



Technologies · Systems · Solutions

Interim report · January 1 to September 30, 2005



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Cover image:

The new Eco RP E painting robot, which we unveiled in September.

## Key figures for the Dürr Group (IFRS)

(Continuing operations\*)

		Jan. 1 – Sept. 30, 2005	Jan. 1 – Sept. 30, 2004
Incoming orders	€ m	1,177.4	1,139.1
Orders on hand (Sept. 30)	€ m	950.8	1,053.9
Sales revenues	€ m	1,153.7	1,356.1
EBITDA	€ m	41.4	45.4
EBIT	€ m	22.6	28.2
Net loss/income	€ m	-4.6	3.3
Cash flow from operating activities	€ m	-131.1	-106.3
Cash flow from investing activities	€ m	94.5	-7.5
Cash flow from financing activities	€ m	69.3	-4.9
Balance sheet total (Sept. 30)	€ m	1,383.8	1,404.0
Equity (without minority interests) (Sept. 30)	€ m	243.7	227.8
Net financial dept (Sept. 30)	€ m	312.2	240.6
Net working capital (Sept. 30)	€ m	260.3	120.1
Employees (Sept. 30)		7,103	7,387
<b>Dürr stock</b> ISIN: DE0005565204			
High	€	17.49	21.10
Low	€	13.50	15.40
Close	€	14.64	17.30
Number of shares (Sept. 30)	k	14,298	14,298
Earnings per share	€	- 0.32	0.23

\* Measuring and Process Technologies business unit still included as of September 30, 2005

Immaterial differences in the computation of sums and percentages in this report may occur due to rounding.

## Highlights

- Gross margin improved considerably in the year to date
- Incoming orders higher than previous year's
- Group-wide FOCUS program in implementation stage
- October 31, 2005: Contract to sell Measuring and Process Technologies signed; financial debt to be reduced significantly by year's end with the proceeds

## Management report

### Economic environment

The global economy continued to grow in the third quarter of 2005, but with somewhat less momentum. Automotive business also slowed against the background of high crude oil prices. Nevertheless, demand in the growth market of China picked up again, following a somewhat weaker period. The trend in Japan, Western Europe, and the United States held steady.

The automotive industry's capital spending on new plants shows wide variation from region to region. While demand has been high in the emerging markets of Asia and Eastern Europe, capital spending on additional production facilities in the Americas and Western Europe has been subdued. By contrast, we are registering rising demand in modernization business. Faced with excess production capacities and smaller budgets, many manufacturers are opting to invest in upgrading their existing plants.

### FOCUS program

In mid-August 2005, we launched FOCUS as a group-wide program aimed at improving our profitability and financial structure for the long term. We are concentrating on our core business as a manufacturer of plant and machinery for the automotive industry, which accounts for some 85 % of Group sales revenues.

As part of FOCUS, we are expanding our modernization and service businesses. Another focal point is the restructuring of the Paint and Assembly Systems division, which will save us €50-60 million annually beginning in 2007. We will also increase efficiency in operating business by improving processes and structures.

#### **Strengthening core business through divestments**

One aspect of FOCUS is the sale of peripheral activities that do not fit in with our concentration on the automotive industry. We are using the proceeds of these sales to strengthen our innovating and earning power in our core business and to finance the €40-50 million in restructuring costs. We are also using them to improve our financial structure. We are substantially reducing financial debt and improving financial leverage (net debt to operating earnings).

As of October 1, 2005, we have sold the Development Test Systems business unit to HORIBA Ltd., a Japanese firm. The proceeds of that sale amounted to €27 million. Furthermore, we have signed a contract as of October 31 to sell the Measuring and Process Technologies business unit (see p. 11).

## Business development\*

The Measuring and Process Technologies business unit has been included in continuing operations in the first nine months of 2005, but will be reported in discontinued operations in the 2005 annual report.

### Incoming orders higher than previous year's

Despite a difficult market environment overall, incoming orders received by the Dürr Group in the first nine months of 2005 were up 3.4 % to €1,177.4 million (previous year: €1,139.1 million). The improvement was driven by increases in both divisions. At €321.0 million, incoming orders in the third quarter were 17 % higher than in the previous-year period (€274.3 million).

### Sales revenues and orders on hand expectedly below previous year's

Consolidated sales revenues were down in both the first nine months (€1,153.7 million) and the third quarter (€396.9 million) of 2005 by 15 % on the previous year's figures (€1,365.1 million and €466.3 million). However, the baseline values for the previous year were higher than average due to the sales contributions from one large-scale order. The book-to-bill ratio improved in the first nine months to 1.02 (previous year: 0.84). As of September 30, 2005, orders on hand amounted to €950.8 million (previous year: €1,053.9 million).

### Gross margin improved considerably

EBITDA for the first nine months of 2005 amounted to €41.4 million (previous year: €45.5 million). Net income/loss came to €-4.6 million (previous year: €+3.3 million) due largely to losses in Paint and Assembly Systems and a €9.9 million increase in interest expense to €27.9 million. The higher interest expense resulted from our corporate bond and an increase in current financial liabilities that directly corresponds to a decline in customer prepayments received (September 30, 2005: €133.0 million; December 31, 2004: €207.5 million). Against that background, net financial liabilities rose to €312.2 million as of September 30, 2005 (December 31, 2004: €242.8 million). The primary reasons for the decline in prepayments were the lower number of large orders on hand and general changes in prepayment behavior on the part of various customers.

We reduced our cost of sales in the first nine months by 18 %, more than proportionately to sales revenues. This resulted in a corresponding improvement of 3.0 percentage points in

\* Unless otherwise stated, all figures and statements in this report refer to the continuing operations of the Dürr Group, i.e. the Paint and Assembly Systems and Measuring and Process Systems (excluding the Development Test Systems business unit which was sold on October 1, 2005) divisions as well as the Corporate Center (Dürr AG). The Services business unit (Premier Group) was consolidated from January 1, 2005, until its effective sale on May 31, 2005, the Development Test Systems business unit from January 1 to September 30, 2005. The two business units are reported as discontinued operations.

This interim report was prepared according to the International Financial Reporting Standards (IFRS). Comparative figures for the first nine months of 2004 are also reported according to IFRS. In some cases, these figures deviate from those published in the 2004 first nine months interim report, as the consolidated financial statements as of September 30, 2004, were prepared in accordance with the United States Generally Accepted Accounting Principles (US GAAP). The different amounts resulting from the reconciliation from US GAAP to IFRS are not significant.

our gross margin on average for the year to date, to 19.5 %. Increased efficiency through improved project management and purchasing are largely responsible for this strong plus.

While selling expenses rose to €103.2 million (previous year: €93.4 million) due to the expansion of our activities in Asia, we reduced administrative costs by €9.8 million to €76.8 million thanks to the closing of our pre-manufacturing facility in Darmstadt (Germany), lower IT expenses, and reduced personnel in administrative areas. Other operating income and expenses show a balance of €-1.6 million (previous year: €+5.4 million).

The restructuring expenses amounting to €3.2 million (previous year: €2.0 million) were largely attributable to the Paint and Assembly Systems division. Earnings before taxes were €-3.9 million (previous year: €12.0 million). The figure for the third quarter was positive, at €2.8 million (previous year: €3.0 million).

## Financial position

### Balance sheet total up

Balance sheet total in continuing operations were up to €1,383.8 million as of September 30, 2005, compared with €1,288.5 million as of December 31, 2004. The biggest change on the asset side was an increase in cash and cash equivalents to €85.5 million (December 31, 2004: €46.4 million). This increase was due to the fact that we received larger customer prepayments and the proceeds from the sale of Development Test Systems (€27 million) immediately before the reporting date and therefore could not apply them to reducing credit obligations within the reporting period.

Within current liabilities, trade payables declined to €390.3 million due to declining customer prepayments (December 31, 2004: €492.7 million). As a result, current financial liabilities increased to a similar extent to €193.2 million (December 31, 2004: €85.3 million) because use of our credit lines increased due to the lower prepayments. Net working capital was up €110.0 million from December 31, 2004, to €260.3 million due primarily to the decline in prepayments.

The reduction of current provisions from €101.7 million to €87.3 million was largely due to the use of provisions for follow-up costs associated with completed orders. Provisions for the restructuring of Paint and Assembly Systems were not yet formed in the third quarter because the exact plans for reducing personnel were not completed until October.

### Current and non-current liabilities

Amounts in € million	Sept. 30, 2005	Sept. 30, 2004	Dec. 31, 2004
Financial liabilities	217.7	140.9	112.0
Corporate bond	187.5	184.7	186.5
Trade payables	390.3	566.5	492.7
of which prepayments received	133.0	313.4	207.5
Tax liabilities	5.2	3.7	6.1
Other liabilities	139.8	121.4	117.6
<b>Total</b>	<b>940.5</b>	<b>1,017.2</b>	<b>914.9</b>

## Cash flow\*

**Cash flow from operating activities** in the first nine months of 2005 amounted to €-131.1 million after €-106.3 million in the same period of the previous year. The main reason for the outflow of funds was a decline of trade payables by €126.0 million (previous year: €100.4 million), which was due primarily to the lower level of prepayments received. Added to that were a €16.1 million increase in inventories (previous year: €11.3 million) and a €21.9 million reduction of provisions (previous year: €11.7 million), which was largely without impact on profit.

**Cash flow from investing activities** amounted to €94.5 million (previous year: €-7.5 million). The inflow of funds resulted from the sale of the Premier Group and the Development Test Systems business unit. **Cash flow from financing activities** amounted to €69.3 million (previous year: outflow of €4.9 million) and was based primarily on the increase in short-term liabilities to banks of €99.8 million (previous year: outflow of €30.0 million).

\*The values mentioned in the cash flow section for changes of balance sheet items are adjusted for exchange rate effects and therefore cannot be recreated from the balance sheet.

## R&D and capital expenditures

The income statement for the first nine months of 2005 contains direct expenses for research and development (R&D) of €18.5 million (previous year: €19.4 million). Including project-related development expenses in the framework of customer orders, the R&D ratio came to about 6 %. We increased capital expenditures for property, plant, and equipment and intangible assets to €19.1 million (previous year: €11.3 million). That includes investments in robot technology and expansion of our facilities in Bietigheim-Bissingen (Germany).

**Capital expenditures\***

Amounts in €million	Jan. 1 – Sept. 30, 2005	Jan. 1 – Sept. 30, 2004
Paint and Assembly Systems	11.0	4.8
Measuring and Process Systems	7.8	3.3
Corporate Center	0.3	3.2
<b>Total</b>	<b>19.1</b>	<b>11.3</b>

\* in plant, property, equipment and intangible assets

## Employees

**Personnel increase in Asia**

As of September 30, 2005, Dürr had 7,103 employees worldwide. That is 284 employees, or 3.8 %, fewer than a year earlier. The primary reason for the decrease was capacity reduction implemented in Paint and Assembly Systems (-282 employees). Since September 30, 2004, the number of employees rose by 102 (+17.7 %) in the growth regions of Asia and fell by 413 to 6,282 (-6.2 %) in the mature markets of the Americas and Europe.

Employees	Sept. 30, 2005	Sept. 30, 2004	Dec. 31, 2004
Paint and Assembly Systems	4,008	4,290	4,236
Measuring and Process Systems	3,048	3,046	2,993
Corporate Center	47	51	51
<b>Total</b>	<b>7,103</b>	<b>7,387</b>	<b>7,280</b>

## Personnel changes

At its meeting on August 10, 2005, the Supervisory Board appointed Ralf Dieter Chairman of Dürr AG's Board of Management effective January 1, 2006. Mr. Dieter has been a regular member of Dürr AG's Board of Management since January 1, 2005, and is also Chairman of the Board of Management of Carl Schenck AG.

## Treasury stock and subscription rights

Dürr AG does not own any 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 €million	Jan. 1 – Sept. 30, 2005	Jan. 1 – Sept. 30, 2004
Incoming orders	764.7	750.6
Sales revenues	771.5	1,016.2
EBITDA	24.3	38.8
EBT	10.0	27.3
Employees (Sept. 30)	4,008	4,290

Incoming orders in Paint and Assembly Systems increased slightly, to €764.7 million, in the first nine months of 2005. The key influence was a 22.8 % boost in the third quarter. Larger orders for paint systems came from Germany, the UK, and China. By contrast, the North American automotive industry practiced spending restraint. That found expression primarily in plant engineering, while application technology and environmental systems developed positively. In addition to margin pressure, lower sales revenues, resulting excess capacities, and restructuring expenses, particularly in plant engineering in North America, were mainly responsible for the earnings decline.

### Measuring and Process Systems\*

Amounts in €million	Jan. 1 – Sept. 30, 2005	Jan. 1 – Sept. 30, 2004
Incoming orders	412.7	388.5
Sales revenues	382.2	339.9
EBITDA	19.9	7.5
EBT	11.6	- 0.9
Employees (Sept. 30)	3,048	3,046

\* Including the Measuring and Process Technologies business unit (will be sold to HgCapital according to contract of October 31, 2005)  
 - Excluding the Development Test Systems business unit (sold to HORIBA as of October 1, 2005)

Incoming orders in Measuring and Process Systems for the first nine months were 6.2 % above the previous year's figure. Sales revenues increased by 12.4 %, driven by growth in all business units. At €19.9 million, EBITDA also improved considerably over the same period of the previous year. Apart from increases in measuring and process systems and balancing and diagnostic systems, this figure also includes a book gain of €1.5 million from the sale of land in Germany.

#### **Corporate Center**

Corporate Center (Dürr AG) earnings before taxes for the first nine months of 2005 amounted to €-25.5 million after €-14.5 million in the previous year's period. This figure includes interest expenses in addition to the costs of the holding company. The increase in expense is due largely to higher interest expenses, the sale of interest swaps, and restructuring expenses.

## Outlook

For the full year 2005, Dürr expects sales revenues on the order of €1.7 billion for its continuing operations including the Measuring and Process Technologies business unit (previous year: €1.9 billion) and incoming orders slightly above the previous year's level of €1.6 billion. From today's perspective, sales revenues of Measuring and Process Technologies will amount to about €225 million at year's end, and incoming orders to about €230 million. Weak capacity utilization in plant engineering, particularly in the United States, will weigh on earnings in the fourth quarter.

Our financial structure will improve considerably by the end of 2005. Net financial debt will be reduced to about €200 million as of December 31, 2005.

The implemented FOCUS measures will find expression in a more favorable cost structure as early as 2006. We expect positive net earnings for that year. After completion of the 18-month FOCUS program, we expect to achieve a pre-tax margin of 4 % and an EBITDA margin of 8 % in 2007.

## Events after the reporting date

On October 31, 2005, we signed a contract with HgCapital, a private equity company, concerning the sale of the Measuring and Process Technologies business unit. This part of the Schenck Group mainly supplies process technology to the mining and basic materials industry. The sale proceeds come to about €205 million before taxes and fees and are to be received by us in cash by the end of 2005.

Stuttgart, November 10, 2005

Dürr Aktiengesellschaft

The Board of Management

## Consolidated income statements

of Dürr Aktiengesellschaft, Stuttgart, for the periods January 1 to September 30, 2005 and 2004, and July 1 to September 30, 2005 and 2004

Amounts in €k	Jan. 1 – Sept. 30, 2005	Jan. 1 – Sept. 30, 2004	3th quarter 2005	3th quarter 2004
<b>Continuing operations</b>				
Sales revenues	1,153,685	1,356,128	396,890	466,259
Cost of sales	-929,169	-1,131,873	-319,495	-392,531
<b>Gross profit on sales</b>	<b>224,516</b>	<b>224,255</b>	<b>77,395</b>	<b>73,728</b>
Selling expenses	-103,226	-93,389	-33,897	-31,489
General and administrative expenses	-76,764	-86,531	-22,774	-26,016
Research and development costs	-18,477	-19,439	-5,715	-6,325
Other operating income and expenses	-1,567	5,380	-2,199	1,589
	<b>24,482</b>	<b>30,276</b>	<b>12,810</b>	<b>11,487</b>
Restructuring expenses and impairment losses	-3,190	-1,961	-1,804	-1,875
<b>Earnings before investment income, interest and income taxes</b>	<b>21,292</b>	<b>28,315</b>	<b>11,006</b>	<b>9,612</b>
Share of profit of associates	1,316	-74	726	-347
<b>Earnings before interest and taxes</b>	<b>22,608</b>	<b>28,241</b>	<b>11,732</b>	<b>9,265</b>
Other interest and similar income	1,347	1,709	351	690
Interest and similar expenses	-27,868	-17,962	-9,331	-6,982
<b>Earnings before taxes</b>	<b>-3,913</b>	<b>11,988</b>	<b>2,752</b>	<b>2,973</b>
Income taxes	-732	-8,660	-612	-4,241
<b>Net income/loss of continuing operations</b>	<b>-4,645</b>	<b>3,328</b>	<b>2,140</b>	<b>-1,268</b>
<b>Net income/loss of discontinued operations</b>	<b>11,232</b>	<b>-986</b>	<b>-1,870</b>	<b>-1,560</b>
<b>Net income/loss of Dürr Group</b>	<b>6,587</b>	<b>2,342</b>	<b>270</b>	<b>-2,828</b>
Profit share of minority interests from continuing operations	-60	80	-102	156
Profit share of minority interests from discontinued operations	-130	-16	105	-6
Profit share of minority interests of Dürr Group	-190	64	3	150
Profit share of shareholders of Dürr Aktiengesellschaft from continuing operations	-4,585	3,248	2,242	-1,424
Profit share of shareholders of Dürr Aktiengesellschaft from discontinued operations	11,362	-970	-1,975	-1,554
Profit share of shareholders of Dürr Aktiengesellschaft from Dürr Group	6,777	2,278	267	-2,978
<b>Earnings per share in €(basic and diluted)</b>				
Continuing operations	-0.32	0.23	0.16	0.10
Discontinued operations	0.79	-0.07	-0.14	-0.11
Dürr Group	0.47	0.16	0.02	-0.21

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

## Consolidated balance sheets

of Dürr Aktiengesellschaft, Stuttgart, as of September 30, 2005 and 2004 and December 31, 2004

Amounts in €k	Sept. 30, 2005	Sept. 30, 2004	Dec. 31, 2004
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	315,367	303,940	308,801
Other intangible assets	38,716	34,447	36,335
Property, plant and equipment	154,251	149,770	148,170
Investments in associates	18,564	16,271	15,762
Other financial assets	5,829	6,316	5,263
Tax receivables	0	97	100
Deferred taxes	48,811	59,620	44,955
Prepaid expenses	385	179	735
	<b>581,923</b>	<b>570,640</b>	<b>560,121</b>
<b>Current assets</b>			
Inventories and prepayments	72,236	70,941	52,683
Trade receivables	571,024	599,553	563,532
Tax receivables	3,250	4,082	5,022
Other receivables and other assets	63,120	77,221	57,783
Cash and cash equivalents	85,481	76,428	46,448
Prepaid expenses	6,750	5,155	2,903
	<b>801,861</b>	<b>833,380</b>	<b>728,371</b>
<b>Assets of continuing operations</b>	<b>1,383,784</b>	<b>1,404,020</b>	<b>1,288,492</b>
<b>Assets of discontinued operations</b>	<b>63,431</b>	<b>163,901</b>	<b>146,524</b>
<b>Total assets</b>	<b>1,447,215</b>	<b>1,567,921</b>	<b>1,435,016</b>
<b>Equity and liabilities</b>			
Subscribed capital	36,603	36,603	36,603
Capital reserves	159,000	159,000	159,000
Revenue reserves	51,714	41,492	44,937
Other comprehensive income	-3,660	-9,330	-18,165
<b>Group equity without minority interests</b>	<b>243,657</b>	<b>227,765</b>	<b>222,375</b>
Minority interests	1,672	4,937	1,875
<b>Group equity with minority interests</b>	<b>245,329</b>	<b>232,702</b>	<b>224,250</b>
<b>Non-current liabilities</b>			
Provisions for pension obligations	51,968	49,474	51,258
Other provisions	19,508	14,204	18,717
Bond	187,519	184,731	186,471
Financial liabilities	24,430	14,585	26,706
Tax liabilities	0	253	288
Deferred taxes	56,536	64,531	51,694
Deferred income	1,697	2,168	1,811
	<b>341,658</b>	<b>329,946</b>	<b>336,945</b>
<b>Current liabilities</b>			
Other provisions	87,257	105,534	101,716
Trade payables	390,327	566,452	492,705
Financial liabilities	193,242	126,282	85,279
Tax liabilities	5,169	3,433	5,813
Other liabilities	139,794	121,370	117,551
Deferred income	857	12,392	1,777
	<b>816,646</b>	<b>935,463</b>	<b>804,841</b>
<b>Equity and liabilities of continuing operations</b>	<b>1,403,633</b>	<b>1,498,111</b>	<b>1,366,036</b>
<b>Liabilities of discontinued operations</b>	<b>43,582</b>	<b>69,810</b>	<b>68,980</b>
<b>Total equity and liabilities</b>	<b>1,447,215</b>	<b>1,567,921</b>	<b>1,435,016</b>

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 September 30, 2005 and 2004

Amounts in €k	Subscribed capital	Capital reserve	Revenues reserves	Other comprehensive income	Equity without minority interests	Minority interests	Equity with minority interests
<b>January 1, 2004</b>	<b>36,603</b>	<b>159,000</b>	<b>39,214</b>	<b>-15,949</b>	<b>218,868</b>	<b>5,248</b>	<b>224,116</b>
Net income of the continuing operations for the period from Jan. 1, 2004 to Sept. 30, 2004	-	-	3,248	-	3,248	80	3,328
Net income of the discontinued operations for the period from Jan. 1, 2004 to Sept. 30, 2004	-	-	-970	-	-970	-16	-986
Other comprehensive income	-	-	-	6,619	6,619	-375	6,244
<b>September 30, 2004</b>	<b>36,603</b>	<b>159,000</b>	<b>41,492</b>	<b>-9,330</b>	<b>227,765</b>	<b>4,937</b>	<b>232,702</b>
<b>January 1, 2005</b>	<b>36,603</b>	<b>159,000</b>	<b>44,937</b>	<b>-18,165</b>	<b>222,375</b>	<b>1,875</b>	<b>224,250</b>
Net loss of the continuing operations for the period from Jan. 1, 2005 to Sept. 30, 2005	-	-	-4,585	-	-4,585	-60	-4,645
Net income of the discontinued operations for the period from Jan. 1, 2005 to Sept. 30, 2005	-	-	11,362	-	11,362	-130	11,232
Other comprehensive income	-	-	-	14,505	14,505	-13	14,492
<b>September 30, 2005</b>	<b>36,603</b>	<b>159,000</b>	<b>51,714</b>	<b>-3,660</b>	<b>243,657</b>	<b>1,672</b>	<b>245,329</b>

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 September 30, 2005 and 2004

Amount in €k	Jan. 1 – Sept. 30, 2005	Jan. 1 – Sept. 30, 2004
<b>Cash flow from operating activities of continuing operations</b>		
Earnings before interest and taxes	22,608	28,241
Income taxes paid	-3,172	-2,410
Share profit of associates	-1,316	74
Amortization and depreciation of non-current assets	18,745	17,159
Net gain on the disposal of property, plant and equipment	-2,891	-769
Other non-cash expenses and income	-1,650	-7,472
Changes in operating assets and liabilities		
Inventories	-16,073	-11,290
Trade receivables	21,406	24,037
Other receivables and assets	-5,059	-6,720
Provisions	-21,889	-11,713
Trade payables	-125,959	-100,364
Other liabilities (other than bank)	-11,516	-40,074
Other assets and liabilities	-4,288	4,971
	<b>-131,054</b>	<b>-106,330</b>
<b>Cash flow from operating activities of discontinued operations</b>	<b>-1,045</b>	<b>-7,653</b>
<b>Cash flow from operating activities</b>	<b>-132,099</b>	<b>-113,983</b>
<b>Cash flow from investing activities of continuing operations</b>		
Purchase of other intangible assets	-6,432	-2,645
Purchase of property, plant and equipment	-12,690	-6,470
Proceeds from the sale of participations	106,055	-
Other proceeds from investing activities	7,594	1,650
	<b>94,527</b>	<b>-7,465</b>
<b>Cash flow from investing activities of discontinued operations</b>	<b>-1,589</b>	<b>-2,753</b>
<b>Cash flow from investing activities</b>	<b>92,938</b>	<b>-10,218</b>
<b>Cash flow from financing activities of continuing operations</b>		
Change in current bank liabilities	99,784	-29,969
Repayment of long-term financial liabilities	-	-138,124
Bond issue	-	186,899
Payment of finance lease liabilities	-29	-694
Change in financial liabilities to associates	-1,083	-1,115
Internal financing	-8,200	-8,946
Interest paid/interest received	-21,156	-12,986
	<b>69,316</b>	<b>-4,935</b>
<b>Cash flow from financing activities of discontinued operations</b>	<b>9,117</b>	<b>10,188</b>
<b>Cash flow from financing activities</b>	<b>78,433</b>	<b>5,253</b>
Effect of exchange rate changes on cash and cash equivalents	-2,314	-387
Change in cash and cash equivalents	36,958	-119,335
<b>Cash and cash equivalents of the Group</b>		
At the beginning of the period	51,471	199,859
<b>At the end of the period</b>	<b>88,429</b>	<b>80,524</b>
Cash and cash equivalents from continuing operations	85,481	76,428
Cash and cash equivalents from discontinued operations	2,948	4,096
Cash and cash equivalents from the Group	<b>88,429</b>	<b>80,524</b>

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

# Notes to the consolidated financial statements

## January 1 to September 30, 2005

### 1. Summary of significant accounting policies

#### The Company

Dürr Aktiengesellschaft ("Dürr AG" or 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 the manufacture of systems for process control procedures and for the automation of production processes, as well as the balancing of revolving parts and assemblies and diagnosis. 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 September 30, 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 measurement 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 of the HGB (Handelsgesetzbuch: German Commercial Code). In accordance with the interpretation by the German Standardization Committee (DRSC 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 euros (€ k), 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 September 30, 2004, in accordance with the 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 September 30, 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:

	Sept. 30, 2005	Sept. 30, 2004
<b>Number of fully consolidated companies</b>		
Germany	20	26
Foreign	71	84
	<b>91</b>	<b>110</b>

	Sept. 30, 2005	Sept. 30, 2004
<b>Number of companies accounted for at equity</b>		
Germany	1	1
Foreign	5	6
	<b>6</b>	<b>7</b>

As of September 30, 2005, seven companies were no longer included as they were merged with other subsidiaries. 13 companies were deconsolidated during the period January 1 to September 30, 2005.

The consolidated financial statements contain eight (September 30, 2004: nine) companies in which minority shareholders hold interests.

#### 4. Discontinued operations

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 in connection with the strategic realignment of the Group. Dürr decided in this context to sell the Services business unit in 2005. It was also decided to examine strategic options for the Development Test Systems (DTS) product line belonging to the Measuring Systems business unit in 2005; the options range from a minority shareholding to the complete sale.

The Premier Group (Services business unit) was sold to the Voith Group effective May 31, 2005. Development Test Systems was sold to the HORIBA Group effective October 1, 2005.

There were no impairments in value pursuant to IFRS 5.

#### 5. Earnings per share

Earnings per share are 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 (September 30, 2005, and September 30, 2004: 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 € 3,699 thousand to € 3,683 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, Development Test Systems is included in the Measuring and Process Systems division. Corporate Center comprises other fully consolidated companies.

### Consolidated financial statement figures by division:

January 1 to September 30, 2005	Paint and Assembly Systems	Measuring and Process Systems	Services	Corporate Center	Consolidation	Dürr Group
<b>Amounts in €k</b>						
Sales revenues with external customers	771,488	448,625	77,112	-	-	1,297,225
Sales revenues with other divisions	1,325	6,906	57	-	-8,288	-
<b>Total</b>	<b>772,813</b>	<b>455,531</b>	<b>77,169</b>	<b>-</b>	<b>-8,288</b>	<b>1,297,225</b>
Earnings before interest and taxes (EBIT) according to IAS 14	14,496	10,988	16,176	-3,703	6	37,963
Employees (as of Sept. 30, 2005)	4,008	3,605	-	47	-	7,660

January 1 to September 30, 2004	Paint and Assembly Systems	Measuring and Process Systems	Services	Corporate Center	Consolidation	Dürr Group
<b>Amounts in €k</b>						
Sales revenues with external customers	1,016,239	395,268	114,047	-	-	1,525,554
Sales revenues with other divisions	3,045	5,118	27	-	-8,190	-
<b>Total</b>	<b>1,019,284</b>	<b>400,386</b>	<b>114,074</b>	<b>-</b>	<b>-8,190</b>	<b>1,525,554</b>
Earnings before interest and taxes (EBIT) according to IAS 14	27,098	-5,724	3,949	2,459	-119	27,663
Employees (as of Sept. 30, 2004)	4,290	3,618	5,339	51	-	13,298

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 taxes (EBIT), the net income of the Group for the period was calculated as follows:

Amounts in € k	Sept. 30, 2005	Sept. 30, 2004
<b>Earnings before interest and taxes (EBIT)</b>	<b>37,963</b>	<b>27,663</b>
Other interest and similar income	1,647	2,043
Interest and similar expenses	-28,254	-18,052
Income taxes	-4,769	-9,312
<b>Net income of the Group</b>	<b>6,587</b>	<b>2,342</b>

#### 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.

#### 9. Important events after preparation of the financial statements

As part of the Dürr Group's further realignment, a contract was signed on October 31, 2005 concerning the sale of the Measuring and Process Technologies business unit, which belongs to the Measuring and Process Systems division. The buyer is HgCapital a private equity company.

## Financial calendar

November 10, 2005	Interim report on the first nine months of 2005
November 21-23, 2005	German Equity Forum, Frankfurt am Main
March 30, 2006	Financial press conference, DVFA analysts' conference
May 24, 2006	Annual shareholders' meeting, Stuttgart

## Contact

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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.