432

Consolidated financial statement figures by division:

1st quarter 2004	Paint and Assembly Systems	Measuring and Process Systems	Services	Corporate Center	Consolidation	Dürr Group
Amounts in €k						
Sales revenues with external customers	328,140	119,968	35,882	–	–	483,990
Sales revenues with other divisions	2,131	1,839	–	–	– 3,970	–
Total sales revenues	330,271	121,807	35,882	–	– 3,970	483,990
Earnings before interest and income taxes (EBIT) according to IAS 14	10,591	– 1,718	1,334	– 1,090	153	9,270
Employees (as of March 31, 2004)	4,333	3,774	4,432	58	–	12,597

According to IAS 14 the EBIT in the segment reporting is shown before the elimination of intersegment profits and has been adjusted for intersegment interest effects. In the management report, reference is made to the internal controlling figures which contain both effects.

Based on the earnings before interest and income taxes (EBIT) the net loss/income of the Group for the period was calculated as follows:

Amounts in €k	March 31, 2005	March 31, 2004
Earnings before interest and income taxes (EBIT)	3,398	9,270
Other interest and similar income	591	489
Interest and similar expenses	– 8,994	– 5,258
Income taxes	2,102	– 1,929
Net loss / income of the Group	– 2,903	2,572

8. Contingent liabilities and other financial obligations

Compared to December 31, 2004, there were no major changes in the contingent liabilities and other financial obligations of which we are aware.

Financial calendar for 2005

May 12, 2005	Interim report on the first quarter of 2005
June 22, 2005	Annual shareholders' meeting, Stuttgart
August 11, 2005	Interim report on the first half of 2005
November 10, 2005	Interim report on the first nine months of 2005
November 21–23, 2005	German Equity Forum, Frankfurt am Main

Contact

Please contact us for
further information:

Dürr AG
Stephan Haas
Corporate Communications &
Investor Relations
Otto-Dürr-Strasse 8
D-70435 Stuttgart
Phone: +49-7 11-136-17 85
Fax: +49-7 11-136-10 34
corpcom@durr.com
investor.relations@durr.com

www.durr.com

This interim report is the English translation of the
German original.

This interim report includes forward-looking statements about future developments. As is the case for any business activity conducted in a global environment, such forward-looking statements are always subject to uncertainty. Our information is based on the conviction and assumptions of the Board of Management of Dürr AG, as developed from the information currently available. However, the following factors may affect the success of our strategic and operating measures: geopolitical risks, changes in general economic conditions (especially a prolonged recession in Europe or North America), exchange rate fluctuations and changes in interest rates, new products launched by competitors, and a lack of customer acceptance for new Dürr products or services, including growing competitive pressure. Should any of these factors or other imponderable circumstances arise, or should the assumptions underlying the forward-looking statements prove incorrect, actual results may differ from those projected. Dürr AG undertakes no obligation to provide continuous updates of forward-looking statements and information. Such statements and information are based upon the circumstances as of the date of their publication.