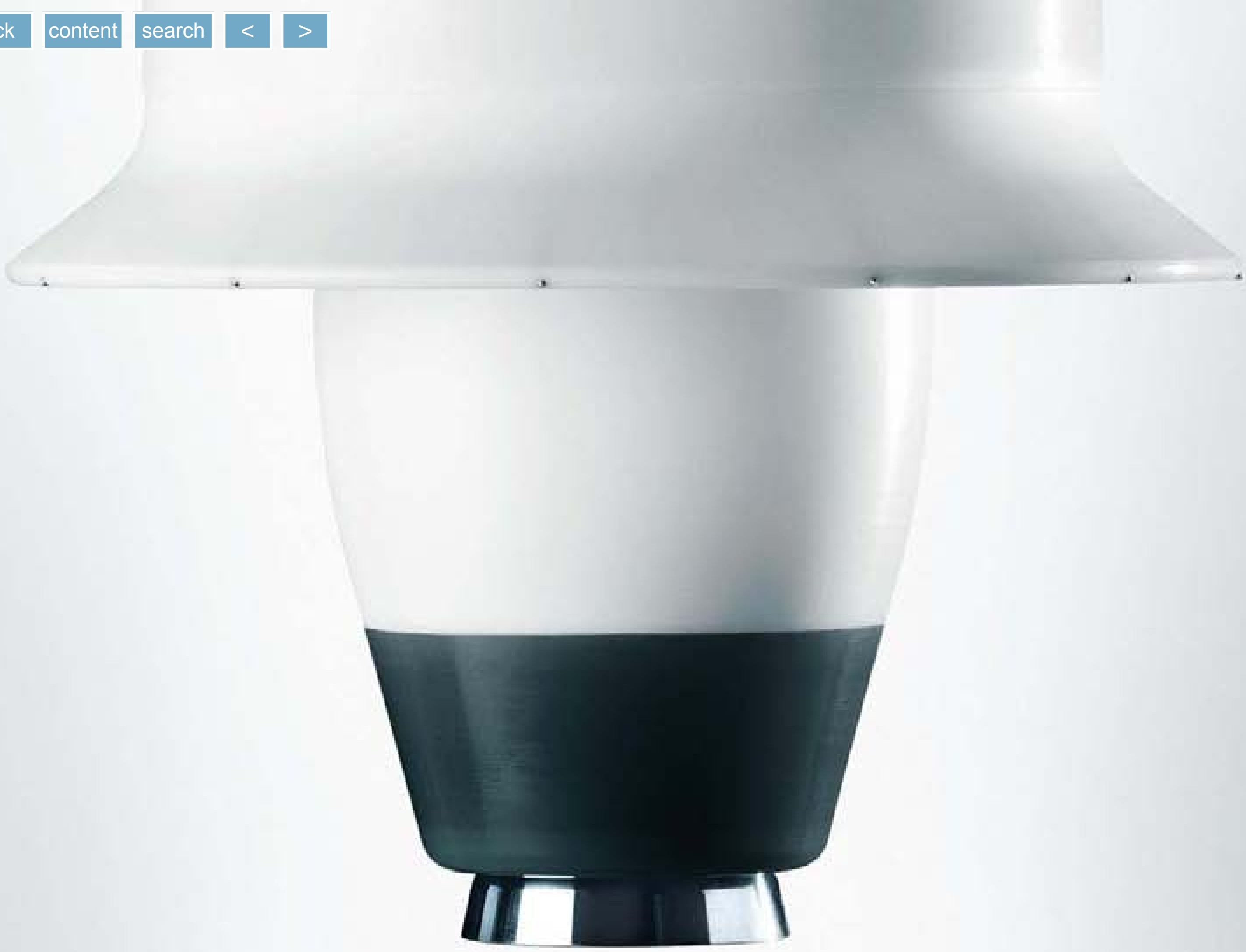


A strong basis. **Attractive opportunities.**

2009 ANNUAL REPORT

DÜRR

Key figures (IFRS)

(CONTINUING OPERATIONS)

1.1

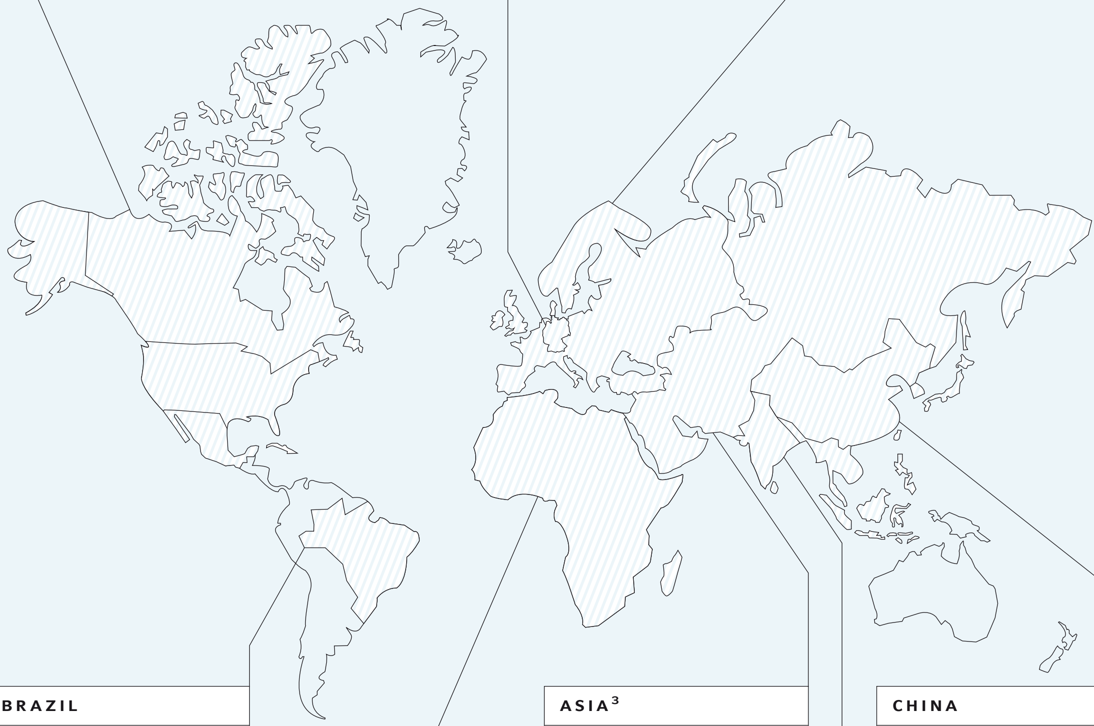
		2009	2008	2007	2009/2008 CHANGE IN %
Incoming orders	in € million	1,184.7	1,464.0	1,781.5	−19.1
Orders on hand (Dec. 31)	in € million	1,002.4	925.0	1,082.0	8.4
Sales revenues	in € million	1,077.6	1,602.8	1,476.6	−32.8
of which abroad	in %	83.2	81.6	81.4	
EBIT	in € million	5.7	72.7	55.7	−92.1
EBT	in € million	−12.2	46.4	34.8	–
Net income / loss	in € million	−25.7	33.7	21.2	–
Cash flow from operating activities	in € million	95.4	30.9	85.9	208.9
Cash flow from investing activities	in € million	−25.8	−2.6	−11.2	–
Cash flow from financing activities	in € million	−51.3	−96.1	−21.9	–
Free cash flow	in € million	63.7	−14.5	40.6	–
Equity (with minority interests) (Dec. 31)	in € million	301.4	341.4	257.1	−11.7
Net financial status[1] (Dec. 31)	in € million	3.0	−34.4	−61.8	–
Net working capital (Dec. 31)	in € million	57.4	151.8	128.9	−62.2
Employees (Dec. 31)		5,712	6,143	5,936	−7.0
thereof abroad	in %	48.0	50.2	48.8	
Gearing (Dec. 31)	in %	−1.0	9.2	19.4	
Equity ratio (Dec. 31)	in %	31.1	31.4	23.9	
EBIT margin	in %	0.5	4.5	3.8	
ROCE	in %	1.9	16.8	15.0	
EVA	in € million	−24.8	20.0	5.9	
Dürr stock (ISIN: DE0005565204)					
High[2]	in €	17.89	33.89	34.70	
Low[2]	in €	7.14	9.99	20.20	
Close[2]	in €	17.00	12.25	26.60	
Number of shares (weighted average)		17,300,520	16,535,752	15,728,020	
Earnings per share	in €	−1.55	1.81	1.33	
Dividend per share	in €	0.00[3]	0.70	0.40	

[1] Without finance leases
[2] Xetra
[3] Dividend proposal for the annual general meeting

Dürr worldwide

INCOMING ORDERS AND WORKFORCE BY REGION 2009

1.2



NORTH AMERICA[1]
Employees* 10.5 %
Incoming orders 12.7 %

GERMANY
Employees* 52.0 %
Incoming orders 21.5 %

EUROPE[2]
Employees* 18.3 %
Incoming orders 27.0 %

BRAZIL
Employees* 2.0 %
Incoming orders 3.8 %

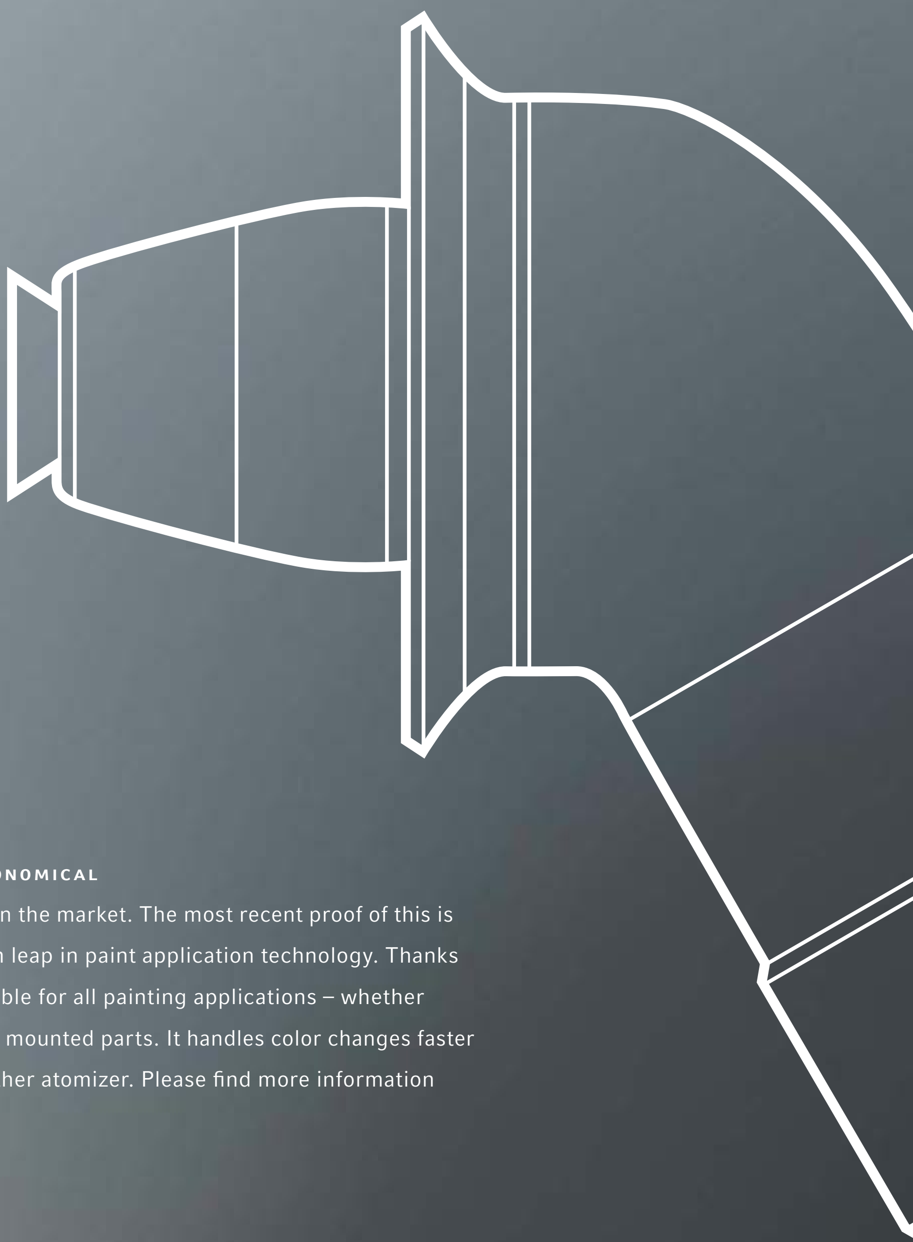
ASIA[3]
Employees* 1.6 %
Incoming orders 4.6 %

CHINA
Employees* 9.5 %
Incoming orders 23.1 %

AFRICA
Employees* 0.6 %
Incoming orders 4.2 %

INDIA
Employees* 5.5 %
Incoming orders 3.1 %

[1] incl. Mexico
[2] ex Germany
[3] ex China and India
* Dec. 31



ECOBELL3. UNIVERSAL, FAST AND ECONOMICAL

Dürr stands for strength of innovation in the market. The most recent proof of this is our new atomizer ***Eco*Bell3** – a quantum leap in paint application technology. Thanks to its compact design, ***Eco*Bell3** is suitable for all painting applications – whether exterior body shell, interior surfaces or mounted parts. It handles color changes faster and with fewer paint losses than any other atomizer. Please find more information from page 14 onwards.

A strong basis. **Attractive opportunities.**

The financial and economic crisis brought exceptional challenges in 2009. Through timely and determined action, we were able to contain the impact of the sharp economic downswing on Dürr. Not only did we stabilize the company, we also positioned it so that we can profit more than proportionately from the future recovery.

We aim to grow profitably again in 2010 and the years beyond. We are in a good starting position. Automobile production will be rising continuously again in the coming years. Manufacturers and suppliers are expanding their production capacities considerably in the growth markets. This will open up opportunities, which we will systematically pursue, while relying on our strong basis. No competitor is as favorably positioned in the emerging markets, whether in China, India or Brazil, as we are. Our employees execute even the most complex large projects in a reliable manner – thanks to decades of experience, technical excellence and best-in-class standard. Dürr's strength of innovation, which we have frequently demonstrated, forms the basis for technologies that create decisive added value for our customers in terms of production. This year's annual report, from page 4 onwards, describes how we are leveraging these strengths with focus and determination.

The Dürr principle

CONSOLIDATED FINANCIAL STATEMENTS

OTHER

COVER

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INTERNET REFERENCE —— WWW

PAGE REFERENCE —— P. 45

Dürr is everywhere

It has been clear at least since the crisis, if not earlier, that the balance of the world economy is shifting. The emerging economies are becoming the key growth markets especially for the automobile industry and manufacturers of capital goods. This is leading to highly attractive opportunities for Dürr because we have had a strong presence there for many years already.

DÜRR STRONGLY INCREASES ITS CAPACITIES IN THE EMERGING MARKETS

Wherever automobiles are built, Dürr is not far away. More than 80 % of all the world's automobile factories are to be found in the 21 countries in which we operate own companies. In China, India, Brazil, and other growth markets, which meanwhile account for about one-third of all the automobile plants in the world, our motto is customer proximity. We have therefore systematically expanded our local teams over the past years. The proportion of our total workforce employed in the emerging markets increased from 14 % to 24 % between 2005 and 2009. At the same time, the emerging markets' contribution to total sales grew from 30 % to almost 50 %.

COST BENEFITS THROUGH HIGHER LOCAL CONTENT

We have not only expanded our capacities but have also increased our competence in the growth markets. In India, China, South Korea, Brazil, and Mexico, we maintain efficient ENGINEERING, purchasing and production facilities while many competitors only have sales and after-sales offices there. This gives us an important edge: In China, now the world's biggest automobile market, about 45 % to 70 % of the value added in the construction of a paint shop is meanwhile produced locally. We therefore operate so to speak as a local player while providing our clients with the technology leadership and project execution quality of a global player. We also benefit from the favorable cost structures in China, and are able to compete with local suppliers. So we are successfully combining global competence with local presence.

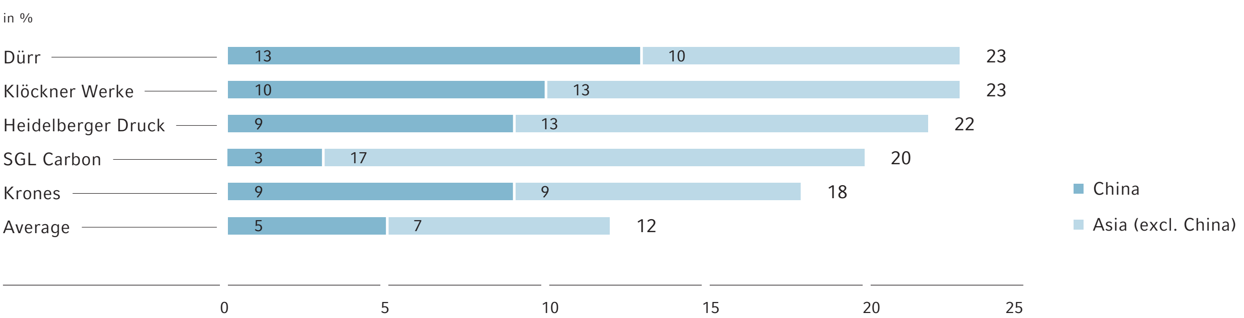
24 The proportion of our workforce employed in the emerging markets is currently 24 %. In order to maximize our opportunities, we are planning to increase this figure to 30 % in the mid term.

We mostly recruit local employees – also at management level – in the emerging markets, another factor that contributes toward high local acceptance and keeps costs down. To guarantee the high quality standards that our customers associate with the name Dürr, our local employees take part in regular and intensive training. This is done both locally and at our technology centers in Bietigheim-Bissingen, Darmstadt, and Monschau. In addition, teams of experts from Germany provide support in expanding our capacities, for instance in purchasing and engineering.

PRODUCTS TAILORED TO LOCAL NEEDS

Under the motto "local design", we develop special products and systems for the emerging markets. We thereby orient ourselves to key customer requirements: expediency of the technology with variable levels of automation, adaptable to different production volumes, simple to operate, and easy to realize with local suppliers. More and more of these so-called lean products are now not only manufactured but are also developed locally. Latest

ASIA AND CHINA: SALES CONTRIBUTIONS OF GERMAN INDUSTRIALS IN 2009[1]



[1] Source: HSBC Trinkaus & Burkhardt AG, German Industrials 09/2009. The study covers 27 companies.

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Experts anticipate that in China the number of automobiles per 1,000 people will increase sevenfold by the year 2050, leading to a rise in demand for additional automobile plants.

examples are our new assembly, filling, and balancing system for automobile wheels, for which Schenck RoTec´s engineering team in India was responsible, or the brake test stand x-brake that was developed in China. In future, we will also export products of this kind increasingly to other markets.

A study published by investment bank HSBC Trinkaus & Burkhardt (September 2009) documents our strong position in Asia. Of the 27 German mid cap industrial companies covered, we have the biggest sales contribution from Asia and China.

EMERGING MARKETS: GROWTH IN MOBILITY DRIVES DEMAND

In the emerging economies, the desire for individual mobility is creating sustained strong demand for automobiles. An example: in Germany, there are approximately 600 automobiles per 1,000 people; in China, it is still less than 30. This figure is likely to increase sevenfold by the year 2050.

In contrast to what had been widely expected, the demand for automobiles grew in the emerging markets also in the crisis year 2009. Buoyed by government incentive programs, the production of LIGHT VEHICLES in China was up more than 40 % year over year. Production in India and Brazil was also higher than had been originally forecast. Although the government incentive programs will partly fall away, it is expected that production in the emerging markets will continue to grow at a rate of at least 10 % p.a. in the coming years, too.

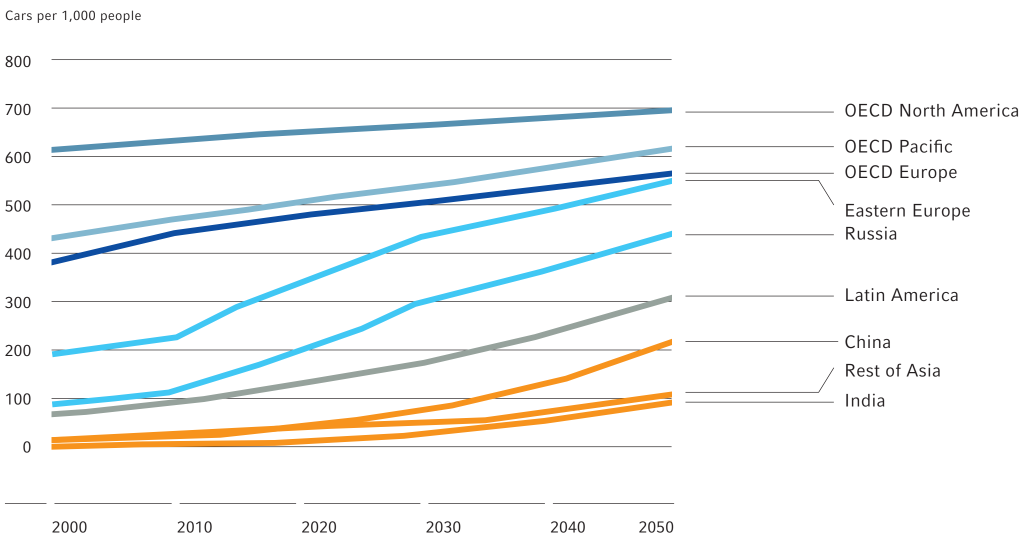
Against this backdrop, capacity expansion in the automobile industry was resumed from mid-2009 onwards after projects had been shelved with the onset of the economic crisis. In China alone, we received four large paint systems orders in the second half of 2009. These included an order for 91 painting, SEALING and HANDLING ROBOTS from FAW. Other large orders were awarded by Volkswagen in Brazil, Renault in Morocco, and Daimler in Hungary.

We expect the automobile industry to continue investing heavily in capacity expansion in China in 2010. Demand is also likely to surge in Brazil and India, as many manufacturers there are operating at full capacity.

GROWTH OPPORTUNITIES ALSO IN NON-AUTOMOBILE BUSINESS

We also see good growth potential in the emerging markets for our activities outside the automobile industry. Our waste-air purification equipment business, for instance, is profiting from stricter environmental laws in Asia and South America. As a result, sustainable and energy-saving production processes are on the ascendancy in these countries, too. Moreover, we have only just started to tap the market in this technology segment in the emerging countries. In industrial cleaning equipment, we aim to leverage our local presence to gain market share. Our balancing systems for power station turbines are profiting from the huge energy needs in Asia. And, finally, the aircraft industries in China, India and Russia will grow because the local demand for transportation is rising and more aircraft are being built for export.

WORLDWIDE INCREASE IN CAR OWNERSHIP RATE



Source: World Business Council for Sustainable Development

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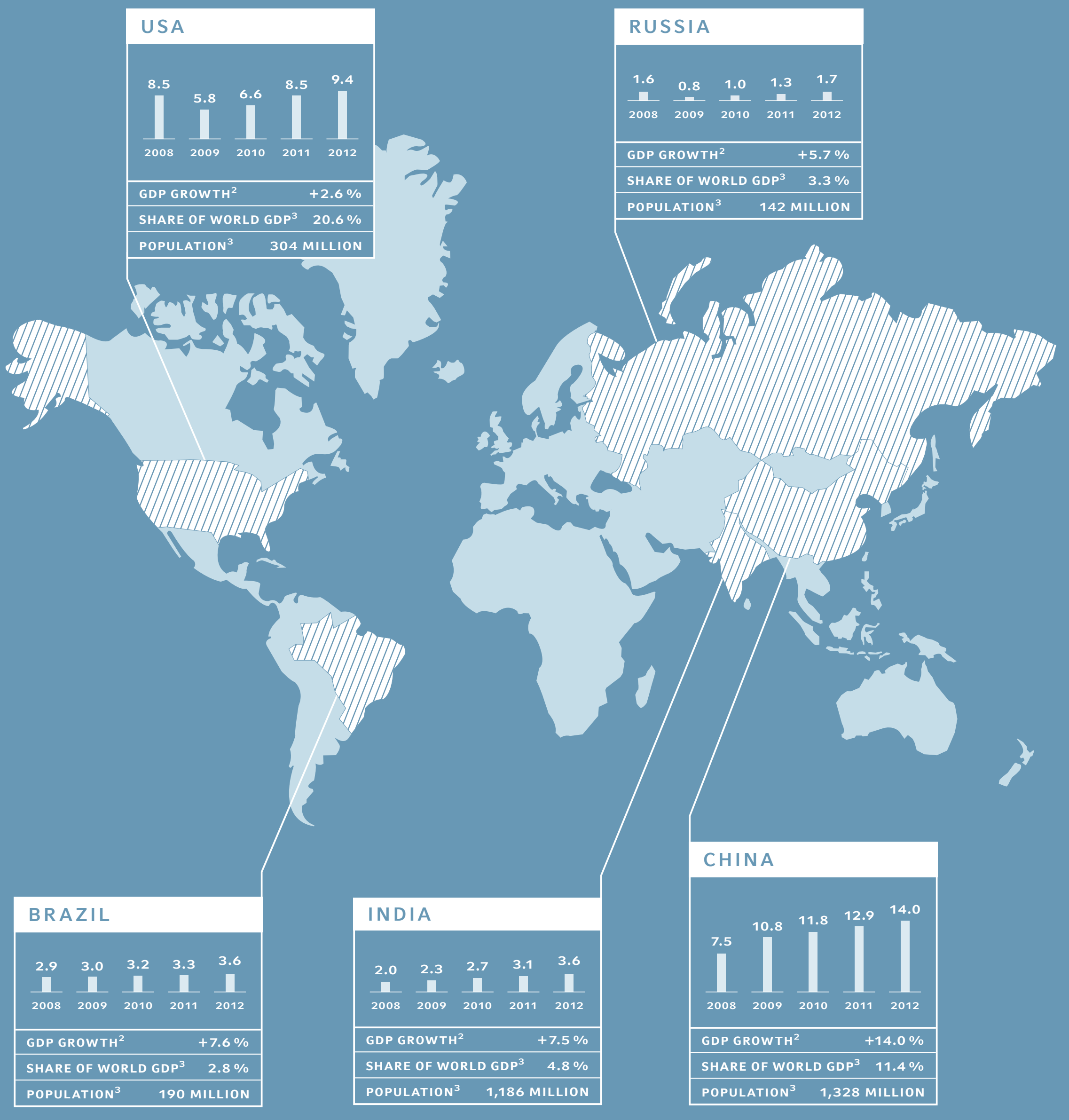
AUTOMOBILE PRODUCTION IN THE BRIC COUNTRIES AND THE USA[1]

Light vehicles, in millions



1 Source: PwC, own estimates
2 Average growth p. a., 2008–2012, source: IMF
3 Source: IMF

Entrepreneurs within the enterprise

In our business we need versatile and responsible people who can execute even complex projects perfectly. This applies especially to Dürr's project, site and commissioning managers. The quality of their work is one of our key strengths.

Whether in Detroit, São Paulo, Shanghai, or Wolfsburg: the name Dürr stands for reliable order execution – not only when constructing new plants, but also for plant revamps and the commissioning of individual machines. Our employees responsible for managing the projects on site not only have the necessary technical expertise but also possess what we at Dürr call entrepreneurial allrounder qualities. To meet deadlines, to coordinate the dozens of suppliers, and to deploy and direct several hundred people working on the site round the clock, soft skills such as dedication, teamwork and flexibility are needed. Our project, site and commissioning managers have proven tools and processes behind them to support them in their work.

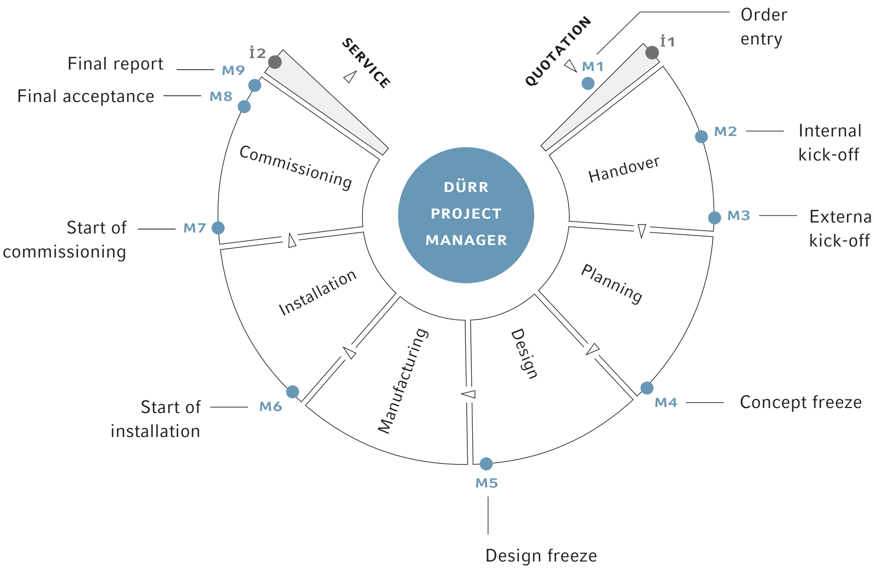
BEST IN CLASS: PROFESSIONALISM IS THE FOUNDATION

Those responsible at Dürr for overseeing projects on site have several years' experience in various positions within the Group. They usually have a degree in mechanical engineering, mechatronics, information technology, electrical engineering & electronics, or process engineering. Their professional development within the company is marked by continuous learning on the job and a wide variety of assignments. A young entrant who starts off in the engineering department will later pass through a range of functions, for instance in project planning or commissioning. In this way, he gets to know the diversity of our know-how-driven business – a key prerequisite for being able to assume more and more responsibility. Besides this job rotation, in-house training at our centers of competence are part of the skill development process at Dürr. The Center of Excellence Project Management is an in-house training and coaching department created especially for our project managers.

ENTREPRENEURIALLY MINDED ALLROUNDERS

Our project managers are entrepreneurs within the enterprise. In other words, they are personally accountable for the success of their project and have full responsibility for budgets, deadlines, and quality. They represent Dürr in relation to the customer as point of contact, adviser, and trouble-shooter, and, internally, they coordinate and liaise between all those involved on the project. Duties typically performed by the project manager are holding progress meetings with the customer, seeing that modifications requested by the customer are implemented, CLAIM MANAGEMENT, and monitoring and controlling deadlines and costs. Social skills, the ability to cope with pressure, and a talent for improvisation are essential for this job, as are the ability to see things in perspective and not lose sight of the overall objective, and a readiness to work round the clock in critical phases.

AT THE CENTER OF PROJECT EXECUTION: THE DÜRR PROJECT MANAGER



Based on our quotation, the customer places his order, which is then passed on by the sales team. From here, the project manager coordinates all six standard processes until commissioning. The milestones mark important deadlines, which are part of every Dürr project. This includes internal and external kick-offs, during which the key project participants familiarize themselves with the order and meet the customer representatives. After completion, Dürr's service team supports the customer in the ongoing operation of the plant.

i1 Interface Sales / Execution
i2 Interface Execution / Service
M Milestone

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Whether in automobile or aircraft construction: the competence and entrepreneurial spirit of our employees are key factors in the execution of large projects.

To ensure that our project, site and commissioning managers are able to do their job properly, we furnish them with far-reaching powers of decision, and support them through specially tailored skill development measures. Under the motto "Entrepreneurship is the spirit", we provide training in project management techniques, communication skills, conflict management, time management, and leadership skills. We take account of the highly international nature of our business by furthering intercultural skills. We see that this begins early on in a person's career at Dürr by sending young people – trainees, new entrants, and apprentices – on assignments to foreign companies.

PROCESSES AND TOOLS TO AID PROJECT EXECUTION

We support our employees with specially tailored business processes and modern EDP systems. Our procedures, for instance in engineering, purchasing or commissioning, are standardized globally on the basis of best-practice principles. Nonetheless, they still leave sufficient latitude in the right places for entrepreneurial discretion and customer-specific solutions. Software tools, customized to the needs of our business, make an important contribution to quality assurance. This includes comprehensive CAX and ERP programs as well as the project management software, Dürr Projects, a practice-oriented software program we have developed in-house to support our project managers in all aspects of order execution. Our Intranet provides access to systematically documented product and project information, and serves as the platform for Group-wide knowledge management and international online work teams.

HIGH EMPLOYEE SATISFACTION

In a periodic employee survey we conducted in Germany, and which was conducted in the same form at other German companies, Dürr received above-average scores for its "hands-off" management style. Our employees' satisfaction with the variety of their work was above average, too. The survey also showed that employees at Dürr feel they are able to bring their individual skills to bear very well and can see the results of their work.

We place great importance on an attractive and stimulating working environment to encourage motivation and achievement. In Bietigheim-Bissingen, the Group's largest location, our new Dürr Campus – a modern technology and office complex with short distances, a transparent architecture, and open space offices – was opened in summer 2009. Here, the watchwords are not only teamwork and cross-functional communication, but also pragmatism, short coordination processes, and quick decisions.

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Always an
idea ahead

We are developing new market opportunities by systematically focusing on innovation. Our strength are products that enable our customers to lower their unit costs while increasing quality and flexibility. This is a goal, Dürr´s engineers are pursuing with ingenuity and know-how – for instance, in atomizer technology.

How can paint be best applied to the automobile? A simple question but it leads to a sophisticated process. Many parameters have to be exactly right for body shells to be painted economically and in consistently high quality, ranging from the amount of paint used, via the cycle time required per vehicle, through to the thickness of the coating. The atomizer plays a crucial role in this process – a high-tech product that we have completely overhauled and redesigned. We presented the result in November 2009: ***Eco*Bell3** is a quantum leap in atomizer technology that enables considerable cost savings for customers and gives Dürr a significant competitive edge. Over ten patent applications have been filed so far for the new atomizer.

ONE ATOMIZER FOR ALL APPLICATIONS

***Eco*Bell3** paints more surface area faster than any other atomizer. Thanks to its compact design and new electrostatic system, it is suitable for all painting applications, whether exterior or interior painting of the body shell, or mounted parts. As a versatile universal atomizer, ***Eco*Bell3** therefore does away with the need for several different special atomizers for interior and exterior painting.

Universal atomizers have been available for some time but all previous models had a major drawback: they operated with direct charging – a complex process associated with considerable additional costs. With direct charging, voltage is applied directly to the atomizer for electrostaticly charging the paint. In the case of water-based paints that conduct electricity, this type of charging can lead to shorting; consequently, provision has to be made for a technically elaborate system of ELECTRICAL ISOLATION.

***Eco*Bell3** is different. It is the world's first universal atomizer for water-based paints that does not use direct charging but much simpler external charging. The paint droplets are not charged inside the atomizer but after they leave the atomizer, thus dispensing with the need for costly electrical isolation. Before ***Eco*Bell3** was introduced, this technique was considered impossible for interior painting and for mounted parts because conventional atomizers with external charging were too bulky and inflexible to reach intricate spaces.

Our product developers solved this problem: ***Eco*Bell3** is equipped with a compact electrode ring for external charging that allows maximum maneuverability in intricate spaces. That sounds simple but is extremely sophisticated. It took innumerable calculations and live tests to determine the ideal positioning of the electrode ring and to optimize the atomizer's weight, geometry, and isolation characteristics. The more compact design of ***Eco*Bell3** delivers convincing advantages for our customers: versatility, better maneuverability, no costly direct charging, and it is easier to clean. The atomizer's reduced complexity also lowers operating and maintenance costs.

COMPACT DESIGN

Besides the electrode ring, the interior of ***Eco*Bell3** is also of much more compact design than other models. Among other things, we have reduced the size of the valves with which various functions inside the atomizer can be controlled, such as the paint flow, the purging of the pipes, and the draining of paint residues on color changes. As a result, ***Eco*Bell3** has space for up to 17 valves. That is more than twice as many as its predecessor model and makes additional functions possible.

FASTER COLOR CHANGES

By reducing the size of the valves, we were able to equip ***Eco*Bell3** with a second paint duct to the bell cup. That, too, is an absolute first and opens up additional possibilities. For instance, different paint systems can now be used in quick succession. In addition, the second duct speeds up color changes from ten to four seconds, and thus enables further increases in productivity.

It took us less than eighteen months to develop ***Eco*Bell3**, a project on which about 30 application experts were involved. Despite excellent simulation programs, such an innovation would have been inconceivable without our technology center in Bietigheim-Bissingen, where experienced specialists see that our development efforts produce the desired results under live paint shop conditions.

Rotating atomizer

The rotating atomizer is used for electrostatic paint application. It is mounted on the arm of the painting robot, which guides it over the surface of the body shell during the painting process. The paint is supplied to the atomizer through pipes inside the robot. A bell cup fitted on the front end of the atomizer rotates at a speed of up to 70,000 revolutions per minute. This accelerates the flow of paint discharged at the center of the bell cup, dividing it into thin rivulets which separate off as individual droplets as they leave the edge of the cup. The atomizer is under high-tension voltage of up to 100,000 volts. This electrostaticly charges the paint droplets so that they are attracted to the earthed body shell. This technique considerably increases the efficiency of the paint application process.

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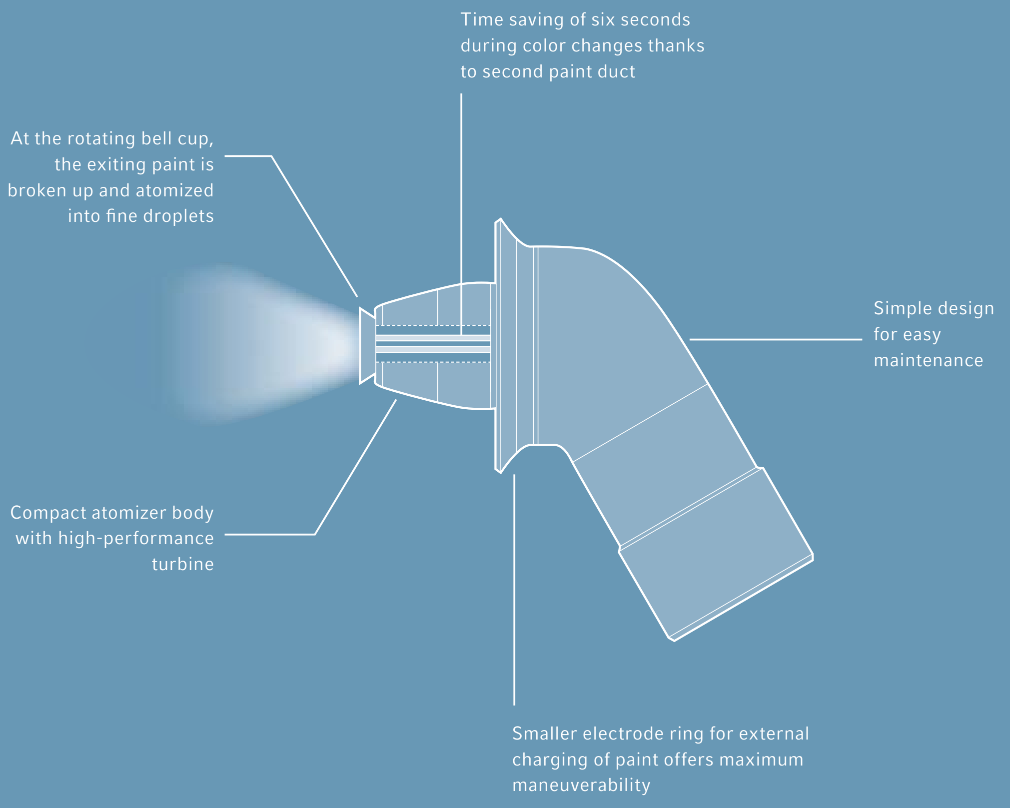
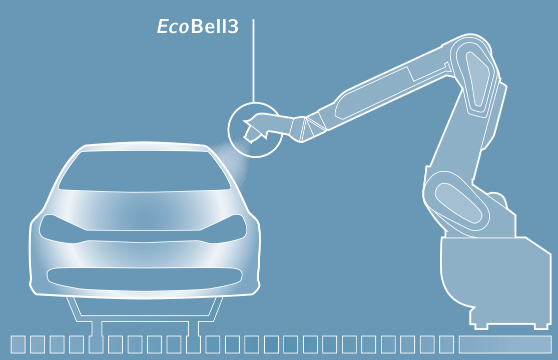
ECOBELL3 – THE NEW ROTATING ATOMIZER





***Eco*Bell3** is mounted on the end of the arm of the painting robot. It is considerably more compact than conventional atomizers, thereby allowing easier access into intricate spaces on and inside the body shell.

Growth in focus

Dürr held up well in a difficult market environment in 2009. Now that the worst appears to be over, we have our eyes firmly fixed on the future again. In this interview with the Board of Management, Ralf Dieter and Ralph Heuwing talk about their market expectations, new areas of business such as energy and glueing technology, and the Group's financial targets.

» There will be further improvement in three areas: firstly, more local content in the emerging markets, secondly, more international collaboration throughout the Group, and thirdly, more automation in our processes. « RALPH HEUWING

Dürr has emerged from the crisis in good shape because the Group responded promptly to the sharp market downturn. What are the main drivers for further strengthening the Group's competitiveness?

RALF DIETER // We not only mastered a difficult market situation but also seized opportunities and gained market share in all our businesses in 2009. That has further improved our market position, and provides us with a good basis for profitable growth in the future. Moreover, by sticking to our innovation course we have strengthened our competitiveness. Despite the cost-cutting in other areas and the much reduced business volume, we kept our R&D budget in 2009 at a high level. We will continue improving our good position in the emerging markets. Local design – in other words, the development of products tailored to the needs of the emerging markets – is particularly important.

RALPH HEUWING // The focus on the emerging markets also means that we will continue reshaping the company as a whole. In the mid term, we will be increasing the number of employees in the emerging markets to 30 % of our total workforce. The locations in Europe and the United States will need to provide even stronger support for Dürr's activities in China, India, and Brazil than at present. This means that we need to further improve our processes and structures. At the same time, we must see that we continue to use our capital efficiently. We are convinced that, together with the targeted growth, all these measures will enable Dürr to increase value.

What concrete objectives are you pursuing in the drive to improve processes?

RALPH HEUWING // The primary objective is to continue globalizing our business processes. There will be further improvement in three areas: firstly, more local content in the emerging markets, secondly, more international collaboration throughout the Group, and thirdly, more automation in our processes. The question we are constantly asking is: Who can do the job best and the most cost efficiently? Our harmonized IT infrastructure with Group-wide ERP and CAX systems provides the necessary platform for seamless collaboration on an international level. It ensures the global exchange of data and is the basis

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»We see three key growth drivers: the emerging markets, ongoing product innovation, and expansion into new areas of business.« RALF DIETER

for standardized business processes, both of which are vital factors for quality in order execution and greater overhead efficiency. Nowadays process optimization is a firmly established part of our corporate culture at Dürr. That is also a factor that helped us to weather 2009 in comparatively stable shape.

Dürr aims to increase sales by 5 % to 10 % p.a. again in future. What role will new areas of business play?

RALF DIETER // We see three key growth drivers: the emerging markets, ongoing product innovation, and expansion into new areas of business. When looking at new areas of business, we consider how Dürr can address current customer trends with its competences. One example: growing use is being made of glueing processes in the production of body shells and in final assembly, as this offers many advantages. Today, an automobile already has up to 190 meters of glued seams – and the trend is rising. GLUEING TECHNOLOGY therefore holds promise, so our goal is to become a leading player in this field. Here, we can leverage our application know-how in the related fields of SEALING and paint application technology. At the beginning of 2010, we also acquired the glueing technology specialist Kleinmichel, an acquisition that gives us a significant time lead in terms of technology and market access.

What opportunities does the growing interest in energy-saving manufacturing processes present for Dürr?

RALF DIETER // Energy efficiency and resource saving are key issues for our customers, and thus for product development in all of Dürr's businesses. Our new *Eco***DryScrubber** paint booth system, for instance, enables energy savings of up to 60 %. Market interest is strong, especially after VW, Daimler, FAW, and BMW, and now, with Nissan, the first Japanese automobile manufacturer, have opted for this system. In addition, there is growing demand for packaged solutions for optimizing energy consumption in the painting process, which means that we combine a number of individual measures, such as energy-efficient building ventilation and so-called wet-in-wet processes. In these processes up to three paint layers are applied without the need for energy-intensive drying between each coat.

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In cleaning and balancing technology, Dürr benefits from the development of new generations of engines and transmissions.

RALPH HEUWING // Another avenue is energy recovery. In future, new technical solutions will enable us to recover more of the waste heat from industrial processes and to use it, for instance, for heating or for generating power. An example: in our exhaust-air purification systems the air is heated to around 800 degrees Celsius to oxidize harmful emissions. Naturally, the principle of using waste heat as an energy source functions not only on exhaust-air purification systems but anywhere where large amounts of process heat are generated – in manufacturing processes, in power stations, or by motors.

Does the development of economical automobile drives have repercussions for Dürr?

RALF DIETER // Yes, of course. Take industrial cleaning systems, for instance: economical downsized engines have very intricate ducts and small cavities from which dirt and swarf have to be removed after machining. This requires elaborate, low-energy cleaning processes. There is also growing demand for balancing equipment for turbochargers because more and more small engines are being turbocharged to increase performance. The acquisition of the French specialist Datatechnic is a good fit that rounds out our technology portfolio ideally in this segment. We are profiting from the changed demand and capital investment in engine and transmission production because we can respond quickly to new customer wishes and translate them into innovative products.

Moving on to the regional market trends: At the moment everybody is talking about the automobile boom in China. But what prospects do you see for Dürr in what was the world's biggest automobile market, the United States?

RALF DIETER // Consumers in North America have put off automobile purchases lately. But that doesn't mean indefinitely. Demand will pick up again once the economic situation improves, driven also by the demographic trend. Against this backdrop, we believe that growth in production to over 13 million LIGHT VEHICLES by the year 2012 is entirely realistic, after plunging to less than 9 million last year. The industry will then need additional capacities, especially after 13 US plants were closed down alone in 2008 and 2009. Foreign OEMs will also build plants in the United States in order to gain market share, to be close to the customer, and to eliminate currency risks. We will participate in this capacity expansion. We also expect a surge in plant revamps in the United States; after all, about three quarters of the paint shops in North America are more than 20 years old.

What other markets are on Dürr's radar screen?

RALF DIETER // In Brazil, the auto industry is currently producing at full capacity, so further expansion projects are in the pipeline. We believe we have good chances here, especially as we are the market leader and have had a local presence in this market for 45 years. But new plants will be built in other markets, too, such as India, Mexico or Eastern Europe. The rationale is always the

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At our new main business base – the Dürr Campus in Bietigheim-Bissingen – we have created a modern working environment that promotes performance.

same. Our customers want to manufacture close to the market so as to be able to meet the growing demand for mobility economically.

The business in which Dürr is engaged is a very international business. What role is played by the new headquarters in Bietigheim-Bissingen, the "Dürr Campus", that Dürr moved to last year?

RALPH HEUWING // The Dürr Campus, with its almost 1,500 employees, is the backbone, think tank, and innovation hub of our plant engineering business. It is from here that our colleagues abroad are supported, large projects are steered and new technologies are launched. As an ENGINEERING company, we rely in special measure on the know-how, creativity, and dedication of the people who work for us. At the new location, we have therefore created a modern working environment that encourages communication, team spirit, and the development of personal strengths – for instance through a transparent architecture, meeting points, open space offices, and short distances. So, the Campus concept enhances our culture of continuous process improvement mentioned before, and is a model for other Group locations.

Dürr was able to completely eliminate its net financial debt at the end of 2009. What are the financial targets going forward?

RALPH HEUWING // The good liquidity development in the midst of the crisis is due, on the one hand, to the orders received in the second half of 2009 and, on the other hand, to our rigorous working capital and cash management. Of course, we will continue this strategy in future. Our overarching financial goals are stable FREE CASH FLOWS, a positive NET FINANCIAL POSITION, and a marked improvement in the interest result. This will place us in a good position for the refinancing that needs to be put in place by the middle of next year.

RALF DIETER // Achieving these goals is also important for us as this will create additional options for our company's further development. Trends, such as the demand for mobility in the emerging markets, the development of new power train concepts, and the focus on energy-efficient manufacturing processes, open up a raft of very promising opportunities for Dürr.

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Letter from the Board of Management

RALF W. DIETER (49)

CEO

- Paint and Assembly Systems
- Measuring and Process Systems
- Corporate Communications
- Human Ressources (Employee Affairs Director)
- Research and Development
- Quality Management
- Internal Auditing

RALPH HEUWING (44)

CFO

- Finance/Controlling
- Investor Relations
- Risk Management
- Legal Affairs/Patents
- Information Technology
- Corporate Real Estate
- Dürr Consulting

DEAR SHAREHOLDERS,
CUSTOMERS, BUSINESS ASSOCIATES,
AND STAFF,

Dürr coped well on the whole in 2009 despite the massive financial and economic crisis. That was not necessarily to be expected back in the first quarter of the year. Incoming orders had plummeted by 60 %, and it was uncertain how deep the crisis would be, and how long it would last. The second quarter saw automobile sales stabilize in some markets, especially in China. At the same time, first automobile manufacturers resumed projects they had shelved. Requests for quotation from the emerging markets picked up appreciably in the third and fourth quarters. This also reflected the dynamic with which China's automobile market rebounded from crisis to boom.

How did we react to the crisis? On the one hand, with cost and capacity reductions and, on the other hand, with a package of strategic measures that improved our competitiveness and lowered the risks. For instance, we intensified our R&D efforts and launched a marketing offensive for new products, such as the ***Eco*DryScrubber** energy-saving painting booth concept. We also pursued very strict cash management in all operating units.

The numbers for 2009 present a mixed picture. Sales were down by one third, or € 525 million, due to the weak order situation. However, despite this massive slump, we managed to limit the fall in operating earnings and achieved a clearly positive result of € 25 million. So our cost reduction and optimization measures swiftly took effect, underpinning Dürr's robustness. We tripled our operating cash flow, which enabled us to eliminate net financial debt completely for the first time in eleven years.

2009 demonstrated more clearly than ever how important our strong presence in the emerging markets is. Over half of our new orders came from these countries. Order intake gathered pace from quarter to quarter especially on the back of the strong recovery of demand in China. This enabled us to hold the shortfall in orders at 19 % for the full year, while the German mechanical and plant engineering industry as a whole suffered a drop of 38 % on average. We started off the new year with an order backlog of over € 1 billion – that is 8 % more than at the beginning of 2009 and already covers a large part of our sales expectation for 2010.

We managed to gain market share in all our business units in 2009. We will continue to leverage our strong position in the growth markets selectively in future. The annual growth of about 10 % the automobile industry expects alone in China will considerably boost the demand for additional production capacities. As the market, cost and technology leader with a local workforce of about 550 people, we will profit from this.

Together with the Supervisory Board, we are proposing to the annual general meeting to waive payment of a dividend for the 2009 fiscal year. This is due to the Group's net loss of € 26 million. However, our aim is to pay a dividend to our shareholders again as soon as possible.

From 2010 onwards, our target is once again to achieve profitable growth of an average of 5 % to 10 % p.a. We laid important foundations for this in 2009: the R&D budget was increased despite the crisis, our largest business unit, Paint and Final Assembly Systems, was given a leaner and more flexible structure, and we further expanded our capacities in China. Additionally, through acquisitions, we have created the basis for growth in the new business areas of ultrafine cleaning, glueing and turbocharger balancing technology. In all three areas we have in-house competences which we have complemented effectively with the acquisition of the smallish technology firms UCM, Kleinmichel, and Datatechnic. We are expanding our activities in environmental and energy technology, too. Here, we are using our know-how in waste-air purification technology to tap new business opportunities with efficient energy recovery systems. At the same time, we are continuing with the optimization of our processes and structures throughout the Group in order to realize further efficiency potential. Building on this basis we are confirming our mid-term targets of an EBIT margin of 6 % and a ROCE of 22 %.

Now that the worst is behind us, the forecasting is more reliable again. We expect growth in sales and incoming orders in 2010. EBIT should improve significantly on the back of the optimization and cost reduction measures that have been implemented. However, set against this there will be the poor margins on some projects we took on in summer 2009 amid tough price competition.

We are entering the new decade with optimism, especially in view of our strong international presence and the growth expected in our markets. Even after the crisis year 2009, our capital base is solid, with an equity ratio of 31 %. Dürr can also rely on the dedication and innovativeness of its employees. We wish to take this opportunity to thank them for the support and understanding they have shown for the cuts that had to be made in the difficult year 2009. We also wish to thank our customers and business associates for their good and close cooperation, and our shareholders for the confidence they have placed in us.

Sincerely,

RALF W. DIETER // CEO

RALPH HEUWING // CFO

Bietigheim-Bissingen, March 16, 2010

Report of the Supervisory Board

DR.-ING. E. H. HEINZ DÜRR

The year 2009 showed that Dürr is robust and flexible enough to cope even with significant market weaknesses. However, we must not rest on our laurels. Hence, with the measures taken in response to the crisis, the Board of Management and the heads of the six business units further strengthened our competitiveness, e.g. by improving our position in the growth markets, allocating a high budget for innovation and enhancing processes and cost structures. The Supervisory Board supported the management in this approach as a critical partner, whilst being actively involved in developing the strategy for the years to come. During this and next year, our aim is to get back on course and match the positive development of 2006 to 2008. For this purpose, Dürr must take advantage of its strong presence in emerging markets such as China, India, Brazil and Russia.

The Supervisory Board advised the Board of Management extensively in 2009 and performed all the tasks assigned to it by law and by the articles of incorporation. All major decisions were taken after carefully weighing up the opportunities and risks. The Board of Management informed the Supervisory Board in a timely and comprehensive manner about the development and prospects of the business, about company planning and any activities requiring consent. In view of the challenges posed by the market environment, both sides placed maximum emphasis on systematic risk management across all levels of the Group. The Supervisory Board adopted its resolutions after thorough review based on written decision-making materials.

The Supervisory Board closely monitored the Board of Management's conduct of the company's affairs; it confirms that the Board of Management always acted lawfully, diligently and economically. The Board of Management regularly consulted the Compliance and Legal Department and actively used the risk management system, whether in operational, financial or other matters.

The Supervisory Board held five regular meetings in 2009. The Chairman was also in regular contact with the Board of Management outside the meetings. All members of the Supervisory Board were informed of the results of these discussions. In addition, the Supervisory Board Chairman supported the Board of Management in representing the company.

MAIN FOCUSES OF THE MEETINGS

The Group's business development and financial position were a central focus of all the meetings. Particular attention was paid to the development of demand, sales and margins; cash flow, liquidity and the development of prepayments received were also analyzed on a regular basis. Furthermore, the Supervisory Board was informed at all the meetings about the cost reduction program initiated at the end of 2008 and the associated capacity adjustments. Dürr's opportunities in the BRIC countries and other emerging markets were another regular topic of discussion, as were the risks faced by the Group.

The focus of the first meeting held on March 17, 2009, were the 2008 annual financial statements. In view of the critical market environment, the Board of Management and the Supervisory Board discussed courses of action in the event of a sustained weakness in demand. A further point on the agenda was the personnel report of the Board of Management. At the second meeting held on April 30, 2009, the Supervisory Board and the Board of Management discussed, amongst other things, the restructuring measures in the Cleaning and Filtration Systems business unit as well as the expansion of the aircraft business.

At the meeting held on August 5, the Board of Management and the Supervisory Board reviewed a further personnel report as well as the final report on the Dürr Campus relocation project. In addition, the Supervisory Board was briefed on the successful reduction of our receivables against Chrysler and General Motors. Finally, the members of the meeting were informed about Datatechnic S.A., which had been acquired in April, rounding off Dürr's portfolio in the area of balancing technology. This transaction had been approved by the Supervisory Board in December 2008. At the meeting held on October 1, the Board of Management explained the realignment of Paint and Final Assembly Systems, which resulted in an increase in the quality and efficiency of the quotation and execution processes. A further important topic was the development of new business areas such as glueing and energy technology. The focus of the final meeting of the year held on December 16, 2009, was on future business development. The Supervisory Board approved the company planning for the year 2010 and acknowledged the planning for 2011 and 2012. Furthermore, it was informed about the intended business policy and discussed the basic principles of the future strategic approach, together with the Board of Management and the heads of the six business units. On December 16, the Chairman of the Supervisory Board and the Chairman of the Board of Management also signed the new declaration of compliance pursuant to Sec. 161 of the German Stock Corporation Act. More detailed information on Dürr's corporate governance can be found in the management report (pages 48 to 53).

NEW LEGAL REQUIREMENTS IMPLEMENTED

The Supervisory Board examined in depth the new legal requirements that are relevant to its work. In light of the German Accounting Law Modernization Act (BilMoG), it specified the tasks of the Audit Committee and took the decision on October 1, 2009, to adjust its rules of procedure accordingly. On this basis, the Audit Committee reviewed and confirmed the efficiency of the internal control system, the risk management system and the internal auditing system; the Committee also reviewed the Group's compliance organization and the financial reporting process. The audit results were explained, discussed and noted with approval at the December meeting of the Supervisory Board. The Audit Committee will report back to the plenum in the fall of 2010 at the latest. The Board of Management immediately informed the Supervisory Board of any risks that occurred, and the Supervisory Board advised the Board of Management regarding the further development of the risk control and monitoring system.

Following the German Act on the Appropriateness of Management Board Compensation, the Supervisory Board made a further adjustment to its rules of procedure on October 1, 2009. According to the new rules, all decisions relating to compensation issues in Management Board contracts must be taken by the plenum of the Supervisory Board. With effect from July 1, 2010, all current Management Board contracts will state that a deductible will apply in connection with D&O (directors´ and officers´ liability insurance) policies in case of liability. Furthermore, a compensation element determined by long-term company performance will be incorporated into the contracts of both members of the Board of Management in the current year.

CHANGES IN THE SUPERVISORY BOARD

With effect from October 27, 2009, Dr. Günter Fenneberg and Professor Dr. Klaus Wucherer were appointed by the court as members of the Supervisory Board; both will be proposed for election at the annual general meeting on April 30, 2010. They took over from the long-term members Professor Dr. Holger Hanselka and Dr. Hans Michael Schmidt-Dencker, who resigned with effect from October 17 and 21, 2009, respectively. Professor Dr. Hanselka's resignation from the Supervisory Board is due to high professional demands. Dr. Schmidt-Dencker has not had an investor relationship with Dürr for some time. He was the managing director of BWK Unternehmensbeteiligungsgesellschaft, which had sold its shares in Dürr AG in 2007. The Supervisory Board would like to thank both gentlemen for the constructive work they undertook in the interest of the company.

WORK OF THE COMMITTEES

The Supervisory Board formed four committees, which are structured as shown in item 41 of the notes to the consolidated financial statements. The Personnel Committee met three times during the reporting period and discussed, amongst other things, the German Act on the Appropriateness of Management Board Compensation. The Audit Committee, which convened twice, examined the quarterly, annual and consolidated financial statements and proposed to the plenum the key points for the external audit. Furthermore, it monitored compliance with capital market regulations. The Nominating Committee met in October 2009 and recommended Dr. Fenneberg and Professor Dr. Wucherer for appointment by the court. As in previous years, a meeting of the Mediation Committee was not required.

AUDIT AND RATIFICATION OF THE ANNUAL FINANCIAL STATEMENTS

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft examined the annual financial statements, the consolidated financial statements, the management report and the Group management report for Dürr AG prepared by the Board of Management for the period ended December 31, 2009, and issued an unqualified auditors´ certificate.

The annual financial statements, consolidated financial statements, management report and Group management report were submitted to the members of the Supervisory Board in good time. They were discussed in detail with the Board of Management and reviewed at the Supervisory Board meeting held to approve the financial statements on March 16, 2010. The same applies to the auditors´ reports, which were also submitted in due time. The auditors signing the audit certificate participated in that meeting and in the Audit Committee meeting on March 15, 2010. They reported on their audit and were available for further explanations and discussions. At the Supervisory Board meeting held to approve the financial statements, the Chairman of the Audit Committee commented in detail on the audit documents, reported on the preliminary talks with the auditors, and elaborated on the proposal not to pay a dividend in light of the Group´s earnings situation. In addition, he commented on the key points of the audit (impairment testing of investments and goodwill, provisions based on German GAAP and restructuring liabilities, foreign currency hedging, accounting for financial instruments and long-term construction contracts, financial covenants, management report).

On the basis of the documents presented to it and the reports of the Audit Committee and the auditors, the Supervisory Board examined and accepted the annual financial statements, the consolidated financial statements, the management report and the Group management report. The Supervisory Board's own review found no cause for objection. The Supervisory Board approves the results of the audits of both sets of financial statements, agrees with the Board of Management in its assessment of the situation of the Group and Dürr AG, and approves the annual financial statements and the consolidated financial statements prepared for the period ended December 31, 2009. The annual financial statements are thereby ratified. In light of the Audit Committee's recommendation and its own review, the Supervisory Board approves the Board of Management's proposal on the use of unappropriated profit.

The Supervisory Board has examined the report prepared by the Board of Management pursuant to Sec. 312 of the German Stock Corporation Act concerning relationships with associated enterprises (dependent company report) for 2009. The auditors have issued the following unqualified certificate pursuant to Sec. 313 (3) of the German Stock Corporation Act: "After examination and assessment in accordance with our professional duties, we confirm that:

1. the factual information given in the report is correct,
2. the consideration paid by the company in connection with transactions mentioned in the report was not unduly high."

The Supervisory Board concurs with this audit result. According to the final result of the examination by the Supervisory Board, there are no objections to be raised against the declaration by the Board of Management at the end of the dependent company report.

The Supervisory Board thanks the Board of Management, the employee representatives, and all employees for their dedication in 2009, as well as the shareholders for the confidence they have placed in the company.

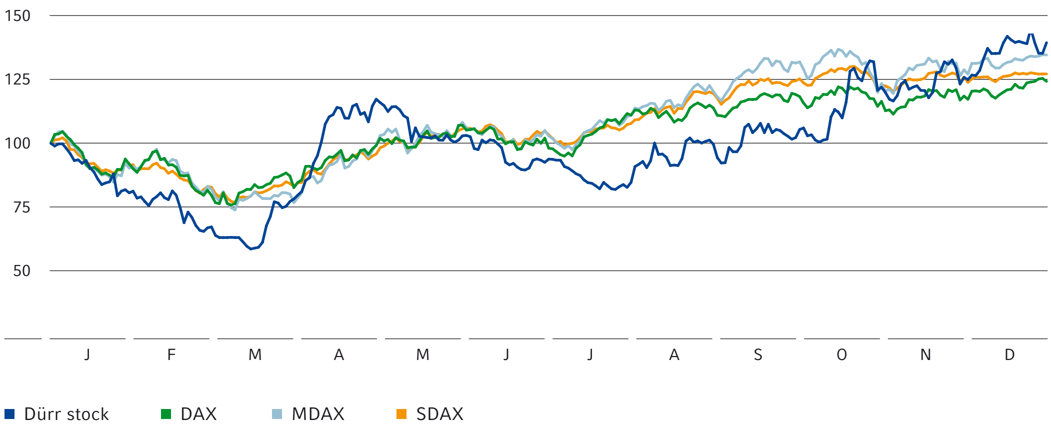
DR.-ING. E. H. HEINZ DÜRR // CHAIRMAN OF THE SUPERVISORY BOARD

Bietigheim-Bissingen, March 16, 2010

Dürr on the capital market
Dürr stock outperforms

PRICE TREND OF DÜRR STOCK IN XETRA TRADING FROM JANUARY – DECEMBER 2009 1.3

compared with development of the DAX, MDAX, and SDAX (indexed values) in %



We create the basis for a fair valuation of the Dürr stock through open, up-to-date, and continuous capital market communication. And successfully: in 2009, our stock made good the discount of 15 % to 20 % at which it had been trading to other stocks in the German engineering sector in 2008. At the end of 2009, the Dürr stock caught up with the peer group average based on the usual valuation multiples (price/earnings ratio, enterprise value to EBIT, enterprise value to sales, and share price to book value) – despite the lower market liquidity and the smaller free float. In the months before, the stock had outperformed most of the other engineering stocks.

The financial and capital markets were generally in very buoyant shape in 2009. Concerns about the financial and economic crisis still predominated at the beginning of the year, and many stocks and corporate bonds fell to new lows in the months to March. However, this was followed by a strong rebound. Drivers were high free liquidity and improving economic indicators; many companies also reported better-than-expected results.

DÜRR STOCK UP 39 %

The Dürr stock gained 39 % in 2009, and outperformed the DAX (+24 %), the MDAX (+34 %), and the SDAX (+27 %). After trading 10 % below its end-2008 closing price still at the mid-year mark, it rallied strongly in the following months. This was mainly because investors increasingly took account of our strong position in the emerging markets, which led to an improvement in orders in the second half of the year. In addition, the market responded to the solid development of our cash flow, liquidity, and net financial position.

The Group made a net loss of € 25.7 million after taxes in 2009. The Board of Management and the Supervisory Board will therefore propose to the annual general meeting not to pay a dividend for 2009. When earnings are positive, our policy is normally to distribute about 30 % of Group net profit. However, without the dividend, the total return for our shareholders in 2009 was still 39 %.

SDAX RANKING SLIGHTLY IMPROVED

The Dürr stock is listed in the Deutsche Börse Prime Standard segment and is traded on all German stock exchanges. More than 90 % of the turnover in the stock is on the XETRA electronic trading platform. We rejoined the SDAX, the German small cap index, in January 2007. This is an important aspect because institutional and private investors are investing more in index funds. It is therefore all the more gratifying for us to have improved our place in the joint SDAX/MDAX ranking again slightly in 2009: we were in 79th place in terms of free-float market capitalization and in 81st place based on stock exchange turnover (previous year: 91st and 86th place respectively).

BUY RECOMMENDATIONS PREDOMINATE

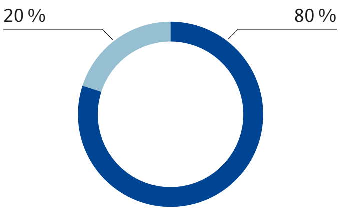
The number of analysts covering our stock was slightly lower in 2009. Three banks ended their coverage due to changes in their business model and the downsizing of their research departments. However, Deutsche Bank has resumed active coverage of Dürr again. 80 % of the analysts made buy recommendations on our stock, with target prices of over € 20 per share in some

KEY FIGURES FOR DÜRR STOCK — 1.4

	2009	2008	2007
Earnings per share, Group (in €)	–1.55	2.57	1.39
Earnings per share, continuing operations (in €)	–1.55	1.81	1.33
Book value per share at December 31 (in €)	17.42	19.73	16.35
Cash flow per share, continuing operations (in €)	5.51	1.87	5.46
Dividend per share (in €)	0.00[1]	0.70	0.40
High (in €)	17.89	33.89	34.70
Low (in €)	7.14	9.99	20.20
Close (in €)	17.00	12.25	26.60
Average daily trading volume (in shares)	22,053	25,661	35,925
Market capitalization at December 31 (in € m)	294.1	211.9	418.4
Number of shares (weighted average)	17,300,520	16,535,752	15,728,020

[1] Dividend proposed to the annual general meeting

ANALYST RECOMMENDATIONS (DECEMBER 2009) — 1.5



- Berenberg Bank
- BHF-Bank
- Commerzbank
- Deutsche Bank
- DZ Bank
- GBC
- HSBC Trinkaus & Burkhardt
- Landesbank Baden-Württemberg
- Solventis Wertpapierhandelsbank
- Viscardi

Buy Hold

cases. 20 % rated the stock as a "Hold". There were no sell recommendations. Our consensus rating was therefore considerably better than the German engineering sector average.

INTENSIVE CAPITAL MARKET COMMUNICATION

In 2009, we held an analyst conference in Frankfurt/Main and four conference calls. Other important events included nine roadshows and four capital market conferences, at which the Board of Management and the IR team presented Dürr's business results, targets and strategy. We also took part at a number of private banking events and conducted well over 100 one-on-one meetings with institutional investors. Comprehensive information is published for investors and journalists on our website at WWW.DURR.COM/INVESTOR-RELATIONS, including the outlook, core elements of our strategy, and information and disclosures on corporate governance.

WWW

INVESTOR RELATIONS AWARDS

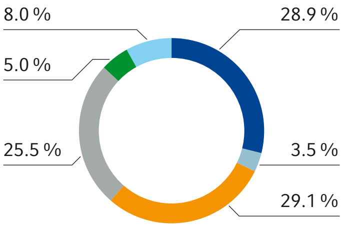
Dürr was ranked in top place among the 50 SDAX companies for the first time in the German business magazine Capital's Investor Relations Award in June 2009. Around 400 fund managers and analysts voted in this high-profile competition, which is supported by the German Financial Analysis and Asset Management Association (DVFA), on criteria such as focus, track record, and transparency of the companies' investor relations activities. With a score of 358 points, Dürr comfortably beat the average for the EuroSTOXX 50 blue chip index (261 points). In the overall ranking, we came 18TH out of a total of about 200 DAX, MDAX, SDAX, TecDAX and EuroSTOXX 50 companies covered.

In Manager Magazin's Best Annual Reports competition, we were among the top five SDAX companies for the third year running. We also ranked high in the overall rating, taking 38TH place out of a total of about 200 German and other European companies covered.

SECOND ANCHOR SHAREHOLDER

ATON GmbH increased its shareholding in Dürr AG from 17.4 % to 25.5 % in August 2009; this investment firm is by far our second largest shareholder. ATON acquired 1.4 million shares in an off-exchange transaction from Heinz Dürr GmbH which, together with the Heinz und Heide Dürr Stiftung foundation, holds 32.4 % of the capital (December 31, 2009). The Heinz Dürr family therefore continues to be Dürr AG's largest shareholder. The interest of Harris Associates, a US investment fund company, was unchanged at 8.0 %. Together, the two members of Dürr AG's Board of Management, Ralf Dieter and Ralph Heuwing, held an unchanged 1.3 % of the Dürr stock.

SHAREHOLDER STRUCTURE (DECEMBER 31, 2009) 1.6



- Heinz Dürr GmbH, Berlin
- Heinz und Heide Dürr Stiftung GmbH, Berlin
- Institutional and private investors[1]
- ATON GmbH, Fulda
- Süd-Kapitalbeteiligungs-Gesellschaft mbH, Stuttgart
- Harris Associates L.P., Chicago

Free float as calculated by Deutsche Börse: 37.1%

[1] including 1.3 % held by the members of Dürr AG's Board of Management

Group management report 2009

Dürr at a glance: Organization and activities

PROFILE

Dürr is a leading mechanical and plant engineering group that generates about 85 % of its sales in business with automobile manufacturers and their suppliers. In addition, our production technology is also used in aircraft and machinery building, in the chemical, pharmaceutical, and electrical industries, and in the energy sector. Plant engineering accounts for about 55 % of our business and mechanical engineering for about 45 %. We are a highly international group. With 46 business locations in 21 countries, we cover not only the traditional markets of North America and Western Europe, but also particularly the emerging markets.[1] At last count, we received 51 % of new orders from the emerging markets and employed 24.2 % of our workforce there. About half of our employees work in Germany.

GROUP STRUCTURE: HOLDING COMPANY, DIVISIONS, AND BUSINESS UNITS

We organize our operating activities into two divisions: Paint and Assembly Systems and Measuring and Process Systems. They also form the reporting segments required by International Financial Reporting Standards (IFRS). The divisions break down into six business units altogether. As a management holding company, Dürr AG performs Group-wide functions, and its registered place of business is Stuttgart.

Table 2.1 shows the Group structure that has existed since March 2008. We have adjusted the figures of the two divisions in this report retroactively from the year 2007 onward to ensure complete comparability.

BUSINESS UNITS AND MARKET POSITIONS

P. 188
Paint and Final Assembly Systems plans and realizes TURNKEY paint shops and final assembly lines for the automobile industry. As a systems partner, we assume all the tasks of project execution, from layout and detail planning to system startup. In the area of paint systems, we offer hardware and software solutions for all process stages. Important products include systems for PRETREATMENT and dip-coating that clean and pretreat the vehicle body and then coat it to protect against corrosion. In addition, there are spraying booths for the application of
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GROUP STRUCTURE 2.1

MANAGEMENT HOLDING COMPANY	DIVISIONS*	BUSINESS UNITS

// Dürr AG	// Paint and Assembly Systems	// Paint and Final Assembly Systems
		// Application Technology
		// Environmental and Energy Systems
		// Aircraft and Technology Systems

	// Measuring and Process Systems	// Balancing and Assembly Products // Cleaning and Filtration Systems

* reporting segments

[1] Asia (excluding Japan), Mexico, Brazil, and Eastern Europe

ACTIVITIES AND CUSTOMER GROUPS 2.2

PAINT AND ASSEMBLY SYSTEMS DIVISION

BUSINESS UNIT	BUSINESS TYPE	ACTIVITIES	CUSTOMER GROUPS

Paint and Final Assembly Systems	// Plant engineering	// Complete paint shops
		// Individual painting process stations
		// Services
		// Final assembly systems
			// Automobile manufacturers
			// Automotive suppliers
			// General industry (e.g., construction equipment and farm machinery)

Application Technology	// Mechanical engineering	// Products for automated spray painting
		// Sealing technology
		// Glueing technology
		// Services
			// Automobile manufacturers
			// Automotive suppliers
			// General industry (e.g., construction equipment and farm machinery)

Environmental and Energy Systems	// Plant engineering	// Waste-air purification systems
		// Energy management and consulting
		// Services
			// Chemical industry
			// Automobile manufacturers (paint shops)
			// Carbon fiber production
			// Pharmaceutical industry
			// Printing/coating
			// Automotive suppliers (paint shops)
			// Woodworking

Aircraft and Technology Systems	// Plant engineering	// Assembly and paint systems for aircraft production // Services	// Aircraft manufacturers // Aircraft industry suppliers

	// Consulting	// Consulting	// Automobile manufacturers
			// Automotive suppliers
			// General industry

MEASURING AND PROCESS SYSTEMS DIVISION

BUSINESS UNIT	BUSINESS TYPE	ACTIVITIES	CUSTOMER GROUPS

Balancing and Assembly Products	// Mechanical engineering	// Balancing and diagnostic systems
		// Testing, assembly, and filling products for vehicle final assembly
		// Services
			// Automobile manufacturers
			// Automotive suppliers
			// Electrical engineering/electronics
			// Turbines/power stations
			// Mechanical engineering
			// Aerospace industry

Cleaning and Filtration Systems	// Mechanical engineering	// Industrial cleaning systems
		// Automation technology (workpiece handling and linking machining centers)
		// Filtration systems
		// Services
			// Automobile manufacturers
			// Automotive suppliers
			// Electrical engineering/electronics
			// Mechanical engineering
			// Aerospace industry
			// Medical and laboratory equipment

primer, base, and clear coats, control and supervisory control systems, drying ovens, and conveyor systems. Including the Application Technology business unit, we are the world's only systems supplier that offers paint systems and application systems from a single source. As the world market leader, we receive over 40 % of total orders placed worldwide. Our two largest competitors are from Germany and Japan. There are also a few regionally operating suppliers from Italy, the United States, China, and Japan, which are significantly smaller than we are.

Application Technology specializes in solutions for automated spray painting. Its core products include not only the ***Eco*RP** painting robot series, but also our atomizers, which are crucial for efficient paint application. The launch of ***Eco*Bell 3**, the new generation of high-speed rotating atomizers, which we present in the RESEARCH AND DEVELOPMENT chapter of this report, is accordingly important for us. Other hardware and software solutions from our product range serve the functions of paint supply and process control and evaluation, for example. With a world market share of about 50 %, we are by far the top supplier in the area of paint application technology. Our main competitors are suppliers of standard robots. The growth drivers in Application Technology are SEALING applications in the paint shop (for example, weld sealing and underbody protection) and glueing applications for automotive final assembly and body construction.

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Environmental and Energy Systems offers systems for the removal of pollutants contained in the waste air of industrial manufacturing processes. Originally specialized in waste-air purification for automotive paint shops, this business unit now generates about 80 % of its sales revenue in other sectors including especially the chemical and pharmaceutical industries but also woodworking and carbon fiber production. Our product range embraces all current methods of waste-air purification. Moreover, we are stepping up efforts to develop energy recovery concepts. On the one hand, they allow more efficient utilization of the primary energy employed in waste-air purification. On the other, they render the energy released in the combustion of pollutants usable. The competitive environment in the general environmental technology sector is more heavily fragmented. We are among the world's leading suppliers in this area with a market share of about 13 %.

Aircraft and Technology Systems, established at the beginning of 2008 and hence the youngest business unit, comprises our worldwide activities in the area of paint and assembly systems for the aircraft industry. We adopted the expansion of this once peripheral business area as part of our "Dürr 2010" strategy. We see opportunities here especially because the aircraft industry is consolidating its supplier base and awarding larger order packages to systems partners. Moreover, proven technologies from highly automated automobile production are finding increasingly frequent application in aircraft production. Our core competencies are the development and construction of TURNKEY plants for painting, positioning, and joining of preassembled aircraft components. The competitive environment is changing against the background of consolidation on the supplier side. At present, the market shares of all suppliers are in the single-digit percentage range.

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Balancing and Assembly Products has two main pillars: balancing and diagnostic products for a large number of industries and assembly, testing, and filling system products for automotive final assembly. In the area of BALANCING SYSTEMS, we are by far the largest supplier, with a world market share of about 35 %. We benefit in that connection from our international production, sales, and service network. Our most important products at present are balancing systems for turbines and generators, for general mechanical engineering, and for the aviation industry. In the area of assembly, testing, and FILLING SYSTEMS, we are likewise among the leading suppliers internationally, with market shares of over 20 %. The products in this segment for which demand is highest are test stands for wheel geometry, brakes and electronics, drive-train and vehicle body MARRIAGE STATIONS, and systems for filling vehicles with necessary operating media (for example, air-conditioning refrigerant, transmission fluid, and brake fluid).

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Cleaning and Filtration Systems is the only globally operating supplier of industrial cleaning systems, FILTRATION SYSTEMS, and automation technology used to link machining centers and cleaning stations. We are also the market leader in this business area, with a world market share of about 35 %. In addition to product business with stand-alone equipment, we also offer system integration for complete engine and transmission production lines. Thanks to our international structure, we are in a position to equip a customer's automobile factories in different countries with uniform technology (common tooling). Our current core products are the ***EcoC*Flex** robot-based cleaning machine, the ***EcoC*Trans** transfer cleaning system, the ***EcoC*Max** single-chamber cleaning system, and the ***EcoC*Base** compact cleaning machine.

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WIDE RANGE OF SERVICES

All business units offer their customers an extensive range of services. Our services include planning, remodeling, modernizing, optimizing, and relocating plants and machinery, software updates, training, repairs, and parts exchange. On Group average, we generated 24.4 % of sales revenue for 2009 in service business (preceding year: 24.7 %). At the end of 2009, there were 778 employees working in the service area (December 31, 2008: 764), which equals a 13.6 % share of the Group's workforce. In each local company, a national service manager is responsible for coordinating and further developing the service business. We maintain 43 so called "antennas" worldwide. They are small service centers, usually located on the customer's factory premises.

Besides the Balancing and Assembly Products and Cleaning and Filtration Systems business units, **Schenck Technologie- und Industriepark GmbH** (TIP) is another part of the Measuring and Process Systems division. A real estate service company, TIP markets office, production, and warehouse space in Darmstadt, the location of Schenck's headquarters. The space for rent amounts to 134,000 m^2 on 105,000 m^2 of land, of which offices account for 53 %.

ACQUISITIONS 2.3

	Sales revenue in 2009	Number of employees[1]	Purchase price	First consolidated
Datatechnic S.A.	€ 1.8 million[2]	33	€ 7.1 million	April 2, 2009
UCM AG	€ 4.2 million	18	€ 4.2 million	Jan. 1, 2010

[1] as of December 31, 2009
[2] Only sales revenues from April 2, 2009, onwards were taken into account.

LEGAL STRUCTURE

Dürr AG directly holds 100 % interests in Carl Schenck AG, Dürr Systems GmbH, and Dürr International GmbH. These three companies in turn hold interests, directly or indirectly, in all the other 48 Group companies. Most of those are 100 % interests, as shown in the overview in the notes to the consolidated financial statements (ITEM 43). As the ultimate holding company, Dürr AG has entered into profit/loss transfer agreements with Carl Schenck AG, Dürr Systems GmbH, and Dürr International GmbH. The members of Dürr AG's Board of Management and the managing directors of Dürr Systems GmbH are represented in the supervisory boards of all the principal foreign companies.

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ACQUISITIONS AND COOPERATION

In the Balancing and Assembly Products business unit, we acquired Datatechnic S.A., a French technology company, in April 2009 and thus completed our product range in the turbocharger balancing segment. Experts expect that turbocharger production will increase by more than 40 % overall by 2013. Further information on the acquisition of Datatechnic is contained in the notes to the consolidated financial statements (ITEM 19).

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In the Cleaning and Filtration Systems business unit, UCM AG, a Swiss firm, was acquired in December 2009. However, for organizational reasons, it has only been consolidated since January 1, 2010. UCM specializes in systems for ultrafine cleaning of workpieces, a business area with high-growth industries such as medical technology and precision optics as customers.

We have significantly improved our market access in Japan through a cooperative agreement made in January 2009 with Parker Engineering, a Japanese paint systems firm. With this cooperative venture, we are striving to increase sales revenue from business with the Japanese automobile industry to significantly more than € 100 million in the medium term. Parker Engineering is Japan's third-largest paint systems firm with 202 employees and has close, long-standing relationships with Japanese automakers.

BUSINESS PROCESSES

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Order execution is our most important business process, especially in plant ENGINEERING, and a prerequisite for smooth execution is professional project management. As a higher-level function, the project managers coordinate all units involved in an order and furthermore bear overall responsibility for meeting deadlines and budget targets. Executing a large-scale project takes between 12 and 24 months in plant engineering, and in most cases 2 to 6 months in mechanical engineering.

PROCESSES IN PLANT ENGINEERING 2.4

PROJECT INQUIRY FROM CUSTOMER	PLANNING PHASE		ORDER INTAKE	DELIVERY ORDER					
	Planning	Bid		Technical clarification	Design	Manufacture	Installation	Startup	Final acceptance

We have been continuously optimizing our processes since the realignment of Dürr began in 2005 with the FOCUS program. The key point has been to harmonize workflows throughout the Group in the bid phase, order execution, service, and sales, administration and R&D. That is indispensable because our strongly international business demands smooth cooperation among our globally spread business locations. We have developed standardized procedures, definitions, and instruments to avoid interface problems. Process harmonization has been accompanied by the largely completed implementation of an ERP SYSTEM integrated throughout the Group. It depicts our business processes on the IT side, creates transparency, and automates workflows.

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CUSTOMER RELATIONS

Our clientele includes all major automobile manufacturers worldwide and many of their parts suppliers. We maintain close and regular relationships with those companies, partly because we have been active in this market for a long time and partly because our business requires continuous coordination between customer and supplier. In particular, our sales force is constantly in contact with our customers. Many projects require a conception and planning phase of several years in which we are involved as a machinery and systems supplier. In addition, large automobile factories almost always have need of services or capital investments. We also cooperate closely with our customers in product development. We thus receive feedback that helps us take the requirements of line production into account in our solutions.

Our business with other sectors, such as the chemical, pharmaceutical, and aircraft construction industries, is also characterized by close project cooperation between the customers and us. We are broadening our customer base in the aircraft sector, after having almost exclusively supplied European Airbus factories in the past.

SUPPLIER RELATIONS

Dürr has a pool of over 10,000 suppliers at its disposal. We enter into international framework agreements in regard to key product groups. For that purpose, we choose especially capable partners, with whom we establish long-term business relationships. Such preferred suppliers offer dependability and international reach, which is particularly advantageous when bundling the needs of several Group companies. Further information is presented in the PURCHASING chapter of this report.

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FEATURES OF OUR BUSINESS MODEL

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As an ENGINEERING group, we see our core competence in planning and realizing production processes and the machinery and systems needed for them. Our own vertical depth of production is comparatively small. It is about 20 % in plant engineering, and about 30 % in mechanical engineering. In both cases, the emphasis is on assembly activities. Dürr's capital intensity and fixed cost base are therefore relatively low, which positively affects the RETURN ON CAPITAL EMPLOYED and enables us to react more flexibly to fluctuations in orders.

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Given our low need of capital and prefinancing, it follows that we have less need of liquidity than parts suppliers or dedicated machinery manufacturers. In plant engineering, our net working capital tends to average around zero. In mechanical engineering, we need on average about 100 days to convert our NWC into sales revenue (days working capital).

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The low asset intensity of our business entails low capital investment need. The expertise of our employees is more important than our material assets. This business model allows us to expand to new business fields and regions at comparatively low cost.

Fluctuating raw material prices have only limited effects on Dürr, although our purchasing volume equals 58 % of sales revenue. In plant engineering, we negotiate fixed purchasing prices shortly after order intake for the entire project duration and thereby gain costing certainty. In mechanical engineering, we purchase primarily semi-finished goods, whose prices are mostly less volatile than raw materials prices. Moreover, we frequently fix those prices in framework agreements.

Our currency risk is comparatively low. It mainly involves translation effects of converting foreign currency items from the balance sheet and income statement into euros. Export-related transaction effects only occur to a limited extent, since we export little. Instead, most of our added value and purchasing take place in the countries where orders are executed.

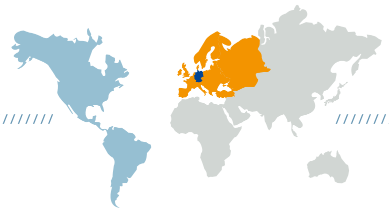
Our projects usually have a lead time of several months, and in some cases even one to two years. Consequently, we have good visibility regarding future development of orders and sales revenue.

LOCATIONS AND DIVISION OF LABOR WITHIN THE GROUP

Our largest business location is in Bietigheim-Bissingen near Stuttgart. From 2007 to mid-2009, we expanded the space and buildings there into the Group's new headquarters. The result is the Dürr Campus, a modern office and technology complex in which about 1,500 employees work, including about 900 who used to work in Stuttgart. The premises in Stuttgart-Zuffenhausen were taken over by neighbor Porsche AG. We have bundled our Germany-based activities in paint, assembly, and environmental technology at the Dürr Campus and have spatially combined related areas of work. That has made work processes even more efficient and improved communication among employees.

PRINCIPAL DÜRR LOCATIONS

2.5



GERMANY	EUROPE		AMERICA	ASIA, AFRICA
Bietigheim-Bissingen[1,2]	Zistersdorf[1] (A)	Warwick[1,2] (GB)	São Paulo[1,2] (BR)	Beijing (CN)
Braunschweig	Rheineck[1,2] (CH)	Beinasco[1,2] (I)	Querétaro[1,2] (MEX)	Shanghai[1,2] (CN)
Darmstadt[1,2]	Oslavany-Padochov[1] (CZ)	Novegro di Segrate[2] (I)	Auburn Hills[1,2], Michigan (USA)	Chennai[1,2] (IND)
Filderstadt[1,2]	Madrid[2] (E)	Paderno Dugnano (I)	Bowling Green[1], Ohio (USA)	Delhi[1,2] (IND)
Grenzach-Wyhlen[1,2]	San Sebastian[2] (E)	Rodano[1,2] (I)	Deer Park[1], New York (USA)	Osaka[1] (J)
Monschau[1,2]	Valladolid (E)	Rotterdam (NL)	Plymouth[1,2], Michigan (USA)	Yokohama[2] (J)
Ochtrup[1]	Viladecans[2] (E)	Radom[1,2] (PL)	Wixom[1], Michigan (USA)	Seoul[2] (ROK)
Püttlingen[1,2]	Cergy-Pontoise[1] (F)	Moscow (RUS)		Port Elizabeth[2] (ZA)
Stollberg[1,2]	Guyancourt[2] (F)	St. Petersburg (RUS)		
	Loué[1,2] (F)	Bratislava (SK)		
	Uxegney[1,2] (F)	Istanbul (TR)		

[1] Production or assembly location [2] Engineering location The other locations mainly perform sales and service functions.

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The Dürr Campus functions as the hub of the Paint and Assembly Systems division's international activities and as the center of competence for APPLICATION TECHNOLOGY. Our center of competence for balancing technology is in Darmstadt, while Monschau is the main location for industrial cleaning systems. With about 540 employees, Shanghai is now our largest foreign location, from which we serve our customers in China and Southeast Asia. Additional capacities and competencies have also been established in the other emerging market locations of Chennai (India), Querétaro (Mexico), and São Paulo (Brazil) since 2006. For example, we have set up an engineering center in Chennai for the entire Paint and Final Assembly business unit. We have about 350 employees in the Detroit region, after having steadily reduced capacities there in the past few years.

Cooperation among Group companies on cross-border system projects is clearly organized in our international network. Thus, project leadership for large-scale orders in the Paint and Assembly Systems division is always in the Bietigheim-Bissingen system center. The foreign companies are responsible for sales and service locally and support order execution, for example, in design, purchasing, and manufacture.

NEW STRUCTURE IN PAINT AND FINAL ASSEMBLY SYSTEMS SINCE OCTOBER 2009

We introduced a new, leaner structure for Paint and Final Assembly Systems in the third quarter of 2009. The Group's largest business unit is thus adapting to the lower market volume for paint systems and final assembly lines. At the same time, the new organization is more flexible, accelerates processes, and thereby leads to significant cost reductions. The most important measures were:

- **Strengthening sales:** In project sales, we rely on a team structure in which specialists from sales, costing, project development, and planning work closely together. That increases the quality of customer service and bid calculation. At the same time, we reduce communication interfaces and risks.
- **More competencies for project management:** For large-scale orders, the project managers have more competencies and stronger international authority. That enables them to better fulfill their overall responsibility for the project result.
- **Leaner order execution:** The Bietigheim-Bissingen system center, which controls all large-scale projects worldwide, has been given a leaner structure. Among other things, design and order execution have been closely dovetailed with one another. That has reduced the number of interfaces.
- **Strengthening R&D:** Research and development have been separated from execution and order-related design and now form a focused, better-staffed area directly under the business unit management.

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- **More added value in emerging markets:** Project development, ENGINEERING, and execution are being further expanded, especially in China and India. We are thus fulfilling local customers' demand for high local content, utilizing cost advantages, and are perceived even more than before as a locally operating supplier.
- **Design to cost:** Automakers, especially in the emerging markets, are demanding simpler systems so they can produce low-cost autos profitably. Against this background, we are systematically developing new low-cost products.

REPORT ON RELATIONSHIPS WITH ASSOCIATED ENTERPRISES

In conformity with Section 312 of the German Stock Corporation Act, the Board of Management of Dürr AG has prepared a report on relationships with associated enterprises, in which it makes the following concluding declaration: "Our company and the enterprises associated with our company received fair and reasonable consideration in each transaction listed in the report on relationships with associated enterprises. This assessment is based on circumstances known to us at the time the events to be reported took place."

DISCLOSURES PURSUANT TO SECTIONS 289 (4) AND 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

- **Structure of subscribed capital:** Dürr AG's subscribed capital is divided into 17,300,520 bearer ordinary shares with full voting rights. The rights and obligations arising from the ownership of ordinary shares are regulated in the German Stock Corporation Act.
- **Restrictions on voting rights/transfer of shares and related agreements:** The Board of Management has no knowledge of any pool arrangements between shareholders of Dürr AG.
- **Shareholdings that exceed 10 %:** Heinz Dürr GmbH holds 28.9 % of Dürr AG's capital stock. Taking into account the shares held by Heinz und Heide Dürr Stiftung GmbH, the Dürr family controls 32.4 % of the shares. ATON GmbH holds 25.5 %.
- **Shares conferring special rights:** There are no shares of Dürr AG that confer special rights.

- **Voting right control of any employee stock ownership plan where the control rights are not exercised directly by the employees:** There are no employee stock ownership plans where the control rights are not exercised directly by the employees.

- **Rules governing the appointment and replacement of members of the Board of Management:** The relevant statutory rules are set forth in Sections 84 and 85 of the German Stock Corporation Act. Dürr AG's articles of incorporation do not provide for any other rules in this regard.

- **Rules governing the amendment of the articles of incorporation:** Section 179 of the German Stock Corporation Act requires the approval of the annual general meeting for amendments of the articles of incorporation. Dürr AG's articles of incorporation do not provide for any other rules in this regard.

- **Powers of the Board of Management to issue or buy back shares:** Information on this point can be found in ITEM 25 in the notes to the consolidated financial statements.

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- **Agreements in the event of a change of control following a takeover bid:** The terms of our corporate bond include a covenant that obligates us in the event of a change of control to make an offer to the bondholders to redeem the bond at 101 % of its nominal value plus accrued interest. A change of control is deemed to take place if one or more persons acting in unison acquire at least 35 % of the voting shares of Dürr AG and at the same time members of the Dürr family who were shareholders of the company, directly or indirectly, at the time the bond was issued hold less than 35 % of the voting shares. Such covenants are customary practice, and are incorporated in comparable form in the terms and conditions of bonds of other issuers. They serve to protect the interests of the bondholders.

  The terms of the syndicated loan stipulate that in the event of a change of control, no additional cash drawings may be made or guarantees applied for. In addition, the credit commitments can be called by the majority banks so that the cash drawings and guarantees have to be repaid. The agent representing the interests of the banking syndicate must be informed about a change of control immediately after it becomes known. A change of control is deemed to take place if the relevant conditions provided for in the issuing agreement of the bond are fulfilled or if the majority in Dürr AG is no longer held, directly or indirectly, by those members of the Dürr family who were direct or indirect shareholders of Dürr AG at the time the loan agreement was signed or are legal heirs.

- **Agreements providing for compensation in the event of takeover bids:** In the event of a takeover, the members of the Board of Management have an option either to remain with the company or to leave the company in return for compensation. Details are contained in the CORPORATE GOVERNANCE chapter of this report. There are no other agreements in this regard.

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Leading indicators and factors of influence

COMPANY-SPECIFIC LEADING INDICATORS

We distinguish between three groups of leading indicator. The first group contains the general leading indicators such as money supply, the IFO business sentiment index, freight rates, and interest rate yield curves. Secondly, we closely monitor the international new registration and production statistics, as well as capital spending in the automobile industry. The third leading indicator is our internal sales database MPCR (Monthly Project and Contract Report). This contains all the projects that are in the pipeline in the market and evaluates our chances of winning orders. Our MPCR system enables us to react to market developments early on because it generally takes about six to twelve months from the first request for quotation until orders are awarded. The margins on all projects are recorded in the MPCR system, too, which is very important for assessing our future profitability.

ECONOMIC AND LEGAL FACTORS OF INFLUENCE

We are reliant to a large extent on **investment decisions in the automobile industry.** They are oriented not so much to current production levels but primarily to the automobile manufacturers' long-term sales expectations and their strategic goals. This includes for instance the penetration of new regional markets, the expansion of market shares, the long-term orientation of the model portfolio, and cost-cutting programs.

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The **emerging markets,** especially the BRIC countries, are very important for our business. The automobile manufacturers will continue to expand their capacities there in view of the long-term growth in mobility in order to defend or win market share. In North America, but in Western Europe, too, the focus is on investment in modernization to make existing auto plants more flexible, productive and energy efficient.

The highly international character of our business means we have to consider a great many different **legal requirements and tax rules.** This includes product safety and product liability laws, building, environment and employment regulations, as well as foreign trade and patent law. When selecting the applicable law governing contracts we review whether, and to what extent, unjustified warranty claims can be excluded and what scope we have on our part for claiming damages. Within the framework of our cash pooling (see the FINANCIAL DEVELOPMENT section), for instance, it has to be borne in mind that some countries impose exchange controls.

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The growing level of **environmental regulation** has a considerable influence on our product strategy. Limits for CO_2 emissions are prompting the automobile industry to build smaller engines. This DOWNSIZING trend, in turn, places different demands on our products, for instance in balancing and cleaning technology. Another example: the stricter EU-wide regulation of VOC emissions means that factories require more and smaller waste-air purification systems.

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Corporate governance

Responsible corporate management and supervision is an integral part of Dürr's culture. We are committed to transparent governance that is focused on creating value to merit the trust that shareholders, financial markets, business partners, and customers, as well as our employees and the general public place in our company. We see corporate governance as a living system that has to be further developed as an ongoing process. In 2009, the focus was on refining our risk management and on implementing the German Accounting Law Modernization Act (BilMoG).

CORPORATE GOVERNANCE CODE LARGELY IMPLEMENTED

We have considered the revised version of the German Corporate Governance Code that was published on June 18, 2009, very carefully. We comply with the Government Commission's recommendations with only three exceptions; we also apply most of the Code's suggestions. The following excerpt from our declaration of compliance shows the relevant passages from the Code and our reasons for not complying with the recommendations. The full declaration, signed by the Chairman of the Board of Management and the Chairman of the Supervisory Board on December 16, 2009, is published on our website at WWW.DURR.COM/EN/INVESTOR/CORPORATE-GOVERNANCE. For the period from December 16, 2008, to August 4, 2009, it relates to the Code in the version as of June 6, 2008 ("2008 version") and for the period from August 5, 2009, onwards to the version as of June 18, 2009 ("2009 version").

www

EXCERPT FROM THE DECLARATION OF COMPLIANCE AS OF DECEMBER 16, 2009

D&O insurance deductibles
(Item 3.8, Paragraph 2 [2008 version] and Item 3.8, Paragraphs 2 and 3 [2009 version])

A D&O insurance policy without deductibles still exists for members of the Board of Management. That is because it is a group insurance policy for executives at home and abroad in which no distinction is made between members of the executive bodies and employees. This insurance policy will be replaced as of 1 July 2010 by one with deductibles in compliance with the provisions of law.

A D&O insurance policy without deductibles (group insurance) existed and continues to exist for members of the Supervisory Board. Dürr does not plan to introduce deductibles for members of the Supervisory Board because the company does not believe that the dedication and responsibility with which supervisory board members observe their duties are improved by an agreement providing for deductibles. Another consideration is that it would be unreasonably costly for the six employee representatives on the Supervisory Board of Dürr AG, which has an equal number of members representing employees and shareholders respectively, to take out personal insurance policies at their own expense to cover the residual risk (in the amount of the deductibles).

Age limit for members of the Supervisory Board
(Item 5.4.1 Sentence 2 [2008 and 2009 versions])

No provision has been made for a limit on the age of Supervisory Board members because Dürr believes that the effectiveness of supervisory board members does not depend on whether an inflexible age limit has been reached. Dürr also does not intend to set a rigid age limit in the future because that would deprive the company of opportunities to obtain excellently qualified persons to serve on its Supervisory Board who have already passed the age limit or will pass it during the time of their appointment.

Individual reporting of compensation of Supervisory Board members (Item 5.4.6, Paragraph 3 [2008 and 2009 versions])
Heretofore, Dürr has reported the total amount of compensation rendered to Supervisory Board members in the notes to its consolidated financial statements and in its compensation report. For reasons of transparency, however, the company has decided, beginning with the 2009 annual report, to show the amounts paid to individual members, subdivided according to components.

OTHER INFORMATION ON CORPORATE GOVERNANCE AT DÜRR[1]

Board of Management and Supervisory Board
As the company's executive organ, the Board of Management conducts the company's business affairs, formulates strategy, and implements it in consultation with the Supervisory Board. It is thereby bound to act in the company's best interests and in compliance with its business policies. The Board of Management reports regularly and exhaustively to the Supervisory Board about business performance, strategy, and risks. Rules of procedure formulated by the Supervisory Board regulate the individual responsibilities, the manner in which resolutions are passed, and other aspects of the Board of Management's activities.

The Supervisory Board advises and supervises the Board of Management. At Dürr AG, it consists of twelve members with an equal number of shareholder and employee representatives in accordance with the German Co-determination Act. The six shareholder representatives are elected at the annual general meeting, and the six employee representatives are elected by the employees in Germany. The chairman has the casting vote in the event of a tie. Particularly urgent resolutions can be taken by written circulatory vote; this was not necessary in 2009. The next regular election of the shareholder representatives will be at the annual general meeting in 2011; the Supervisory Board members Dr. Günter Fenneberg and Prof. Dr. Klaus Wucherer, who were appointed by the court in October 2009, will be nominated for election at the forthcoming annual general meeting on April 30, 2010. The next election of the employee representatives is due to take place in spring 2011.

The Supervisory Board of Dürr AG has created four committees from its midst. They prepare resolutions and topics, on which the chairmen of the committees then report to the Supervisory Board plenum.

- The **Personnel Committee** deals mainly with the appointment of members of the Board of Management and their compensation and conducts the groundwork for the corresponding resolutions by the Supervisory Board plenum.
- The main focuses in the **Audit Committee** are the financial reporting, risk management, the internal control system, and the internal auditing. It also oversees the Board of Management's compliance with internal and external rules and regulations. The committee reviews the annual financial statements and the consolidated financial statements, and conducts the groundwork for the corresponding resolutions by the Supervisory Board plenum.
- The **Mediation Committee** convenes if there are differences of opinion within the Supervisory Board regarding the appointment or dismissal of members of the Board of Management. At Dürr, this committee has never had to convene.
- The **Nominating Committee** proposes suitable candidates to the Supervisory Board for the election of shareholder representatives by the annual general meeting.

[1] The full corporate governance declaration can be found under http://www.durr.com/en/investor/corporate-governance.

With the exception of the Nominating Committee, which consists of three shareholder representatives, all the committees consist of four members with an equal number of shareholder and employee representatives.

Annual general meeting

The annual general meeting provides a platform for a general debate between shareholders, the Board of Management, and the Supervisory Board. Shareholders also exercise their voting rights at this meeting. The agenda of the meeting outlines the motions on which resolutions are to be passed, for instance on the appropriation of profit or on capital measures. The meeting is presided over by the Chairman of the Supervisory Board.

Transparency

We provide consistent, comprehensive and timely external communication to meet the information needs of the capital and financial markets. We inform about the development of our business in the annual report, in quarterly and six-month financial reports, in press releases and ad-hoc announcements, and through press conferences and conference calls. All the announcements, releases and presentations are published on our website at WWW.DURR.COM. Our Investor Relations and Press departments are also available to answer questions.

Financial reporting and independent audit

Since 2003, we have been preparing our consolidated financial statements to International Financial Reporting Standards. The independent auditor is appointed by the annual general meeting on the basis of a proposal put forward by the Supervisory Board. For several years it has been Ernst & Young GmbH. It audits the consolidated financial statements prepared by the Board of Management before they are reviewed and approved by the Supervisory Board and then published at the latest 90 days after the balance sheet date. In accordance with item 7.2.3 of the Corporate Governance Code it is agreed that the auditor will inform the Chairman of the Supervisory Board immediately of all matters relevant for the work of the Supervisory Board that come to its notice in the course of the audit. The auditor is also required to notify the Supervisory Board if it encounters any deviations from the declaration of compliance according to Section 161 of the German Stock Corporation Act (AktG). Before the letter of engagement is issued, the auditor also gives a pledge of its independence to the Supervisory Board.

Board of Management and Supervisory Board procedures at Dürr

Dürr AG's Board of Management is efficiently organized with two members. This increases the speed and effectiveness of the communication, consultation and decision-taking processes. The top management level is supported by the heads of the six business units and the corporate departments within the Group.

The Chairman of the Board of Management, Ralf Dieter, manages the operating business in consultation with the heads of the business units. The focus of his activities is on sales and on representing Dürr at the decision-taking level of customers. He also assumed management responsibility for the Paint and Final Assembly Systems business unit temporarily until the end of 2009. The Chief Financial Officer, Ralph Heuwing, is also closely involved in operating decisions.

The heads of the six business units have global responsibility for the results of their respective business unit. At the divisional level steering functions are performed by the Paint and Assembly Systems Board and the Measuring and Process Systems Board. These two boards consist of the Board of Management, the heads of the respective business units and their controllers. At Group level, the Senior Executive Group, which mainly consists of the chief executive officers of the operating companies, and the broader Senior Management Group represent the international management teams.

REPORTED TRANSACTIONS OF HEINZ DÜRR GMBH IN DÜRR SHARES 2.6

Off-exchange purchase of shares	Off-exchange sale of shares	Off-exchange security lending (borrower)	Price per share in €	Number of shares	Transaction volume in €
Jan. 30, 2009			10.00	12,500	125,000.00
March 02, 2009			9.20	20,000	184,000.00
March 11, 2009			7.85	10,000	78,500.00
		June 23, 2009		600,000	
June 10, 2009			11.07	10,000	110,700.00
	Aug. 13, 2009		11.50	200,000	2,300,000.00
	Aug. 15, 2009		11.00	1,400,000	15,400,000.00
	Dec. 14, 2009		16.97	100,000	1,696,600.00

Control

In accordance with Article 6 of the company's articles of incorporation, Dürr AG's Supervisory Board determines the number of members of the Board of Management and their appointment. It has issued rules of procedure for the Board of Management containing a list of transactions requiring its approval and an allocation of responsibilities. At the Supervisory Board meetings, the Board of Management provides written and oral reports on the individual items of the agenda and the dossiers, and answers any questions from the Supervisory Board members. The written motions are distributed to the members of the Supervisory Board 14 days before the meeting; this is followed by a detailed written dossier at the latest one week before the meeting. On the day of the meeting, preliminary talks are first held separately between the shareholder representatives and between the employee representatives. The Board of Management is available for any explanations that might be needed. The Chairman of the Supervisory Board has regular consultations with the Board of Management also outside the meetings.

SHAREHOLDINGS AND DIRECTORS' DEALINGS

The Chairman of the Supervisory Board Heinz Dürr owns 32.4 % of the shares of Dürr AG (December 31, 2009) through the company Heinz Dürr GmbH and the Heinz und Heide Dürr Stiftung GmbH foundation. ATON GmbH, which is represented on the Supervisory Board by Dr. Günter Fenneberg, holds 25.5 %. Other members of the Supervisory Board hold 0.1 % of the shares. The members of the Board of Management of Dürr AG own 1.3 % of the shares of the company; 0.4 % is held by Ralf Dieter and 0.9 % by Ralph Heuwing. Securities transactions that have to be reported pursuant to Section 15A of the German Securities Trading Act (WpHG) – so-called directors' dealings – are published on the Internet at WWW.DURR.COM immediately the company is notified. In 2009, the only directors' dealings were by Heinz Dürr GmbH.

WWW

COMPENSATION REPORT

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In addition to the information on the compensation paid to the Board of Management and the Supervisory Board, we refer also to the corresponding disclosures in ITEM 41 in the notes to the consolidated financial statements, which we expressly incorporate as part of this report.

Sideline activities

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The members of the Board of Management do not carry out significant sideline activities other than those listed in ITEM 41 in the notes to the consolidated financial statements. Moreover, they hold no significant stakes in other companies. No members of the Board of Management or the Supervisory Board received any loans or advances from Dürr AG in 2009.

RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF MANAGEMENT 2.7

	RALF DIETER (CHAIRMAN)	RALPH HEUWING (CHIEF FINANCIAL OFFICER)
// Divisional/operative responsibilities	// Paint and Assembly Systems // Measuring and Process Systems	// Dürr Consulting

// Corporate functions	// Corporate Communications
	// Human Resources (Employee Affairs Director)
	// Research & Development
	// Quality Management
	// Internal Auditing
		// Finance/Controlling
		// Investor Relations
		// Risk Management
		// Legal Affairs/Patents
		// Information Technology
		// Corporate Real Estate

BOARD OF MANAGEMENT COMPENSATION 2.8

	NON-PERFORMANCE-RELATED		PERFORMANCE-RELATED	PENSION BENEFITS	
in € k	Fixed salary	Non-cash benefits	Bonus	Employer-financed contribution	Total
2009	700	43	639	220	1,602
2008	700	41	1,470	163	2,374

Compensation system for the Board of Management
The Supervisory Board Personnel Committee reviews the compensation system for the Board of Management at regular intervals and draws up proposals for the Supervisory Board plenum. The Supervisory Board discusses the committee's proposals in detail and passes its resolutions on that basis. Important criteria for determining the appropriateness of the compensation are the tasks of the Board of Management as a whole as well as of the respective member, the personal performance of the members of the Board of Management, the economic situation, and the company's performance and outlook. In its decisions, the Supervisory Board also takes account of salary trends at comparable companies.

The Supervisory Board has carefully examined the German Act on the Appropriateness of Management Board Compensation (VorstAG) that came into force in August 2009. The deductible now required for directors' and officers' (D&O) liability insurance will be taken into account in the policies for both members of the Board of Management with effect as from July 1, 2010. The Supervisory Board will also decide on the introduction of a long-term incentive plan (LTI) according to the requirements of the VorstAG at its meeting on March 16, 2010. The LTI plan is to be implemented this year and include a stock-based long-term incentive program.

The compensation for the members of the Board of Management comprises performance-related and non-performance-related components. The non-performance-related compensation largely consists of a fixed annual salary payable in equal monthly installments. In addition, there are non-cash benefits consisting in the main of the use of company cars on which taxes have been paid by the company. The variable compensation is paid in the form of an annual bonus. The bonus is linked to the development of the Group's earnings before tax and to the achievement of personal targets. A further component of the compensation is the employer-financed pension contribution. This contribution is paid into our "VORaB" scheme ("Vorsorge aus Bruttogehalt"). This is a defined benefit company pension plan.

The annual general meeting in 2006 resolved not to disclose the Board of Management's compensation individually. This so-called opting-out resolution is binding for a period of five years, and will therefore expire next year. Total compensation paid to the members of the Board of Management of Dürr AG in 2009 was € 1,602 thousand (2008: € 2,374 thousand). € 803 thousand was paid as pensions to former members of the Board of Management (2008: € 792 thousand).

The contracts of employment of the members of the Board of Management are concluded initially for three years upon joining the board. When renewing the contracts of employment the statutorily permitted extension to a total of five years is mostly chosen. The contracts of employment of both members of the Board of Management have a term of five years. The contract with Mr. Dieter ends on December 31, 2010, and the contract with Mr. Heuwing ends on May 13, 2012.

In the event of a takeover of Dürr AG both members of the Board of Management have an option either to remain with the company or to terminate their employment. In the latter case, the members of the Board of Management have the right to retire from office and terminate their contract of employment within 150 days from the date on which the takeover is announced. If this right is exercised, all financial claims arising from the fixed annual salary agreed in the contract of employment are settled. In addition, a (pro rata) bonus for the current fiscal year and an additional severance settlement might be paid.

Compensation system for the Supervisory Board

The compensation paid to the members of the Supervisory Board is regulated in Article 15 of the articles of incorporation of Dürr AG, the text of which can be found on our website at WWW.DURR.COM under the heading Investor Relations/Corporate Governance/Articles of Incorporation. The compensation system can only be adjusted by an amendment of the articles of incorporation by the annual general meeting which requires a majority of two-thirds of the votes of the capital present. Total compensation paid to the Supervisory Board in 2009 was € 358 thousand (2008: € 545 thousand). For an overview of the compensation paid to the individual members of the Supervisory Board please see ITEM 41 in the notes to the consolidated financial statements.

WWW

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The members of the Supervisory Board receive an annual fixed remuneration of € 15,000 and an attendance fee of € 500 for each meeting attended in addition to reimbursement for their expenses. Furthermore, they receive variable compensation equal to 0.4 ‰ of reported consolidated earnings before taxes. This variable compensation may not exceed € 25,000. The fixed remuneration is payable at the end of each fiscal year. The Chairman receives three times the total compensation paid to a regular member; each Deputy Chairman of the Supervisory Board receives one and a half times the total compensation paid to a regular member. The members of the Audit Committee receive an annual remuneration of € 7,500; the chairman of this committee receives two times that amount. The remuneration paid to the members of the Personnel Committee is € 5,000 per year; the chairman receives one and a half times that amount. The members of the Nominating Committee receive a remuneration of € 2,500 per meeting, the chairman receiving one and a half times that amount. Supervisory Board members serving on the Supervisory Board only for a part of the fiscal year are remunerated pro rata temporis. The same applies to members of the committees.

Performance-related compensation for other employees

For non-tariff employees, the compensation comprises a basic annual salary and a performance-related bonus. The amount of the bonus is linked, on the one hand, to the extent to which the employee achieves agreed personal performance targets and, on the other, to Group earnings. In most cases, the bonus is between 5 % and 10 % of the basic salary. For employees in Germany covered by the collectively bargained tariff agreement, there is also a profit-sharing scheme that is linked to Group earnings. There was no profit-sharing bonus in 2009; a bonus of € 500 per employee was paid for 2008.

Strategy

FOCUSES: GROWTH AND OPTIMIZATION

Our strategy is centered on two overarching goals: profitable growth and the continuous optimization of our processes and structures. Building on the “FOCUS” and “Dürr 2010” programs, this is a further step forward in laying the foundations for the Group’s future development. After concentrating on countering the effects of the crisis in the fourth quarter of 2008 and in 2009, our sights are now turning again to stronger growth in the coming years than before the crash. We aim to increase sales by 5 % to 10 % p.a. in the coming years. Our long-term targets are an EBIT margin of about 6 % and a ROCE of about 22 %.

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Growth

We are focusing on three drivers to achieve our growth targets: expansion in the emerging markets, innovation, and the development of new areas of business.

Further expansion in the emerging markets

We are systematically expanding our leading competitive position in the emerging markets. The number of employees in these markets already rose from 14.3 % to 24.2 % of our total workforce in the years from 2005 to 2009, and is to be increased to almost 30 % by the year 2012. We also intend to further increase local content in the areas of ENGINEERING, purchasing, and production. This will be driven both by local growth and by exports to established markets. Our continued target is for half of the Group’s incoming orders and sales to come from the emerging markets.

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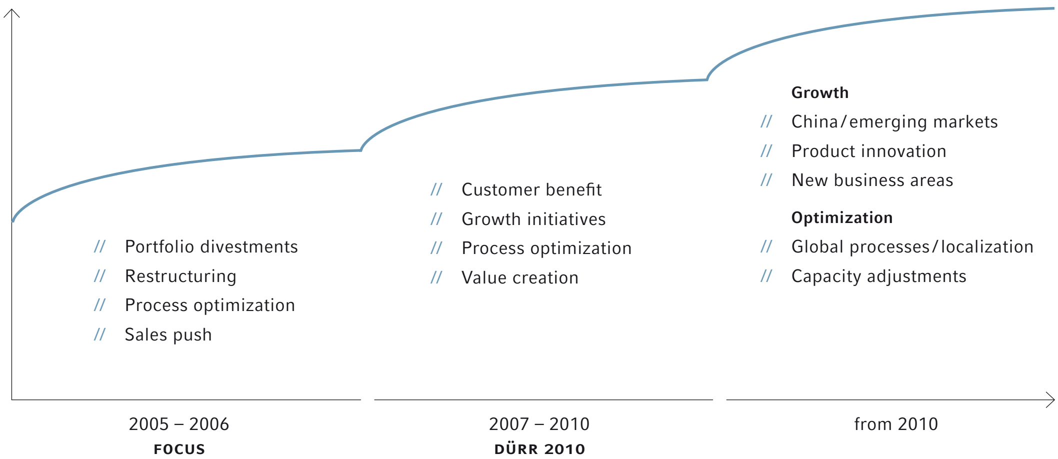
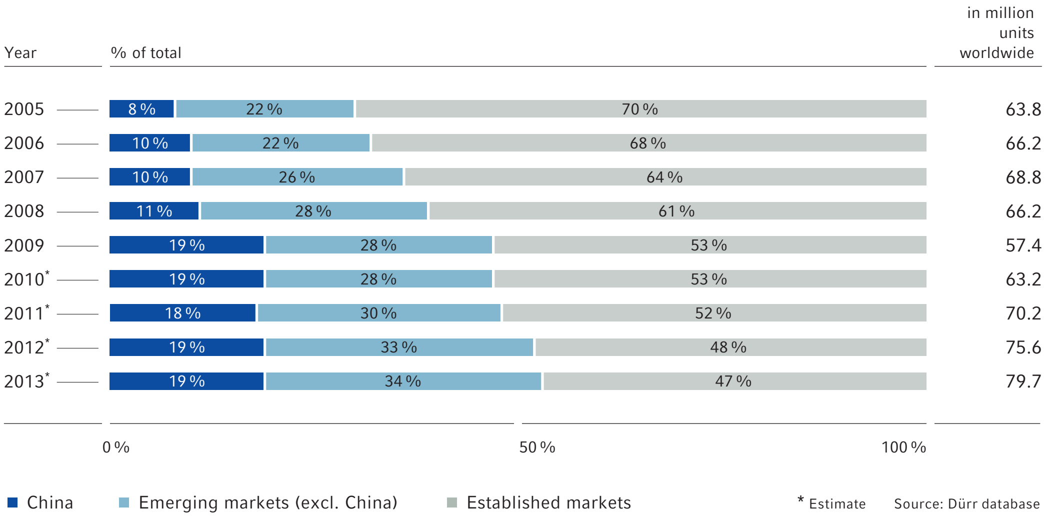
DEVELOPMENT OF OUR STRATEGIC FOCUSES 2.9



GLOBAL LIGHT VEHICLE PRODUCTION BY REGION 2.10



* Estimate Source: Dürr database

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China, now the world's largest automobile market, is the main focus. Well over 10 million LIGHT VEHICLES were produced there in 2009. Production is expected to grow at an average annual rate of 10 % over the next years, representing an increase of about 1 million light vehicles and the need for five to six new automobile plants each year. Against this backdrop, we plan to increase our headcount in China from currently 543 towards a level of 700 by the year 2012.

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We are pursuing different strategies in the emerging markets according to our respective market positions: in paint systems, application technology and balancing systems we are rounding out our established position in order to profit from the further market growth. In cleaning, environmental, testing and FILLING TECHNOLOGY, on the other hand, where our activities have been mainly concentrated in Europe and North America so far, we are pushing the development and penetration of these markets through a local presence. The same applies to the aircraft paint and assembly systems business.

Innovation

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We will continue to increase our R&D spending going forward. Our innovation management remains focused on increasing the flexibility and optimizing the energy efficiency of our products and systems. We have higher R&D budgets than smaller competitors, and can bring new technologies to market faster and in greater numbers. Some recent examples are described in the RESEARCH AND DEVELOPMENT chapter. Dürr's innovation strategy also includes selective acquisitions to round out our technology portfolio. Last year we acquired two smallish niche specialists; further information can be found in the ORGANIZATION AND ACTIVITIES chapter.

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Development of new areas of business

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We are leveraging our ENGINEERING and product know-how selectively in order to expand into new areas of business that are technologically related to our core business. Our competence in realizing energy-saving manufacturing processes is an increasingly important driver. The Environmental and Energy Systems business unit, for instance, is focusing increasingly on the development of processes for recovering energy from waste heat. GLUEING TECHNOLOGY for the automotive industry and for other sectors is another area of business we will be expanding in the coming years. Glueing is increasingly replacing conventional joining techniques in the production of automotive body shells as it offers advantages in terms of rigidity and comfort. Glueing techniques are being used more and more in final assembly as well, for instance for windscreen and windows, for quality reasons. The technology is on the advance in other sectors, too, such as the solar industry and in the manufacture of electrical and electronic components. We have strengthened our market and technology position in glueing systems with the acquisition of the business operations of the firm Klaus Kleinmichel GmbH in January 2010 (further details can be found in the chapter EVENTS SUBSEQUENT TO THE REPORTING DATE).

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We also see opportunities for expansion in automation technology. Among other things, we are currently reviewing ways in which we can transfer our technology competence to the future series production of batteries for electric automobiles, wind power generators, and other applications.

Optimization

In pursuing profitable growth, another focus in the coming years will be on further enhancing our earning power and cost leadership through selective optimization measures. In line with our focus on the emerging markets, a key emphasis will be the globalization of our processes and structures, and above all localization. By localization, we mean local design, in other words developing standardized low-cost products specially tailored to the needs of the local market for simple, reliable production facilities. At the same time, we are increasing the level of local content in growth and low-cost markets.

Localization strengthens our competitiveness, especially in relation to local players. At the same time, we can tap cost advantages for the Group as a whole by deploying the engineering, purchasing and production capacities in the emerging markets increasingly also for projects in Europe and North America. An example is our engineering center in Chennai (India), which performs engineering services for other Group companies. It will be expanded in the coming years, as will our production and sourcing operations in China, India and Mexico.

We are adjusting our capacities continuously to regional market trends. Further small reductions will be undertaken at our locations in Western Europe as our customers' level of investment there will remain relatively low.

Board of Management's overall assessment of business development in 2009

Dürr coped well in 2009 given the scale of the financial and economic crisis. Our financial position and balance sheet structure can be considered solid. Although the sales downturn was stronger than we had expected, we achieved positive EBIT of € 5.7 million. This includes restructuring costs, impairment losses and one-off expenses for the Campus relocation project totaling € 19.1 million. Through timely counteraction, we were able to prevent a much more pronounced drop in earnings. We launched an extensive package of cost reduction measures already in the fourth quarter of 2008. This included reductions in personnel, materials and overhead costs (for instance, traveling expenses and IT costs), process improvements, adjustments in resources management (insourcing of work that was previously outsourced), and a reduction of NET WORKING CAPITAL. We successfully intensified our receivables management as part of our active risk management, with the result that the Chrysler and GM insolvencies had an only small impact on Dürr. On the sales side, we launched a marketing offensive for new products. Our biggest business unit, Paint and Final Assembly Systems, was reorganized and realigned to the changed market requirements.

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Earnings after tax were negative in 2009. Cash flow from operating activities improved from quarter to quarter, and tripled versus 2008. FREE CASH FLOW was well into positive terrain, enabling us to completely run off our NET FINANCIAL DEBT as of the end of 2009. With an equity ratio of 31.1 %, our financial position remains solid.

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After an exceptionally weak start, order intake improved significantly in the course of the year. As of December 31, 2009, orders on hand were higher than at the end of 2008. From today's vantage point, we therefore expect growth in sales and a marked improvement in earnings in 2010. However, set against the benefits from process improvements and cost reduction measures, there will be the settlement of low-margin orders that were taken on in 2009.

Given the massive market upheavals, we were not able to achieve the targets we had originally set for incoming orders, sales and earnings in 2009.[1] However, cash flow and our net financial position were better than expected. We had anticipated a slight deterioration in both of these items. The targeted cost reductions were achieved; 10.8 % lower personnel expenses and 7.3 % lower selling and administrative expenses document the effectiveness of the measures we took. In our financial report for the first six months of 2009 we announced the following revised targets:

- EBIT of € 20 to 30 million before one-off expenses
- Higher orders on hand as of December 31, 2009, than at the end of 2008
- New orders worth approximately € 1.2 billion
- Sales down by about 25 %.

With the exception of sales, these targets were achieved.

[1] A detailed comparison of the targets and actual performance has been waived owing to the exceptional market distortions.

Economy and industry environment

2009: WORLD ECONOMIC GROWTH CONTRACTS

The world economy suffered its sharpest downturn for over 60 years in 2009, with gross global product contracting by 0.8 %. Industrial investment collapsed. It was only on the back of massive government and central bank intervention that a slight improvement set in midway through the year. The leading indicators have picked up appreciably since then, and commodity prices and freight rates are now well up from their lows. The emerging economies fared best, especially China. Japan and Russia were the hardest hit. The financial crisis also affected exchange rates. The euro sank to US$ 1.25 in March 2009, only to rebound to US$ 1.43 by the end of the year. It also firmed strongly against other leading currencies, too. Interest rates remained at a low level in 2009. Conditions on the capital markets have meanwhile normalized; given lower risk premiums, many companies covered their financing requirements through bond issues in 2009.

CAPITAL SPENDING BY OUR KEY CUSTOMER GROUPS STRONGLY RETRENCHED

Demand in the automobile markets slumped sharply from the fourth quarter of 2008 onwards. First signs of stabilization were visible especially in the emerging markets in the second quarter of 2009. This was also on the back of, in part massive, government incentive schemes. The markets in the emerging economies, especially in China, boomed from the third quarter onwards. Nonetheless, world automobile production was still down 13 % overall in 2009 because manufacturers produced less in order to run off stockpiles. While China, India and Brazil bucked the trend and produced more, Russia suffered the sharpest setback. As chart 2.13 shows, on long-term comparison world automobile production largely follows the trend in gross world product. However, the fluctuations are more pronounced.

GDP GROWTH 2.11

year-on-year change in %	2009	2008
World	−0.8	3.0
Germany	−4.8	1.2
Eurozone	−3.9	0.6
Russia	−9.0	5.6
USA	−2.5	0.4
China	8.7	9.6
India	5.6	7.3
Japan	−5.3	−1.2
Brazil	−0.4	5.1

Source: IMF 01/2010

PRODUCTION LIGHT VEHICLES 2.12

in million units	2009	2008
World	57.4	66.2
Western Europe	12.3	15.2
Germany	4.8	5.5
Eastern Europe	4.6	6.2
Russia	0.8	1.6
North America (incl. Mexico)	8.6	12.6
USA	5.8	8.5
South America	3.2	3.4
Brazil	3.0	2.9
Asia	26.4	26.3
China	10.8	7.5
Japan	7.7	10.4
India	2.3	2.0

Sources: PwC 01/2010, own estimates

The automobile industry cut its capital spending drastically from the end of 2008 onwards. With sales improving in the second and third quarters, capital investment picked up again slightly through to the end of 2009. Automobile manufacturers' earnings were heavily squeezed; many fell into the red. However, the General Motors and Chrysler insolvencies had an only small impact on the industry.

AIRCRAFT INDUSTRY

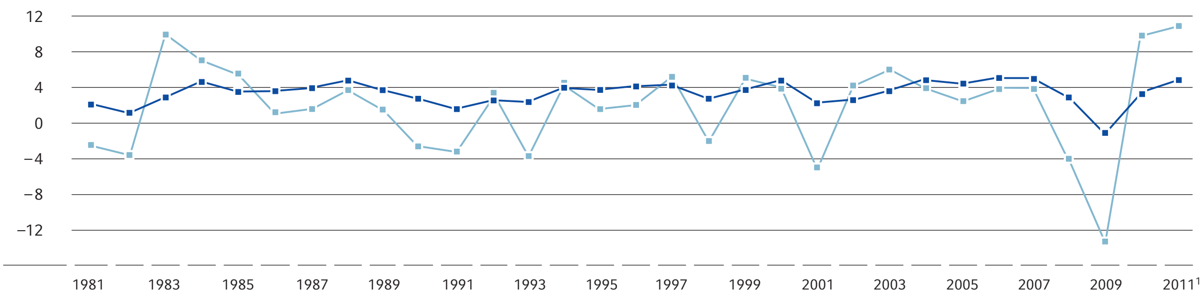
The weak trend in the aircraft industry persisted in 2009. Airline revenues were down 15 % year over year to US$ 456 billion. Almost all the airlines made losses and barely invested in new aircraft, so there was a sharp falloff in new orders at our customers in the aircraft industry. Order intake fell by 406 to 263 units at Boeing, and by 590 to 310 units at Airbus. The number of aircraft delivered – 481 at Boeing and 498 at Airbus – exceeded incoming orders. As a result, order backlog, though still high, was reduced slightly. Boeing and Airbus cut back their capital spending in 2009 but continued consolidating their supplier structure. Despite setbacks, operating earnings at the industry majors were still comfortably in the black.

WEAK DEMAND IN THE MECHANICAL AND PLANT ENGINEERING INDUSTRY

Demand in the general mechanical and plant engineering industry slumped more steeply than in other sectors. Given declining sales expectations, most customers postponed expansion and replacement investments. Investment in plant and equipment fell strongly in almost all regions around the world. In Germany, it was down 20 %. Germany's mechanical and plant engineering industry suffered a drop of 38 % in new orders. Operating earnings came under strong pressure; most companies made heavy losses.

WORLD AUTOMOBILE PRODUCTION AND WORLD GDP 2.13

year-over-year change in %



[1] Estimate

Source: Dürr database

Business development

Unless indicated otherwise, the details in this management report refer to the continuing operations. The business figures for the continuing operations are fully comparable. EBIT stands for earnings before interest, income taxes and investment income. The charts and tables contain IFRS figures for the years 2007 to 2009. The accounting policies (accounting and valuation methods) have remained largely unchanged since 2004. We have merely adjusted them to the respectively prevailing legal requirements. The introduction of IAS 23 led to a change in the interest result in 2009 as borrowing costs incurred in connection with long-term construction contracts are now recognized in the cost of sales. The prior-year figures have not been adjusted. If there had been no change in the financial reporting, the interest result would have been € 0.7 million lower and gross profit would have been higher by the same amount in 2009. Changes in the International Financial Reporting Standards (IFRS) had no material effect on the presentation of the company's position. The IFRS standards provide for comparatively few options; their utilization has no material influence on Dürr's net assets, financial position and results of operations. There are options, for instance, with regard to the reporting of items such as inventories or property, plant and equipment, which are of minor importance at Dürr. In the case of important items in the statements of financial position we make use of options in such a way that maximum continuity in their measurement is assured. Financial instruments, for instance, are reported as far as possible at amortized cost, not at fair market value. In 2009, there were no changes in the options applied, so the different reporting periods are fully comparable.

ECONOMIC SLUMP SHAPES PERFORMANCE IN 2009

The sharp economic downturn was the all-embracing event in 2009. Incoming orders and sales fell sharply, and competition for the reduced volume of orders from our customers intensified considerably. The services business, too, normally considered a stable mainstay, was affected more strongly than expected. Thanks to timely countermeasures, which resulted in net restructuring costs of € 14.3 million, we managed to achieve a profit at the operating level.

INCOMING ORDERS IMPROVE AFTER A WEAK START

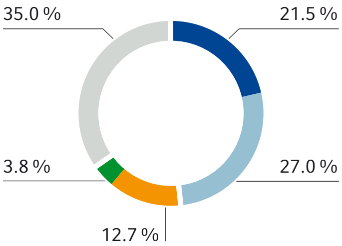
Owing to the steep economic downturn in the first half of the year, incoming orders were down 19.1 % to € 1,184.7 million in 2009. However, order intake improved successively in the course of the year; in the fourth quarter, new orders were up 81.5 % on the very weak level for the fourth quarter of 2008. While project business on the plant engineering side picked up, the more standardized products business remained at a low level for much of the year. A slight upturn was only witnessed here towards the end of 2009. The services business was disappointing. This was due to the lower production levels in the automobile industry, and the temporary spending cuts undertaken by our customers to preserve liquidity also had a marked impact on the services business. Nonetheless, all in all, we fared better in 2009 than the German plant and mechanical engineering industry as a whole, where new orders were down 38 %. We profited especially from our excellent position in the emerging markets.

Order intake differed from region to region. Growth was achieved in Asia, and in Germany, too, where orders were up 9.7 %. This was mainly on the back of a large order from Porsche for the construction of a new paint shop in Stuttgart-Zuffenhausen. The volume of orders from the rest of Europe was well down, although we received an order from Daimler for the construction of a paint shop for its new plant in Hungary, where it will be producing the successor models for the Mercedes A and B classes. Incoming orders were also down in North America. Nonetheless, we managed to win a paint systems order for VW's new plant in Chattanooga amid tough competition. As expected, we were not able to hold the previous year's high level of orders in Brazil and India. Business in China, on the other hand, was very buoyant. Orders from the emerging markets (Mexico, Brazil, Eastern Europe, Asia ex Japan) were down € 97.8 million to € 608.5 million. This was mostly due to the sharp falloff in orders from Russia. Excluding the Russia business, incoming orders from the emerging markets were more or less unchanged.

GROWTH IN ORDERS ON HAND

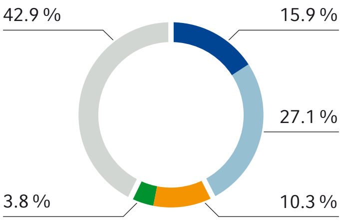
At € 1,002.4 million, orders on hand at the end of 2009 were well up on the level at the end of 2008 (€ 925.0 million). This does not include most of the regular, short-term replacement parts and services business, which was worth a good € 260 million. Taken together, orders on hand and short-term services business fully cover our sales target for 2010 on a calculational basis, which gives us a good basis for the sales growth planned for this year. Orders worth € 37.7 million were cancelled in 2009, equivalent to 3.8 % of orders on hand.

CONSOLIDATED INCOMING ORDERS BY REGION 2.14



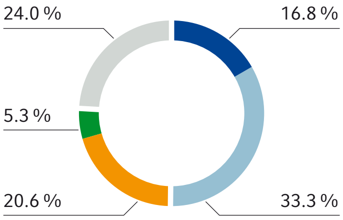
in € million	2009	2008	2007
Germany	254.7	232.2	318.8
Rest of Europe	319.0	593.0	639.2
North and Central America	150.7	220.4	510.2
South America	45.2	77.9	47.4
Asia / Africa / Australia	415.1	340.5	265.9
Total	**1,184.7**	**1,464.0**	**1,781.5**

CONSOLIDATED ORDER BACKLOG BY REGION (DECEMBER 31) 2.15



in € million	2009	2008	2007
Germany	159.6	84.3	148.1
Rest of Europe	272.2	328.5	350.7
North and Central America	103.0	178.7	289.4
South America	37.9	45.6	23.1
Asia / Africa / Australia	429.7	287.9	270.7
Total	**1,002.4**	**925.0**	**1,082.0**

CONSOLIDATED SALES BY REGION **2.16**



in € million	2009	2008	2007
Germany	180.7	294.9	274.0
Rest of Europe	358.5	615.4	579.0
North and Central America	222.0	323.7	289.6
South America	57.4	48.1	38.8
Asia / Africa / Australia	259.0	320.7	295.2
Total	**1,077.6**	**1.602.8**	**1,476.6**

Our reach of orders is 11.2 months on a calculational basis (end-2008: 6.9 months). However, there are pronounced differences between the two divisions: owing to the longer-term plant engineering business, order backlog at Paint and Assembly Systems is equivalent to 13.7 months (end-2008: 7.3 months), while at Measuring and Process Systems, where the focus is on mechanical engineering, it is 5.1 months (end-2008: 5.8 months). At the end of 2009, the level of capacity utilization at Paint and Assembly Systems was satisfactory, while at Measuring and Process Systems capacities were still underutilized at some locations.

SALES FALL SHORT OF OUR EXPECTATIONS

Sales revenues were weak, with a drop of 32.8 % to € 1,077.6 million. This was due to three factors: the sharp falloff in new orders in the fourth quarter of 2008 and in the first quarter of 2009, customer-induced delays in project execution, and the negative development of the services business. In large parts of our mechanical engineering business, where order execution times are shorter, the reduced volume of incoming orders quickly fed through in lower sales.

There was a marked shift in the distribution of sales by region compared to 2008. Asia and Latin America gained in relative weight. While the decline in sales was only slightly above the Group average in Germany, it was more pronounced in the rest of Europe. The decline in North America was in line with the Group average. Business in the emerging markets contributed 49.4 % (2008: 43.2 %) of consolidated sales, with the greater part coming from the BRIC countries.

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STRONG IMPROVEMENT IN GROSS MARGIN

In 2009, the cost of sales, mainly consisting of the cost of materials and personnel expenses, fell more strongly than sales. As a result, the gross margin, which is the difference between sales and the cost of sales expressed as a percentage of sales, rose to 20.5 % (2008: 17.8 %). This was attributable to process improvements, sourcing benefits and capacity adjustments, as well as the generally good margin quality of the orders billed. Negative factors were the double-digit declines in sales and earnings in the high-margin services business, and losses in France and the USA due to poor capacity utilization. Owing to the sharp drop in sales, gross profit was down € 64.1 million in absolute terms.

STATEMENTS OF INCOME AND PROFITABILITY RATIOS 2.17

		2009	2008	2007
Sales revenues	in € million	1,077.6	1,602.8	1,476.6
Gross profit	in € million	221.1	285.2	240.0
Overhead costs	in € million	−197.0	−210.6	−203.3
Restructuring costs (including impairment losses/reversals)	in € million	−15.8	1.4	1.0
EBITDA	in € million	25.6	87.1	73.5
EBIT	in € million	5.7	72.7	55.7
EBT	in € million	−12.2	46.4	34.8
Earnings after tax	in € million	−25.7	33.7	21.2
Earnings per share	in €	−1.55	1.81	1.33
Gross margin	in %	20.5	17.8	16.3
EBITDA margin	in %	2.4	5.4	5.0
EBIT margin	in %	0.5	4.5	3.8
EBT margin	in %	−1.1	2.9	2.4
Return on sales (after tax)	in %	−2.4	2.1	1.4
Return on equity	in %	−8.5	9.9	8.2
Return on investment	in %	−0.5	6.2	4.5

COST OF MATERIALS REDUCED MORE THAN PROPORTIONALLY

Material costs, which are charged in full to the cost of sales, fell by 40.0 % to € 622.6 million. This was due, on the one hand, to the reduction in the volume of business and, on the other, to the fact that we were able to lower costs by securing better purchasing terms and by taking advantage of our international sourcing network. In addition, the prices of raw and intermediate materials eased. The materials expense ratio was 57.8 % (2008: 64.8 %). The greater part of the cost of materials represents bought-in components and work performed by subcontractors. More information on our materials sourcing can be found in the PURCHASING chapter.

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SELLING AND ADMINISTRATIVE EXPENSES ADJUSTED, FEW INSOLVENCY-RELATED DEFAULTS

Selling expenses declined by 4.9 % to € 93.4 million. That the reduction was comparatively small is due to the marketing offensive we launched for new products in the first quarter of 2009. Selling expenses include write-offs of € 0.8 million as a result of the Chrysler and General Motors insolvencies. It is thanks to our successful receivables management that the write-offs were kept so low.

Administrative expenses were reduced by 10.1 % to € 78.0 million despite wage increases. This was due to the reduction in the number of administrative staff and savings in other costs. Owing to the sharp drop in sales, the ratio of selling and administrative expenses to sales rose to 15.9 %, up from 11.5 % in 2008. Despite the difficult market environment, R&D spending was increased slightly to € 25.6 million (2008: € 25.5 million) in order to further expand our strong technology position.

As in 2008, other operating income and expenses had little impact on our earnings in 2009. The main reason for the negative net balance of € –2.5 million (2008: € –3.5 million) were the one-off expenses of € 3.3 million for expanding and relocating to the Dürr Campus in Bietigheim-Bissingen. It also includes a currency translation loss of € 0.7 million (2008: € –4.1 million). For further details please see ITEM 14 in the notes to the consolidated financial statements.

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Capacity adjustments resulted in net restructuring costs of € 14.3 million. In addition, impairment losses of € 1.4 million were recognized on production buildings.

POSITIVE EBIT

Despite the massive drop in sales, we managed to achieve positive EBIT of € 5.7 million after restructuring costs (€ 14.3 million), impairment losses (€ 1.4 million), and the one-off expenses for the Campus project (€ 3.3 million). This was only possible thanks to the cost reduction measures initiated already in the fourth quarter of 2008. EBIT declined by € 48.5 million to € 24.8 million on a comparable basis before one-off expenses.

EBITDA fell to € 25.6 million (2008: € 87.1 million). As in the previous years, no impairment losses had to be recognized in goodwill on the basis of the yearly impairment test.

PERSONNEL EXPENSES DECLINE MORE STRONGLY THAN HEADCOUNT

The number of employees was 7.0 % lower at 5,712 as of the end of 2009. On a comparable basis, taking into account the Datatechnic acquisition in April 2009, there was a more pronounced decline of 7.6 %. Owing to the sharp drop in sales, the ratio of personnel expenses to sales rose to 31.2 % (2008: 23.5 %). Personnel expenses fell by 10.8 % to € 336.4 million, and thus more strongly than the number of employees. There are a number of reasons for this: the more-than-proportional headcount reductions in countries with higher pay structures, the introduction of short-time working, the reduction of overtime, and lower bonuses for employees. Personnel costs are subsumed in all the categories of operating costs in the statements of income.

EMPLOYEE-RELATED FIGURES AND PERFORMANCE INDICATORS 2.18

	2009	2008	2007
Employees (December 31)	5,712	6,143	5,936
Employees (annual average)	5,885	6,060	5,809
Personnel expenses in € million	336.4	377.1	368.8
Personnel expense ratio in %	31.2	23.5	25.0
Personnel expenses per employee (annual average) in €	57,200	62,200	63,500
Sales per employee (annual average) in €	183,100	264,500	254,200

DISCONTINUED OPERATIONS **2.19**

in € million	**2009**	2008	2007
Incoming orders	0.0	0.0	0.0
Sales revenues	0.0	0.0	0.0
Earnings after tax	0.0	12.6	1.0
Employees (December 31)	0	0	0

FINANCIAL RESULT IMPROVED

The financial result improved strongly by € 8.3 million to € -18.0 million. In 2008, there had been non-recurring expenses of € 9.4 million in connection with the early redemption of half of our corporate bond and the arrangement of a new syndicated loan. While the partial redemption substantially reduced interest expense for the bond in 2009, there were higher interest payments due to the higher average level of debt for the year and poorer credit terms. The interest expense of € 21.1 million (2008: € 34.1 million) mainly consists of the interest on the bond and loans; furthermore, it includes interest-related expenses of € 4.0 million (2008: € 3.1 million). Investment income fell by € 2.0 million to € 1.0 million, as the results achieved by the companies were lower.

EARNINGS AFTER TAX NEGATIVE

Owing to the improved financial result, earnings before tax (€ −12.2 million; 2008: € 46.4 million) did not decline as strongly as EBIT. Tax expense rose, despite the fall in earnings, from € 12.7 million to € 13.5 million. This was mainly because a capitalization of deferred taxes in the year before, which had led to one-off income of € 6.4 million in 2008, had to be reversed in 2009 because of the earnings development, resulting in a charge of € 7.9 million. Furthermore, we could not record deferred tax assets for losses incurred in the USA and in France, while in Germany we made a profit, which was subject to minimum taxation. This resulted in a decrease in consolidated earnings after tax to € −25.7 million, after a profit of € 33.7 million in 2008.

In 2009, there was no difference between the net result from continuing operations and the net result of the Group. In 2008, we had released a tax provision of € 12.2 million in the discontinued operations. This provision had been created upon the sale of a subsidiary in 2005. For further details please see ITEM 6 in the notes to the consolidated financial statements. Earnings per share amounted to € −1.55 for the continuing operations as well as for the Group (2008: continuing operations € 1.81, Group € 2.57).

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In view of the Group's net loss for the year, we propose not to pay a dividend for 2009. Dürr AG's unappropriated profit (€ 42.6 million) is to be carried forward.

ANNUAL FINANCIAL STATEMENTS OF DÜRR AG

The full individual annual financial statements of Dürr AG (HGB) are published on our website at WWW.DURR.COM/INVESTOR/FINANCIALREPORTS. Dürr AG's earnings in 2009 were influenced to a large extent by a special distribution from Dürr Systems GmbH. In addition, there was a net balance of € –3.3 million from income and expenses for the Dürr Campus. Income from profit and loss transfer agreements was much lower than in 2008.

STATEMENTS OF FINANCIAL POSITION, DÜRR AG INDIVIDUAL FINANCIAL STATEMENTS (HGB) 2.20

in € million	**Dec. 31, 2009**	Dec. 31, 2008
ASSETS		
Fixed assets		
Intangible assets	1.1	1.4
Property, plant and equipment	0.1	0.1
Financial assets	490.2	490.3
	491.4	**491.8**
Current assets		
Work in progress	5.4	6.4
Prepayments paid	1.2	16.8
Prepayments received	–5.2	–6.3
Receivables and other assets	41.8	20.9
Cash and cash equivalents	21.6	14.1
Prepaid expenses, sundry items	1.7	1.7
	66.5	**53.6**
Total assets	**557.9**	**545.4**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	44.3	44.3
Capital reserve	200.5	200.5
Unappropriated profit	42.6	20.1
	287.4	**264.9**
Liabilities		
Provisions	19.1	17.2
Liabilities	251.4	263.3
	270.5	**280,5**
Total equity and liabilities	**557.9**	**545.4**

STATEMENTS OF INCOME, DÜRR AG INDIVIDUAL FINANCIAL STATEMENTS (HGB) 2.21

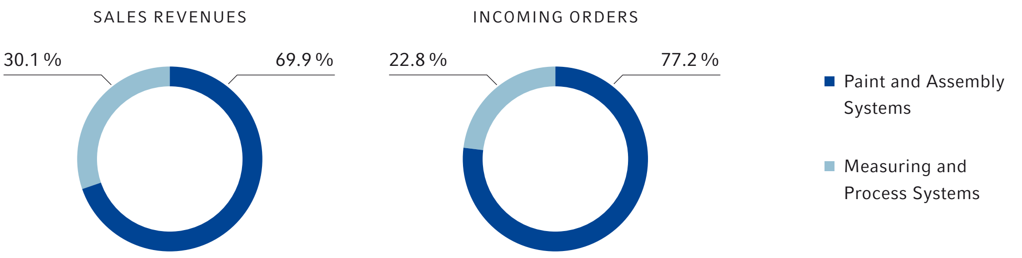
in € million	2009	2008
Income from profit and loss transfer agreements	21.4	66.2
Income from investments	58.0	0.0
Changes in inventory	−1.0	4.6
Other operating income and expenses	49.7	−6.6
Cost of purchased services	−45.2	−4.6
Personnel expenses	−5.4	−7.2
Depreciation and amortization (including financial assets)	−0.3	−0.3
Financial result	−36.3	−29.3
Profit from ordinary activities	**40.9**	**22.8**
Extraordinary items	−0.6	0
Taxes	−5.7	−3.5
Net income	**34.6**	**19.3**
Profit brought forward from the previous year	8.0	0.8
Unappropriated profit	**42.6**	**20.1**

DIVISIONS

Despite the massive economic downturn, both divisions – Paint and Assembly Systems and Measuring and Process Systems – achieved positive EBIT after restructuring costs. Measuring and Process Systems, which profited from the good performance of the Balancing and Assembly Products business unit, made the larger contribution to earnings.

Corporate Center EBIT (Dürr AG including consolidation effects) was negative to the tune of € −7.3 million (2008: € −6.7 million). Besides currency translation effects, this was mainly due to one-off expenses for the Campus project. Normally, the Corporate Center achieves a more or less balanced result as corporate overheads are reallocated over the Group. There are no exter-

SALES AND INCOMING ORDERS BY DIVISION 2.22



EBIT 2.23

in € million	2009	2008	2007
Paint and Assembly Systems	2.3	48.6	32.7
Measuring and Process Systems	10.7	30.8	23.2
Corporate Center/consolidation	−7.3	−6.7	−0.2
Total	**5.7**	**72.7**	**55.7**

CAPITAL EXPENDITURE ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS 2.24

in € million	2009	2008	2007
Paint and Assembly Systems	12.5	10.6	18.2
Measuring and Process Systems	10.1	8.4	7.8
Corporate Center/consolidation	4.1	5.3	0.5
Total	**26.7**	**24.3**	**26.5**

DEPRECIATION AND AMORTIZATION (INCL. IMPAIRMENT LOSSES AND REVERSALS) 2.25

in € million	2009	2008	2007
Paint and Assembly Systems	11.1	10.7	9.9
Measuring and Process Systems	8.4	1.4	6.4
Corporate Center/consolidation	3.1	2.3	1.5
Total	**22.6**	**14.4**	**17.8**

nal orders and sales revenues. Capital expenditure is usually marginal but it rose to € 5.3 million and € 4.1 million, respectively, in 2008 and 2009. This was due to transaction costs incurred in connection with the new syndicated loan and subsequent adjustments to the credit agreement (“waiver fees”). These costs have to be capitalized and recognized as capital expenditure under IFRS rules, and are subject to regular amortization charged to the Corporate Center.

PAINT AND ASSEMBLY SYSTEMS DIVISION

Paint and Assembly Systems did not receive any large orders from the automobile industry from the fourth quarter of 2008 until the middle of the second quarter of 2009. The first larger system orders, from Volkswagen (Chattanooga, USA) and Porsche (Stuttgart, Germany), were not booked until June 2009. Demand then picked up in the following two quarters. The competition for orders was much fiercer than in 2008 and 2007, especially in the first six months of the year. In business with the aircraft industry, Paint and Assembly Systems managed to win a number of important system orders, from Airbus, Lockheed, and Embraer, among others.

KEY FIGURES PAINT AND ASSEMBLY SYSTEMS **2.26**

in € million	**2009**	2008	2007
Incoming orders	914.1	1,028.0	1,362.5
Sales revenues	752.7	1,191.6	1,088.9
Cost of materials	450.2	796.1	803.2
Restructuring costs (including impairment losses)	12.3	3.8	0.5
EBIT	2.3	48.6	32.7
Capital expenditure	12.5	10.6	18.2
Employees (December 31)	3,283	3,595	3,551

The division's sales revenues reached their low point in the third quarter and picked up again in the fourth quarter. The decline in revenues for the full year was mainly attributable to the paint systems business, where customer-induced delays in the time schedules and the reviewing of orders slowed the progress in sales realization. In addition, there were lower revenues from services business and general spending cuts in the automobile industry.

Capacity adjustments were undertaken especially in the USA and in France, but also at other locations where capacities were underutilized. This led to restructuring costs of € 12.3 million (2008: € 3.8 million). The number of employees declined by 312, or 8.7 %, versus the end of 2008. In the third quarter of 2009, we introduced a new, leaner structure with more efficient processes in the Paint and Final Assembly Systems business unit. More information on this can be found in the ORGANIZATION AND ACTIVITIES chapter.

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Paint and Assembly Systems generated positive EBIT despite the sharp fall in sales revenues; this was due to timely cost reduction measures and the good margin quality of the orders billed. All four business units achieved positive EBIT before restructuring costs.

Capital expenditure on property, plant and equipment at Paint and Assembly Systems was higher than in 2008 as we capitalized expenditures in connection with the Campus project; these expenditures related to tenant fixtures for the "Campus Energy 21" sustainable energy concept.

MEASURING AND PROCESS SYSTEMS DIVISION

The Measuring and Process Systems division suffered a pronounced falloff in order intake; there was a slight upturn only towards the end of the year. The decline in sales revenues was less pronounced because there was a high order backlog to work off. This was the case especially at Balancing and Assembly Products, where the decline in revenues was relatively moderate. Cleaning and Filtration Systems suffered order cancellations in the double-digit millions, so the sharp falloff in orders had an immediate impact on capacity utilization and sales revenues.

EBIT at Measuring and Process Systems was comfortably in positive territory. Balancing and Assembly Products almost matched its very good 2008 result despite the fall in sales revenues. At Cleaning and Filtration Systems, however, earnings were burdened by poor capacity utilization,

KEY FIGURES MEASURING AND PROCESS SYSTEMS **2.27**

in € million	2009	2008	2007
Incoming orders	270.6	436.0	419.0
Sales revenues	324.9	411.2	387.7
Cost of materials	172.4	242.1	242.5
Restructuring costs (including impairment losses and reversals)	3.5	−5.2	0.5
EBIT	10.7	30.8	23.2
Capital expenditure	10.1	8.4	7.8
Employees (December 31)	2,381	2,499	2,338

KEY FIGURES SCHENCK TECHNOLOGIE- UND INDUSTRIEPARK **2.28**

in € million	2009	2008	2007
External revenues	14.0	16.3	15.1
External rental income	6.9	8.5	7.4

especially in France and the USA, but also in Germany. Thanks to rigorous capacity adjustments, Cleaning and Filtration Systems returned to the black at the operating level in the second half of the year.

Measuring and Process Systems had 118 fewer employees at the end of 2009 than at the end of 2008. On a comparable basis, taking into account the Datatechnic S.A. acquisition, there were 151 fewer employees (−6.0 %). A large part of the restructuring costs of € 3.5 million that were incurred to adjust the division's capacities to the reduced level of demand was attributable to Cleaning and Filtration Systems. Capital expenditure, including the Datatechnic acquisition, was level with the previous year. That included an increase of € 5.3 million in goodwill. Capital expenditure on property, plant and equipment was well down.

SCHENCK TECHNOLOGIE- UND INDUSTRIEPARK GMBH

Schenck Technologie- und Industriepark GmbH achieved positive EBIT in 2009 although revenues were down due to a lower occupancy rate. Thanks to the renewal of an important lease, we were able to release a provision of € 1.4 million for impending losses. However, EBIT would still have been positive without this effect.

Financial development

FUNDING AND LIQUIDITY MANAGEMENT

Our centralized funding and liquidity management pursues three principal objectives: income and cost optimization, transparency, and risk control. A special priority is to assure sufficient liquidity so that the company is able to meet its payment obligations at all times (for more information, please see the OPPORTUNITIES AND RISKS chapter). Risk control encompasses all financial risks that could threaten the company's existence.

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Our chief source of funds is the cash flows from our operating activities. In most cases, the debt needed within the Group is raised by Dürr AG and distributed to the companies as required. Liquidity management is also organized by Dürr AG through a cash pool with the principal Group companies. Surplus cash is taken over from Group companies and made available to other Group companies. Countries where there are exchange controls are an exception. In this case, our companies mainly cover their capital requirements locally. Group Treasury carefully controls the investment of cash and cash equivalents. We only use banks of prime standing and employ a limit system to control the individual counterparty risks. Our cash and cash equivalents amounted to € 103.9 million as of December 31, 2009.

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A central focus of our funding and liquidity management is to reduce NET WORKING CAPITAL. This releases cash and optimizes our balance sheet structure, our RETURN ON CAPITAL EMPLOYED, and other ratios. In all our working capital management measures we ensure that our operating business is not impaired. Responsibility for net working capital management lies with the divisions and business units. Dürr AG, as Group holding company, formulates targets and monitors performance.

STRONG IMPROVEMENT IN CASH FLOW DESPITE ECONOMIC DOWNTURN

At € 95.4 million, **cash flow from operating activities** (operating cash flow) was well above the previous year's level (€ 30.9 million) despite the sharp fall in earnings. This significant improvement was mainly due to a reduction of € 94.9 million in net working capital at constant exchange rates versus December 31, 2008. This was due to three factors: our intensive net working capital management, the lower capital employed in the mechanical engineering business due to the reduced volume of business, and rising customer prepayments booked at the end of the year in the plant engineering business. After impairment reversals in 2008, depreciation and amortization returned to a normal level in 2009. The item "Other" was affected by the payment of employee profit-sharing bonuses for 2008; in addition, restructuring liabilities were increased, while other short-term receivables were significantly reduced.

CASH FLOW 2.29

in € million	2009	2008	2007
Earnings before income taxes	−12.2	46.4	34.8
Depreciation and amortization	19.9	14.4	17.8
Interest result	18.9	29.3	22.9
Income taxes paid	−16.3	−11.9	−5.8
Change in provisions	−15.4	−2.4	−4.1
Change in net working capital	94.9	−22.3	37.0
Other	5.6	−22.6	−16.7
Cash flow from operating activities	**95.4**	**30.9**	**85.9**
Interest paid (net)	−14.3	−26.3	−19.4
Capital expenditure	−17.4	−19.1	−25.9
Free cash flow	**63.7**	**−14.5**	**40.6**
Other cash flows	−26.4	41.9	−5.9
Decrease (+), increase (-) in net financial debt	+37.4	+27.4	+34.7

Cash flow from investing activities amounted to € −25.8 million (2008: € −2.6 million). It was affected by acquisitions, including Datatechnic S.A., which led to a total net cash outflow of € 11.0 million. In 2008, there had been high proceeds from non-current asset disposals. Capital expenditure on property, plant and equipment amounted to € 11.8 million, which was slightly higher than in 2008 (€ 10.8 million).

Cash flow from financing activities was negative to the tune of € −51.3 million (2008: € −96.1 million); this was mainly the result of interest payments of € 15.7 million and the dividend payment. Bank liabilities were also reduced. In 2008, the proceeds from the capital increase had a positive effect, while the partial redemption of the bond had a negative effect.

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Free cash flow indicates the remaining cash flow available for dividend payments and share buybacks, and for reducing NET FINANCIAL DEBT. In addition to the cash flow from operating activities, this includes interest received and capital expenditures (included in cash flow from investing activities) as well as interest paid (included in cash flow from financing activities).

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FREE CASH FLOW amounted to € 63.7 million in 2009, its highest level since 2002. The biggest items under "Other cash flows" were the cash outflows for acquisitions (€ 11.0 million) and the dividend paid to the shareholders of Dürr AG (€ 12.1 million). The high free cash flow enabled us to run off net financial debt completely and show a net cash position of € 3.0 million at the end of 2009. Our solid financial position is an important argument – for customers as well as creditors.

COMPANY VALUE **2.30**

		2009	2008	2007
Capital employed (December 31)	in € million	356.3	432.1	378.8
ROCE	in %	1.9	16.8	15.0
NOPAT	in € million	4.0	52.8	34.0
Weighted average cost of capital (WACC)	in %	8.08	7.58	7.41
EVA	in € million	−24.8	20.0	5.9

PERFORMANCE INDICATORS: EBIT, OPERATING CASH FLOW, FREE CASH FLOW, AND ROCE

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EBIT, cash flow from operating activities (operating cash flow), free cash flow and ROCE (EBIT relative to capital employed) are the key performance benchmarks for the divisions and business units at Dürr. While cash flow improved strongly in 2009, EBIT and ROCE weakened appreciably as a result of the sharp economic downturn. We reduced capital employed by 17.5 % to € 356.3 million. Further information on EBIT can be found in the "Business development" chapter.

In contrast to the previous years, we were not able to generate positive Economic Value Added (EVA) in 2009 owing to the poor earnings situation. EVA measures the value that a company creates or destroys in a fiscal year and is calculated on the basis of the following formula:

EVA = NOPAT − (WACC x Capital Employed)

- NOPAT = Net Operating Profit After Taxes (EBIT after fictitious taxes)
- WACC = Weighted Average Cost of Capital
- Capital employed: Capital employed includes all assets except cash and cash equivalents less non-interest-bearing liabilities.

$$\text{WACC}^1 = \left(\text{Equity as \% of Total Capital} \times \text{Cost of Equity}\right) + \left(\text{Debt as \% of Total Capital} \times \text{Cost of Debt}\right) \times \left(1 - \text{Tax Rate}\right)$$

$$\left(75.62\,\% \times 9.27\,\%\right) + \left(24.38\,\% \times 6.26\,\%\right) \times \left(1 - 29.83\,\%\right) = 8.08\,\%$$

Cost of Equity: Risk-free Rate (4.2 %) + Risk Premium (5.0 %) * Beta Factor (1.01) = 9.27 %

At the two divisions Paint and Assembly Systems and Measuring and Process Systems, ROCE was sharply down to 4.8 % (December 31, 2008: 31.2 %) and 4.4 % (December 31, 2008: 10.9 %), respectively. The two divisions' rates of return converged in 2009 owing to the sharp earnings downturn at Paint and Assembly Systems. Both divisions generated negative EVA. ROCE and capital employed are also calculated and analyzed for all six business units in order to improve the management and control of the businesses and the allocation of resources.

[1] In accordance with IAS 36, WACC is calculated on the basis of the parameters of our peer group, in other words not taking Dürr Group's capital structure into account. By contrast, in the literature the company's weighted arithmetical average cost of equity and debt is normally used to calculate WACC for valuation purposes.

FINANCIAL POSITION: NET CASH POSITIVE FOR THE FIRST TIME IN OVER TEN YEARS

The reduced volume of business was a factor contributing to the decrease in total assets by € 119.9 million to € 968.1 million as of December 31, 2009. On the assets side, the decrease was mainly in current assets. On the equity and liabilities side, there was a reduction in trade payables. NET WORKING CAPITAL declined by € 94.4 million to € 57.4 million, as the prepayments received included in trade payables rose, while inventories and trade receivables were sharply reduced. On the reporting date, net working capital was equivalent to only 5.3 % of sales (December 31, 2008: 9.5 %). Days working capital fell to an all-time low of 19 days. Days sales outstanding rose to 109 days. This was due to the sharp fall in sales.

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Thanks to the positive FREE CASH FLOW, we were able to run off our NET FINANCIAL DEBT completely despite the economic crisis, and were cash positive for the first time in over ten years

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FINANCIAL POSITION (DECEMBER 31) 2.31

		2009	2008	2007
Net financial position	in € million	3.0	–34.4	–61.8
Net working capital (NWC)	in € million	57.4	151.8	128.9
Total assets	in € million	968.1	1,088.0	1,074.8
Gearing	in %	–1.0	9.2	19.4
Cash ratio	in %	22.3	15.5	28.8
Quick ratio	in %	91.7	96.8	107.8
Equity ratio	in %	31.1	31.4	23.9
Days working capital	in days	19.2	34.1	31.4
Days sales outstanding	in days	108.9	100.3	99.5

NON-CURRENT AND CURRENT ASSETS (DECEMBER 31) 2.32

in € million	2009	as % of total assets	2008	2007
Intangible assets	308.2	31.8	302.1	294.9
Property, plant and equipment	88.8	9.2	89.0	89.8
Other non-current assets	55.6	5.7	52.4	39.5
Non-current assets	452.6	46.7	443.5	424.2
Inventories	62.5	6.5	77.9	58.0
Trade receivables	323.3	33.4	443.8	405.4
Cash and cash equivalents	103.9	10.7	84.4	147.5
Other current assets	25.8	2.7	38.4	39.7
Current assets	515.5	53.3	644.5	650.6

EQUITY (DECEMBER 31) 2.33

in € million	2009	as % of total assets	2008	2007
Subscribed capital	44.3	4.6	44.3	40.3
Other equity	250.6	25.9	290.0	215.2
Shareholders' equity	294.9	30.5	334.3	255.5
Equity with minority interests	301.4	31.1	341.4	257.1

CURRENT AND NON-CURRENT LIABILITIES (DECEMBER 31) 2.34

in € million	2009	as % of total assets	2008	2007
Financial liabilities (incl. bond)	104.0	10.7	122.6	214.6
Provisions (incl. pensions)	107.5	11.1	117.5	115.8
Trade payables	330.9	34.2	372.2	335.8
of which prepayments received	200.5	20.7	157.3	129.4
Income tax liabilities	7.9	0.8	15.7	31.4
Other liabilities (incl. deferred taxes, deferred income)	116.4	12.1	118.6	120.1
Total	666.7	68.9	746.6	817.7

with a net cash position of € 3.0 million. Amounting to € 103.9 million at the end of 2009, cash and cash equivalents were € 19.5 million higher than at the end of 2008. The cash ratio rose to 22.3 % (December 31, 2008: 15.5 %), while the QUICK RATIO sank slightly to 91.7 % (December 31, 2008: 96.8 %) owing to the marked reduction in receivables.

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Goodwill resulting from acquisitions amounted to € 271.3 million as of the reporting date and made up 59.9 % of non-current assets. The slight increase of € 5.3 million versus the end of 2008 is mostly attributable to the acquisition of Datatechnic S.A. Further information on intangible assets can be found in ITEM 19 in the notes to the consolidated financial statements. By comparison, machinery, buildings and other tangible non-current assets are of less importance at Dürr.

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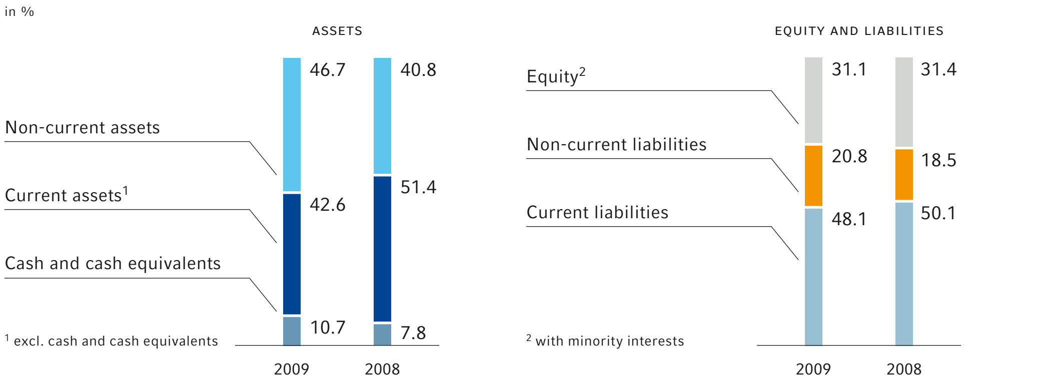
Equity declined by € 40.0 million to € 301.4 million as of the end of 2009. This was mainly due to the Group net loss for the year of € 25.7 million and the dividend paid to the shareholders of Dürr AG for 2008 (€ 12.1 million). Currency translation gains which are not recognized through profit or loss increased equity by € 3.5 million. Owing to the decrease in total equity and liabilities, the equity ratio, which stood at 31.1 % at the end of the reporting period, was level with the previous year (December 31, 2008: 31.4 %).

ASSET AND CAPITAL STRUCTURE (DECEMBER 31) 2.35



CAPITAL EXPENDITURE[1] 2.36

in € million	2009	2008	2007
Investment in property, plant and equipment	11.8	10.8	10.8
Investment in intangible assets	14.9	13.5	15.7
Investment in financial assets	5.3	0.0	0.0
Depreciation and amortization[2]	22.6	14.4	17.8

[1] According to IFRS rules, capital expenditures (acquisitions) in this overview deviate from the figures in the statement of cash flows.
[2] Including impairment losses and reversals

Trade payables declined by € 41.3 million to € 330.9 million. While the prepayments received from customers included in this item increased by € 43.2 million, liabilities to suppliers fell strongly by € 84.5 million.

We generally report assets and liabilities at amortized cost on the basis of lower-of-cost-or-market tests. Long-term construction contracts are reported according to the percentage-of-completion (POC) method. Derivative financial instruments and cash and cash equivalents are measured at their fair value. Explanatory comments on the measurement of the carrying amounts of financial instruments can be found in ITEM 7 in the notes to the consolidated financial statements. On the equity and liabilities side, there are two instances where the reported carrying amounts of liabilities are lower than their fair value: the bond and the liabilities under finance leases; the aggregate difference amounts to € 7.6 million (ITEM 33 in the notes to the consolidated financial statements).

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CAPITAL EXPENDITURE APPRECIABLY HIGHER THAN IN 2008

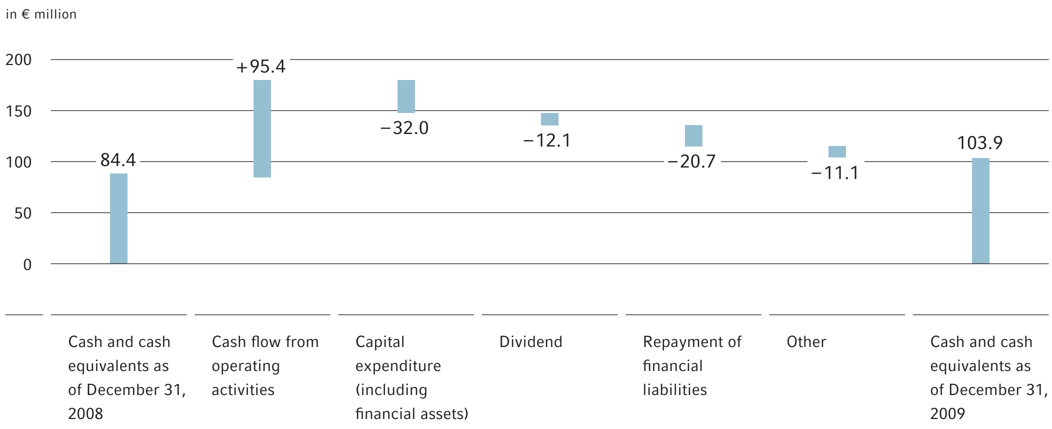
As our own manufacturing input is low, we generally have less need to invest in property, plant and equipment. The expansion of capacities in the emerging markets is not all that capital-intensive either because the main focus of the expenditures is on recruitment and the training and coaching of new employees. However, our capital expenditure on property, plant and equipment increased by € 1.0 million to € 11.8 million in 2009. This was due to the expenditures of € 5.9 million (2008: € 0.5 million) for the "Campus Energy 21" sustainable energy concept at the Dürr Campus that were mentioned earlier. Excluding the Campus project, the capital spending on property, plant and equipment declined and was limited to essential replacement investments.

Capital expenditure on intangible assets rose by € 1.4 million to € 14.9 million. This was due to goodwill of € 5.3 million resulting from the acquisition of Datatechnic S.A. In accordance with IFRS rules, we also had to capitalize the costs for the adjustment of the syndicated loan agreement. Investment in software licenses and other rights declined after the high expenditures in the previous years. The additions to financial assets relate to UCM AG. Depreciation and amortization amounted to € 22.6 million (2008: € 14.4 million); this puts the Group's reinvestment ratio at 84.6 % (2008: 59.3 %).

FUNDING

The two core elements of our debt financing are the syndicated loan facility and the remaining tranche of our corporate bond. Additionally, we have bilateral credit lines at our disposal on a fairly small scale, as well as liabilities under finance leases and liabilities in relation to associated companies that are accounted for using the equity method. The corporate bond, which falls due in July 2011, is subordinated in relation to the syndicated loan facility and therefore carries a higher rate of interest compared to a bank loan. The credit facilities can be drawn in different currencies and for different terms. We also employ money and capital market instruments, and make selective use of off-balance sheet financing instruments, such as accounts receivable financing programs and operating leases.

DEVELOPMENT OF LIQUIDITY 2.37



FINANCIAL LIABILITIES (DECEMBER 31) 2.38

in € million	2009	2008	2007
Bond	98.1	96.9	191.7
Liabilities to banks (syndicated loan and bilateral credit facilities)	1.7	20.8	16.5
Liabilities to associated companies accounted for according to the equity method	1.1	1.1	1.1
Liabilities under finance leases	3.1	3.8	5.3
Total	**104.0**	**122.6**	**214.6**
of which due within one year	1.3	18.8	15.1

The credit line under the syndicated loan facility amounts to € 180 million (December 31, 2008: € 200 million) and was not drawn as of the reporting date; the average amount drawn in 2009 was € 70.3 million. € 1.7 million was drawn under bilateral credit lines as of the end of the reporting period. Our guarantee lines under the syndicated loan facility amounted to € 220 million at the end of the year (December 31, 2008: € 240 million); € 112.0 million of this was drawn as of the reporting date (December 31, 2008: € 105.6 million). We have additional guarantee lines at our disposal in the amount of € 186.6 million (2008: € 244.0 million).

We concluded two supplements to the syndicated loan agreement with the banking consortium in 2009. The main result is greater leeway with regard to the financial covenants. The term of the syndicated loan was shortened by three months and ends on June 30, 2011. The banks' interest margin was raised; the credit and guarantee lines were reduced by € 20 million each to adjust them to the lower volume of business. One-off adjustment costs were incurred, which are spread over the term of the agreement.

We complied with the financial covenants as of the year-end 2009 reporting date. The syndicated loan carries interest at the refinancing rate for the respective currency and maturity (EURIBOR, LIBOR) plus a fixed spread. Shares in subsidiaries and second-tier companies and additional non-current and current assets are pledged as security for the bond and the syndicated loan facility. The syndicated loan and the corporate bond will fall due in mid-2011; we will be making preparations for their refinancing in the course of 2010. Detailed information on the syndicated loan and the corporate bond can be found in ITEM 29 in the notes to the consolidated financial statements.

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The high FREE CASH FLOW in 2009 enabled us to repay loans and build up cash and cash equivalents. Free cash flow, cash and cash equivalents, and the credit and guarantee lines at our disposal should be sufficient to cover our financing requirements in 2010 without difficulty. In 2010, our payment obligations under operating leases amount to € 18.8 million; in addition, there are obligations of € 0.9 million under finance leases, and other financial commitments (such as purchasing contracts) amounting to € 5.7 million. Obligations of € 0.6 million will fall due on financial liabilities.

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Information on Dürr AG's credit ratings can be found in the OPPORTUNITIES AND RISKS chapter.

OFF-BALANCE SHEET FINANCING INSTRUMENTS AND OBLIGATIONS

Our future payment obligations under operating leases declined to € 127.9 million as of the reporting date (December 31, 2008: € 147.7 million). This was due to the sale of the former headquarters building in Stuttgart and the completion of the new Campus building in Bietigheim-Bissingen. A list can be found in ITEM 38 in the notes to the consolidated financial statements.

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We make selective use of accounts receivable financing (forfaiting, factoring) to reduce capital employed. At the end of 2009, our factoring volume amounted to € 11.9 million (December 31, 2008: € 15.0 million). Our forfaiting volume was reduced to zero. It had risen to € 67.6 million as of the end of 2008 owing to a sale of receivables worth € 65 million; this transaction was in connection with a large order from the BMW Group in the USA and had been agreed with the customer. Our aggregate forfaiting and factoring volume (December 31, 2009: € 11.9 million) was € 70.7 million lower than at the end of 2008 (€ 82.6 million).

Some off-balance sheet financing instruments reduce total assets and improve the capital ratios. The aggregate volume is in reasonable relation to our business volume. Operating leases are by far the largest off-balance sheet financing position. If we had purchased the leased assets, total assets would have been about 13 % higher and the equity ratio would have been about 3.5 percentage points lower as of December 31, 2009. The off-balance sheet obligations also include liabilities of € 16.4 million arising from other continuing obligations (December 31, 2008: € 18.7 million). The guarantees under the syndicated loan reported in the amount of € 112.0 million as of December 31, 2009, mainly consist of credit guarantees.

Research and development

Our R&D activities are highly instrumental in identifying new technology trends and applying them in the development of product innovations. On this basis, the R&D management pursues two central goals: to enhance our earnings potential and to create unique selling points. In order to achieve this, our innovations must offer our customers a maximum reduction in unit cost in their production, whether through lower investment, operating, material or personnel costs.

Despite the difficult market environment, we systematically pursued our innovation strategy in 2009, so that we can continue to differentiate ourselves from the competition by offering products of the highest quality. In 2009, the R&D ratio increased from 1.6 % to 2.4 %, whilst sales decreased. However, the item “Research and development costs“ contains the smaller part of the actual expenses incurred. A substantially larger proportion was recorded in cost of sales, as it related to specific R&D services performed as part of individual customer orders. Another € 2.5 million (previous year: € 3.1 million) was capitalized in accordance with IAS 38 and therefore likewise not shown in R&D costs. Additional information can be found in ITEM 7 in the notes to the consolidated financial statements.

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Despite the reduction in the total workforce, the number of R&D employees increased slightly to 157 (December 31, 2008: 152), making up 2.7 % of the total workforce (December 31, 2008: 2.5 %). Numerous other employees are working on new development projects within the framework of customer orders. With an R&D ratio of 6.0 %, Dürr’s most development-intensive business unit is Application Technology. In 2009, we completed 23 new developments and presented them at more than 50 trade fairs and specialist conferences. We applied for 48 new patent families (previous year: 44), which brings the total number of patent families for the Group to 539. Every year, the Heinz Dürr Innovation Award is presented to employee teams for the development of special innovations.

We cooperate with about 50 scientific institutions in order to ensure access to the latest research findings. For reasons of competition, we prefer not to disclose any specific project information. We maintain particularly close relations with the Universities of Darmstadt, Dortmund and Stuttgart as well as various Fraunhofer Institutes. In 2009, we spent € 1.5 million on the purchase of research services (including material) and received government grants of € 0.2 million for R&D purposes.

TRENDS

The most important pacesetters of our R&D activities are new developments, strategies and requirements of the automobile industry, especially with regard to the penetration of emerging markets such as China and India. There, the industry places a strong focus on economical cars in order to reach a broad range of customers. With this in mind, we are systematically developing concepts for outfitting low-cost-car factories. One example is our LeanLine concept offering functional standardized products and simple processes. These solutions meet the requirements of the emerging markets in terms of budget and quality.

R&D COSTS 2.39

	2009		2008		2007	
	Expense	**Ratio**	Expense	Ratio	Expense	Ratio
Paint and Assembly Systems	20.2	2.7 %	19.9	1.7 %	15.5	1.4 %
Measuring and Process Systems	5.4	1.6 %	5.6	1.3 %	5.0	1.3 %
Total	**25.6**	**2.4 %**	**25.5**	**1.6 %**	**20.5**	**1.4 %**

Another significant trend that offers great business opportunities for us is the reduction of energy consumption and CO_2 emissions in automobile production. For this purpose, we are integrating combined heat and power as well as energy recycling concepts into our systems.

In order to meet the demands of a growing product variety in the automobile industry, we are increasingly developing highly flexible production systems. Faced with high costs for raw and other materials, customers are also requesting more economical manufacturing processes. The use of modern technologies in the car also poses new challenges. Driver assistance systems, smaller combustion engines and, soon, electric drives require innovative solutions in terms of testing, cleaning and assembly technology.

PAINT AND FINAL ASSEMBLY SYSTEMS: DRIVE FOR FLEXIBILITY

We are developing new concepts under the keyword of "Flexplant", which allow us not only to move individual plant sections more easily, but also to relocate entire paint shops. This gives our customers more flexibility when it comes to location and production planning. As part of the "Flexplant" model, we have also made the capacity dimensioning of our paint shops more flexible, thereby enabling us to adjust production volumes up or down in line with demand. The "Flexplant" model also provides process flexibility, i.e. the option to integrate new painting processes into existing plants at a later date.

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At the plant of a Japanese car manufacturer, we were able to equip a CATHODIC DIP-COATING system with several modular rectifiers for the first time. These create the electrical voltage required to draw the paint particles in the dip-coating bath onto the vehicle body to which they adhere. Compared to the traditional solution, whereby a single central rectifier is used, the distribution over several smaller modules offers great benefits: enhanced system reliability, more cost-efficient stocking of spare parts and flexible voltage generation for different types of vehicle bodies.

APPLICATION TECHNOLOGY: INTRODUCING THE NEW GENERATION OF ATOMIZERS

In November 2009, we presented a global innovation in the field of paint atomizers. Our ***Eco*****Bell3** is the first atomizer that can be used for exterior as well as interior painting using water-based paint without the need for ELECTRICAL ISOLATION. As the electrical charging of the paint only occurs once it has left the atomizer, the complicated process of electrical isolation is not necessary. For this purpose, the atomizer is equipped with a space-saving system for external charging. Thanks to the ***Eco*****Bell3**, interior and exterior paint can easily be applied in the same booth, particularly in the case of low production volumes. When it comes to interior painting, the ***Eco*****Bell3**'s compact design permits optimal coating of all areas, including those that are not easily accessible. During color changes, the new atomizer ensures minimum color loss (<10 milliliters) and short changeover times (<10 seconds).

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In the area of SEALING, our main focus was on the further development of our applications for the sealing of hem flanges and the use of liquid insulating materials. The prime R&D objective of the new business area of GLUEING TECHNOLOGY was to develop automated solutions for windscreen bonding, cockpit assembly and bonding of roof modules.

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ENVIRONMENTAL AND ENERGY SYSTEMS: REDUCING ENERGY CONSUMPTION

Lower operating costs through lower energy consumption – this is the goal of our R&D work in the area of exhaust-air purification technology. An exemplary innovation is the new heat exchanger honeycomb ***Ecopure®*** **ARC Block**, which is used for heat storage in regenerative thermal exhaust-air purification. It achieves energy savings of up to 10 % compared to its predecessor model, as it allows the vertical as well as horizontal flow of hot air through the ceramic block. Another R&D focus was on technologies for generating energy from waste heat.

The compact system ***Ecopure®*** **CTO** was launched specifically for industrial plants with low exhaust-air volumes. Depending on purification requirements, it is available with two or three combustion chambers. Thanks to the pre-assembly of all components at the factory, ***Ecopure®*** **CTO** can be up and running within a short space of time. The smallest model even comes completely pre-assembled and shipped in a standard container.

AIRCRAFT AND TECHNOLOGY SYSTEMS: CONTINUING THE DEVELOPMENT OF DIGITAL FACTORY TOOLS

Aircraft and Technology Systems continued to push ahead with product standardization and expanded its product catalog for aircraft painting booths. One central focus was on the further development of our process simulation tools, which enable us to speed up project execution and reduce costs. For example, we were able to reduce the energy consumption of painting in aircraft hangers by up to 30 % by optimizing parameters such as supply air volumes and drying temperature via simulation prior to the work. We also presented the simulation system ***Eco*****Sim** designed for aircraft assembly. Thanks to this system, it is possible to generate a true-to-life representation of the positioning of large components as early as the sales phase. ***Eco*****Sim** is a prime example of the efficient transfer of know-how throughout the Group. The system was developed together with the experts for robot simulation from the Application Technology business unit.

BALANCING AND ASSEMBLY PRODUCTS: DEVELOPING PRODUCTS FOR THE EMERGING MARKETS

One of the most important innovations in balancing technology is the compact machine CENO. This automated solution for balancing small crankshafts for new, compact engines reduces energy costs for each balancing procedure by up to 50 % – for example by means of economic drives and an energy-efficient drilling unit. In response to the increasing significance of the emerging markets, we placed particular emphasis on local product development. One example of this is our new assembly, filling and BALANCING SYSTEM for car wheels, which was realized under the auspices of Schenck RoTec India. Schenck Shanghai Machinery brought to market a balancing machine for electrical armatures, which was specifically designed for the requirements of the emerging markets. In the area of final assembly testing technology, we also presented a number of products for the emerging markets, including the brake test stand x-brake, which was developed entirely in China, and the roll test stand x-cruise. In the field of filling technology, Schenck Shanghai Machinery and Dürr Somac jointly developed the CompStart system used for filling vehicles with oil, brake fluid, refrigerant and windscreen water.

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CLEANING AND FILTRATION SYSTEMS: NEW COMPACT SYSTEM FOR A BROAD RANGE OF APPLICATIONS

In the area of INDUSTRIAL CLEANING SYSTEMS, we presented the cost-efficient entry-level model ***EcoC*Base**. This compact cleaning system uses halogen-free hydrocarbon, which degreases the workpieces with particular efficiency, thus offering excellent cleaning results. It can be used for intermediate and final cleaning and is suitable for small businesses with low manufacturing capacities as well as large businesses with decentralized cleaning stations. The energy check service ***EcoC*Energy** is an innovative service, which was further developed in 2009 to become part of the standard portfolio. The service includes an analysis of the energy consumption of cleaning systems and the identification of the potential for savings, which can be in excess of 20 %. In the area of ULTRAFINE CLEANING technology, we intensified the joint product development with UCM AG.

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Purchasing

In 2009, we reduced our purchasing volume more than proportionally to 58 % of Group sales (2008: 65 %). The prices of the raw materials we use – mainly steel, stainless steel and copper – sank due to the global falloff in demand. This was the case especially in the first half of 2009. Commodity prices picked up again in the second half of the year but remained below the 2007 and 2008 levels. Energy prices were also much lower than in 2008.

We were able to achieve, in part substantial, price reductions in outsourced fabrication services and bought-in components. The renegotiation of numerous framework agreements also helped to alleviate the pressure on earnings.

Local sourcing plays a particularly important role in the strategically important markets of China and India. This is supported by the International Purchasing Coordination team in Bietigheim-Bissingen. In China, we are able to source up to 70 % of our purchasing requirements for large projects locally; in products business we achieve 100 % in some cases. This makes us more competitive, firstly, because we can price in lower costs and, secondly, because many customers want a high local content. Within the framework of our global sourcing approach, we are exporting more and more components from China, Mexico, and other low-cost source markets.

The Global Sourcing Board, consisting of the purchasing managers of the business units, is responsible for coordinating our worldwide purchasing activities. Paint and Assembly Systems has additionally set up an international Global Sourcing Committee, which reviews possibilities for pooling, and coordinates and approves the award of major orders and framework agreements at an international level. The purchasing operations of the three mechanical engineering business units (Application Technology, Balancing and Assembly Products, Cleaning and Filtration Systems) also collaborate closely.

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We have intensified our supplier monitoring in view of the economic crisis in order to be able to detect potential business failures early on. Further information can be found in the OPPORTUNITIES AND RISKS chapter.

Employees

We began adjusting the Group's workforce to the declining market volume already in the fourth quarter of 2008. On a comparable basis, taking into account the two companies that were consolidated for the first time – Verind S.p.A. (as from December 1, 2008) and Datatechnic S.A. (as from April 2, 2009), the total workforce (regular employees plus external labor[4]) declined by 745, or 10.4 %, to 6,450 between September 30, 2008, and the end of 2009. The number of regular employees was reduced by 496, or 8.0 %, on a comparable basis to 5,712.

The downsizing of the regular workforce was mainly in the mature markets of France and the USA. The workforce in the emerging markets, on the other hand, was left virtually unchanged to avoid bottlenecks when demand picks up. The emerging markets accounted for 24.2 % of our regular workforce at the end of 2009. For comparison: at the end of 2005 the figure was 14.3 %.

We also took various temporary measures in the past fiscal year to relieve the pressure from capacity underutilization. On average, 14 % of the employees in Germany worked short time; in most cases, the regular working hours were reduced by 20 %. In addition, we ran down work time accounts and transferred employees temporarily from one business unit to another according to the respective levels of capacity utilization.

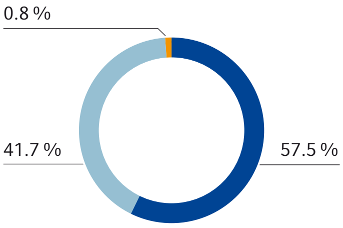
CHANGE IN THE NUMBER OF REGULAR EMPLOYEES IN SELECTED COUNTRIES **2.40**

	Dec 31, 2009	Dec 31, 2008	Sep 30, 2008	%-change[1]
Germany	2,969	3,059	3,059	−2.9
France	402	448	480	−16.3
USA	465	679	687	−32.3
Emerging Markets	1,384	1,416	1,404	−1.4
of which China	543	521	518	+4.8
of which India	316	310	316	0.0
Dürr, total	**5,712**[2]	**6,143**[3]	**6,107**	**−6.5**

1 Dec 31, 2009 vs. Sep 30, 2008
2 Datatechnic S.A. was consolidated for the first time as of April 2, 2009, with 33 employees.
3 Verind S.p.A. was consolidated for the first time as of Dec 1, 2008, with 68 employees.

4 The cost of external labor is not included in the reported personnel expenses (€ 336.4 million).

EMPLOYEES BY DIVISION (DECEMBER 31) 2.41



	2009	2008	2007
Paint and Assembly Systems	3,283	3,595	3,551
Measuring and Process Systems	2,381	2,499	2,338
Corporate Center	48	49	47
Total	**5,712**	**6,143**	**5,936**

TRAINING: COACHING BY EMPLOYEES FOR EMPLOYEES

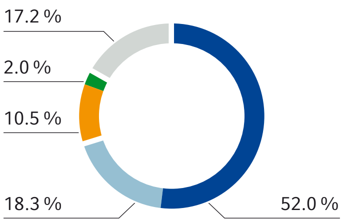
The number of training measures doubled in 2009 to 632 (2008: 312). This strong rise was mainly due to considerably more one-off training events. The number of participants also increased strongly: from 2,444 in 2008 to 3,487. We made greater use of training by employees for employees than in previous years. This guarantees a strong practical orientation and reduces the costs for external trainers. Experienced employees who wish to pass on their know-how to colleagues can take a course in basic teaching skills ending with the award of a certificate as a qualified "Dürr Special Trainer". 17 employees with special know-how took advantage of this opportunity in 2009. In all, there are a total of 73 Dürr Special Trainers. Most of the training measures in 2009 were in the areas of leadership skills, intercultural skills, and language courses; other focuses were project management and occupational safety.

We made active use of the short-time working for employee training. 157 employees working short time took part at 33 specially designed training courses. Other employees used flexitime hours to attend the courses.

PERSONNEL DEVELOPMENT: NEW DATABASE FOR SKILLS MANAGEMENT

Skills management is a key issue in personnel development. We are creating a database that will enable us to tap the individual skills of our employees more effectively. After a pilot phase it will be rolled out Group-wide. Dürr won the "Training Innovation Award 2009" from Wirtschaftsförderung Region Stuttgart e.V., a society for the promotion of business and industry in the Stuttgart region, for another software solution. The online rating program Maxment, which we developed together with an external partner, measures the quality and effectiveness of training events. All senior management personnel were evaluated using the Dürr management skills model. This served as the basis for the development of 140 individual skill enhancement measures.

EMPLOYEES BY REGION (DECEMBER 31) 2.42



	2009	2008	2007
Germany	2,969	3,059	3,040
Rest of Europe	1,051	1,177	1,125
North and Central America	598	826	886
South America	112	121	97
Asia / Africa / Australia	982	960	788
Total	**5,712**	**6,143**	**5,936**

Dürr provided professional training for a total of 117 young people in 2009 (2008: 122). That included 55 students from vocational training academies who spend their periods of practical training with us. This invariably includes assignments abroad. We provided opportunities for 70 students, ten of whom were from foreign universities, to work on projects for their final theses or do internships at Dürr. We attended 14 careers fairs and gave presentations at a number of university events to attract suitably qualified graduates despite the shortage of engineers in Germany.

We modernized the company pension scheme for the majority of our employees in Germany and introduced a modern defined-contribution plan. The advantages include greater transparency and the option of a monthly pension or a lump-sum payment. A new insurance service program also offers employees in Germany access to special terms granted by an external partner firm.

Sustainability

Sustainable operations form the foundation for the long-term success of the company. We are committed to treating our employees and suppliers respectfully, protecting the environment and its resources as well as delivering on our social responsibility. Our actions are consistent with prevailing laws as well as the Global Compact, in which the United Nations has formulated the principles for fair labor relations and responsible corporate activities.

EMPLOYEES: DÜRR RECOGNIZED AS A TOP EMPLOYER

In the face of global competition, experience, know-how and employees' ideas are more decisive than ever before. That's why we aim to offer our workforce targeted support in their personal and professional development. Our efforts in this area focus on training, transferring knowledge and providing a pleasant working environment, which is a major factor in helping employees make the most of their individual abilities. This was also at the forefront of our minds when designing the Dürr Campus in Bietigheim-Bissingen. The most important part of the design brief for the new Group headquarters was that it should promote cooperation and discussion between the roughly 1,500 employees due to occupy the facility. As a result, individual offices, separating walls and doors were kept to a minimum. Instead, open plan offices were preferred, with departments sharing large spaces, encouraging informal communications. The work stations were equipped with the latest office fittings like height-adjustable tables, sound-absorbing elements, localized media support islands, individual lighting and views of the building's green courtyards. We also involved the employees themselves in the planning for this modern work environment with a view to best delivering on their needs.

The Dürr Campus is just one example of how Dürr is positioning itself as an attractive employer. We also benefit from our profile as a globally operating, innovation-driven technology company in our efforts to recruit well-qualified graduates and established professionals. That is underscored by the title "Top Employer for Engineers", which Dürr received from the well-known research company Corporate Research Foundation CRF in 2009. In its assessment, CRF looked into criteria like promotion and development opportunities, entry-level salaries, training and support programs, benefits, innovation, work-life balance and foreign assignments. We received top marks in innovation management and ranked in the upper third in all other categories.

PERSONNEL KEY FIGURES (GROUP) 2.43

	2009	2008
Number of employees (as of December 31)	5,712	6,143
of which apprentices and students from vocational colleges (as of December 31)	117	122
Female employees (as of December 31) in %	17	16
Number of part-time employees (as of December 31)	165	156
Average length of service in years	12	12
Absenteeism rate in %	2.5	2.6
Employee turnover in %	7.7	10.1
Number of accidents per thousand employees (Germany)	8.8	6.5

Our employees' opinions are also very important to us. That's why we are again planning to conduct a satisfaction survey among our workforce in 2010. The results of the last survey in 2008 were extremely positive in comparison with other companies in the metalworking and electrical engineering industries.

Conventional human resources statistics also underline the outstanding levels of satisfaction and loyalty among Dürr employees. The average length of service within the Group is very high at around 12 years (previous year: 12 years), while the absenteeism rate was 3.1 % in Germany (previous year: 3.3 %) and 2.5 % for the Group as a whole (previous year: 2.6 %). Employee turnover in 2009 came in at 4.2 % in Germany and 7.7 % for the Group as a whole (previous year: 6.0 % and 10.1 %).

ENERGY CONSUMPTION CUT AND CO_2 EMISSIONS REDUCED

In the same way that we support our customers in optimizing the energy consumption of their production plants, we are constantly working to reduce the amount of energy and materials we consume at our own sites. As our average MANUFACTURING DEPTH is only around 25 %, we produce fewer emissions than other industrial companies. Our more production-intensive mechanical engineering activities also rely on assembly processes with low energy, waste and emission levels. 19 Dürr locations are certified according to the internationally recognized ISO 14001 environmental management standard. The other sites are not certified as they are mainly sales and service locations with low consumption and emission levels.

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Dürr participates in the so-called Carbon Disclosure Project. This online database for investors (WWW.CDPROJECT.NET) publishes information on the carbon footprint of listed companies as well as business opportunities involving sustainable products.

WWW

ENVIRONMENTAL KEY FIGURES 2.44

	2009	2008
Number of sites	46	44
of which holding quality management certificate ISO 9001	39	32
of which holding environmental management certificate ISO 14001	19	20
Consumption		
Electricity in MWh	34,772	41,383
Gas/oil/district heating in MWh	47,606	48,019
Consumption		
Water in m^3	84,618	77,107
Waste water in m^3	84,556	77,106
Waste in t	2,998	3,715
of which recycled in t	1,871	2,660
Emissions		
CO_2 in t	31,061	35,806
SO_2 in t	21	24
NO_x in t	28	32

At the Dürr Campus in Bietigheim-Bissingen we rolled out the "Campus Energy 21" energy concept – a groundbreaking approach to combining sustainable elements like deep geothermal, geothermal heat pumps and photovoltaic technology. "Campus Energy 21" also focuses on energy-saving design with effective insulation, daylight-controlled lighting and concrete core activation for temperature regulation. Compared to conventional energy supply systems, the concept will mean using around 50 % less energy from 2010 and emitting 60 % less CO_2.

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The reduction in consumption figures (gas, oil, district heating) and emissions illustrated in TABLE 2.44 was largely attributable to the lower levels of capacity utilization at individual plants in 2009. We calculated the emissions figures from consumption statistics using widely recognized conversion tables. In contrast to companies in the automobile industry, it is not possible to calculate emissions per unit produced at engineering companies like Dürr. In our case, figures like consumption per employee or per square meter are also largely irrelevant, as energy consumption is mostly unconnected to employee numbers. Consumption figures only change if there are alterations to the amount of office and production space or modifications to the company's buildings portfolio, with changes occurring in fixed steps.

REDUCING ENERGY CONSUMPTION WITH INNOVATIVE PRODUCTION TECHNOLOGY

Our customers are increasingly concerned with the energy consumption and carbon footprint of their production plants, in addition to their investment costs. According to figures cited by leading automobile manufacturers, energy consumption per automobile produced has been reduced by around a quarter over the last twelve years, with our technologies making an important contribution to this. One prime example recently was the painting technology energy optimization package we developed, which reduces energy consumption and CO_2 emissions by up to 47 %.

In the fiscal years 2008 and 2009, we introduced several products that cut energy consumption by at least 10 % in comparison to conventional solutions. Our new ***Eco*DryScrubber** paint booth concept for instance requires 60 % less energy than conventional paint booths, resulting in total energy savings of up to 30 % for the painting process as a whole. It also reduces CO_2 emissions and avoids the expensive disposal of paint sludge. At the heart of the new system is the dry separation of excess paint particles by means of special filter modules. It replaces the previous method of wet separation, which relied on binding excess paint particles to water and chemicals. Other energy-efficient innovations are described in the RESEARCH AND DEVELOPMENT chapter, while the STRATEGY chapter outlines our energy recovery efforts.

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FOCUS ON PROMOTING SCIENCE AND EDUCATION

One particular focus of our social commitment work is supporting schools, research institutes and universities. Among other things, we are a member of the Stifterverband für die Deutsche Wissenschaft (Endowment Association for Germany's Sciences and Humanities) and a sponsor of various universities. Our teaching activities at higher education institutions allow employees to pass their specialist knowledge on to pre-graduate academics. On top of that, we also support institutions that serve as interfaces for international discussion on business and education. These include the American Academy in Berlin, the American Chamber of Commerce in Frankfurt/Main and the German-French Chamber of Commerce in Paris.

Opportunities and risks

We carefully weigh up the opportunities and risks in every corporate decision we make. This is done according to three overriding principles: The opportunities have to clearly outweigh the risks in every business activity we enter into. Speculative transactions are strictly prohibited in the Group. All transactions must comply with prevailing laws as well as with ethical and moral standards.

RISKS

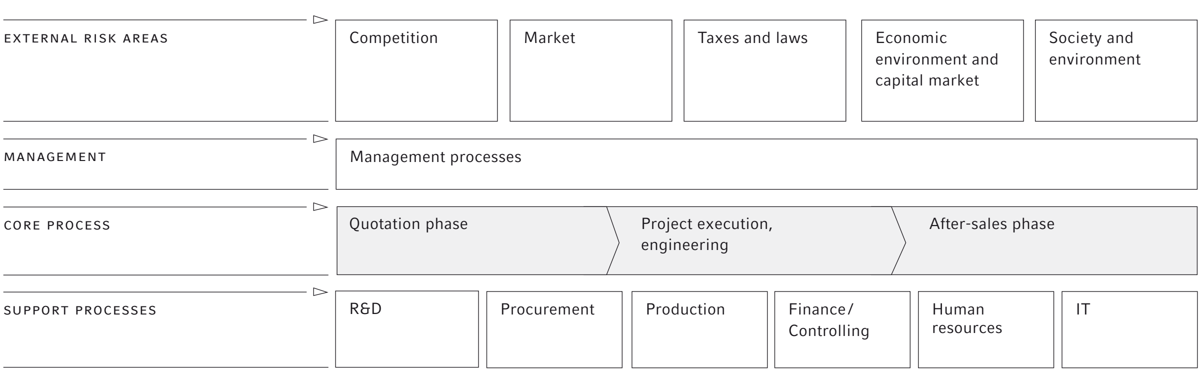
Our risk management system allows us to produce an individual opportunity/risk profile for every project we undertake. This assesses and evaluates risks systematically, consistently and Group-wide. In addition, the system supports us in making suitable management decisions and selecting appropriate countermeasures.

Standard risk management process

Every six months, a nine-step risk management cycle begins at Dürr. The most important step is the so-called risk inventory, which involves the management of the respective operating units identifying specific risks and categorizing them in 15 predefined risk fields (chart 2.45). These risks are then evaluated with the aid of risk structure spreadsheets. This is done in three steps: Firstly, the maximum possible loss of a specific risk is calculated – the so-called gross exposure. Then the probability of occurrence and effectiveness of possible countermeasures are looked into. A risk is reduced the less likely it is to occur and the more effective the countermeasure. This then produces a net risk figure, which is also known as actual risk potential. By aggregating all the individual risk potentials, we ascertain the overall risk situation for the Group. This can then be segmented according to specific risks in the business units and aggregate risks at Group level.

Every six months we put together a risk report, which presents the results of the individual risk inventories and overall risk situation in the Group. After being discussed with the Board of Management, the report is then submitted to the Supervisory Board Audit Committee. The committee checks the report and communicates its findings in the follow-up Supervisory Board plenary discussion.

RISK FIELDS AT DÜRR 2.45



The Board of Management and heads of business units are immediately informed about any acute risks. The risk managers at Group and business unit level (heads of Controlling departments) are responsible for carrying out the standard risk process. Internal Auditing also has an important role to play, as do the risk managers at each national company.

Risk management in order execution

Order execution is the most important process at Dürr. That's why we have developed specialist tools and functions aimed at minimizing risks in this area:

- **Project controlling** continually compares project progress with the original planning. Countermeasures for deviations from timescale, supply and performance targets, as well as costs and revenues estimates have to be introduced without delay.
- **Project managers** are responsible for order execution, particularly in terms of deadlines and budgets, and remain in close communication with Project Controlling.
- All projects are executed in line with the standards outlined in the **Dürr project management manual.** Opportunity/risk check lists, the project management software "Dürr Projects" and our new Group-wide ERP SYSTEM are three other important tools dedicated to making the status and risks of projects more transparent. P. 188
- The **Center of Excellence Project Management** (Bietigheim-Bissingen) serves as an internal service provider for project management. It produces Group-wide best practice standards and communicates them to project managers at the individual units through training sessions.
- P. 188 CLAIM MANAGEMENT oversees customer modifications in ongoing projects together with project controlling and project management, and claims the resulting additional costs.

Guideline for financial risk management

Dürr has a special guideline for managing currency, interest rate and liquidity risks. The top corporate body in this area is the Financial Risk Committee, which consists of the Chief Financial Officer, the heads of Group Controlling and Group Treasury, and the financial officers of the business units. The Financial Risk Committee discusses strategic financial policy matters and is responsible for preparing the corresponding resolutions for the Board of Management.

Currency risks

In the case of projects exposed to currency risks, we hedge their portion of the sales revenues over and above the costs incurred in local currency as soon as the order is received. Microhedges are generally concluded for every individual project. In the standard machinery and replacement parts business, where order volumes are smaller, we occasionally make use of macro-hedges for several projects in an effort to keep transaction costs down. However, these have to be sanctioned by the Financial Risk Committee. Currency risks are tackled centrally, with hedging transactions usually agreed with the Dürr AG Group Treasury.

Interest rate risks

Our interest rate risk management work relates to interest-bearing and interest-sensitive balance sheet items. Interest rate analyses are performed regularly in an effort to identify risks ahead of time. The Group Treasury is responsible for external funding, investing free cash and hedging interest rate risks, while exceptions have to be authorized by the Chief Financial Officer.

Liquidity risks

Generating cash from operating business is among the most important goals pursued by Dürr's management. Our external funding ensures that we always have sufficient funds available, even in the face of negative cash flows. For more information on Group financing, please turn to the FINANCIAL DEVELOPMENT chapter. As part of our cash pooling system, we cover the liquidity needs of individual companies with excess liquidity from other Group subsidiaries and in doing so reduce the interest paid. The Group Treasury is responsible for managing both cash pooling and external sources of liquidity.

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Key features of the internal control system/risk management system for the accounting process

The internal control system or risk management system (ICS/RMS) for the accounting process encompasses all regulations, measures and processes which ensure the reliability of financial reporting to a sufficient extent as part of the risk management system and which check that the financial statements of the Group and Group companies are produced in line with International Financial Reporting Standards (IFRS). The Board of Management has overall responsibility for the ICS/RMS and has set up a fixed management and reporting organization which covers all of the Group's organizational and legal units. The ICS/RMS is monitored by the Internal Auditing department of Dürr AG.

The following control and hedging methods are core elements of the ICS/RMS for the accounting process:

1. The Dürr AG accounting guideline governs both the accounting process of individual companies as well as consolidation at Group level. It is produced by the Group Accounting department and covers all the IFRS regulations that are relevant for the Group.

2. Our ERP system and Management Reporting Tool automatically check accounting processes and assess whether individual items are recorded in the correct positions on the balance sheet.

3. We carry out a hedging process involving several steps in which we take samples, carry out plausibility checks and other assessments. This involves a total of five bodies: operating companies, business units, divisions, Group Controlling and Group Accounting.

We carry out regular training in the individual companies and at international Group training events in an effort to keep employees in the financial departments up to date with the latest requirements. Our training measures cover both the enforceable accounting standards and rules as well as software tools that employees use in their work.

In an effort to prevent risks, we identify specific topics that are key to the quality of our accounting work. A particularly important topic is the recording of production contracts according to the percentage-of-completion method (PoC). This encompasses estimating the expected total costs and sales revenues of a contract. Other important topics include the impairment test for goodwill and the correctness of qualitative statements in the management report and corporate governance report.

Individual risks

Risks resulting from the financial crisis

The Group's risk profile was strongly impacted by the worldwide financial crisis last year. However, the situation gradually improved throughout 2009.

On the back of the dramatic slump in orders, we were exposed to an increased capacity utilization risk in the first half of the year. However, orders recovered slightly in the middle of the year, with this trend gaining momentum in the third and fourth quarters. In addition, the pressure on capacity utilization was eased by the reduction in capacity initiated at the end of 2008. On top of that, we also introduced temporary measures like short-time working and the rundown of working time accounts.

The potential damage of credit risks also fell considerably during 2009. In the first six months of the year, we were exposed to an increased risk of non-payment from business with General Motors and Chrysler. However, our successful receivables management efforts meant that we only had to write off € 0.8 million following the insolvency of both companies in Q3 2009. At the end of 2009, after the insolvency cases were completed, our accounts receivable from GM and Chrysler totaled € 5.2 million (December 31, 2008: € 23.5 million).

The liquidity position of several Russian customers also deteriorated during the crisis. However, the risk of loss of receivables remains low as we pursue a consistent cash-positive strategy when it comes to projects exposed to risk. In other words, we only deliver after receiving sufficient prepayments. Default risks are generally counteracted by closely monitoring payments from customers who do not have an investment grade rating. However, the majority of internationally operating automobile groups hold an investment grade rating. In addition, the cash flows of many manufacturers have improved again since mid 2009.

Due to the tight competition, incoming orders in the year under review recorded lower margins overall than at the start of the slump. That increases the risk of losses for individual orders. We are countering this with strict transaction management from the Bietigheim-Bissingen system center as well as cost optimization in project execution. When it comes to Balancing and Assembly Products, the weaker demand in 2009 will be more strongly reflected in our results for 2010. In the year under review, the business unit was still able to benefit from high orders on hand with good margins.

Investment volumes in the automobile industry are also likely to be significantly below 2007 levels in 2010. In addition, less complex paint shops are currently being planned for the emerging markets. We have prepared for both of these developments – by reducing capacity and realigning Paint and Final Assembly Systems as described in the chapter ORGANIZATION AND ACTIVITIES. In addition, we develop low-cost product standards with straightforward technology in an effort to remain competitive in the field of production technology for low-cost cars.

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General economic risks and the capital market

In times of normal economic development, Dürr is a “late cyclical” company, as the plant engineering business is primarily influenced by customers’ long-term strategic investment plans. As a result, we generally feel the impacts of an economic slowdown relatively late, giving us sufficient time to react. Our well-balanced international alignment also allows us to better compensate for regional cyclical fluctuations.

The risk of a hostile takeover is also low as the Dürr family and ATON GmbH are two stable anchor shareholders with a combined 57.9 % stake. Information pursuant to Secs. 289 (4) and 315 (4) of the German Commercial Code (HGB) on change of control clauses in connection with our corporate bond can be found in the ORGANIZATION AND ACTIVITIES chapter.

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Taxes and laws

Changes to the legal operating environment could increase our costs and reduce our sales opportunities. However, there are currently no new tax and legislatorial plans on the horizon that would have a material impact on our business. The interest barrier, which was introduced in Germany in 2008, represents a disadvantage for the Group, although this regulation has been relaxed slightly. It prevents all expenses being deducted from the tax result in years with weaker domestic income.

Market/industry

Each individual automobile manufacturer has different investment cycles. We remain in close contact with all major producers in an attempt to compensate for the resultant fluctuations in demand, even in phases of lower investment. On top of that, our broad international alignment helps us balance out declines in demand in individual regions.

The risk of relying on individual customers has fallen in the past few years. While 55 % of our sales revenues were generated via our five largest customers in 2004, this figure was only 43.6 % in 2009 (previous year: 44 %). We are benefiting from the increasing business volumes with automobile manufacturers from growth markets, which in turn broadens our customer base. On top of that, the top five group is made up of different customers each year.

We have a multifaceted strategy to tackle price pressure in our markets.

- Cutting costs per unit: We are committed to developing targeted products that allow our customers to reduce their costs per unit. This enables us to focus more strongly on the long-term total cost advantages of our systems instead of investment costs.
- Design to budget: Given a rough set of specifications and a target budget, we conceive plants that deliver on our customer’s targets and meet our margin requirements.
- LeanLine and Low-Cost Line: We develop good value basic products under these banners, making us competitive among companies with lower investment budgets.
- Cost optimization: We are permanently adjusting our cost of sales to realizable prices and sales revenue volumes. The focus is on material and personnel costs as the major cost items, with overhead costs also being considered.

Strategic risks

It goes without saying that there are also risks connected to our expansion in the emerging markets. Although we have been represented in most of these markets for a long time, problems can still occur as a result of cultural and language barriers, insufficient knowledge of suppliers, customers and market mechanisms as well as specific legal and political parameters. As staff turnover is relatively high in countries like China or India, there is a risk that know-how can be lost from the company. We are combating this effect with targeted human resources development measures, providing attractive career opportunities for our staff. We believe there is a relatively low risk of product and brand piracy in the emerging markets. So much process know-how, experience and specialist knowledge go into making our core products that it is not possible to copy them at a comparable quality. We also protect ourselves against piracy by designing and assembling all core products in Germany. Another risk in the emerging markets is the increasing competition from local low-cost providers. To ensure we remain competitive, we cover a large part of the value added chain locally and set ourselves apart from the competition with our cutting-edge technology.

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The global division of labor within the Group, such as in ENGINEERING and production, provides us with plenty of advantages in terms of cost and capacity utilization. There is also the potential risk of coordination and communications problems. That's why we are pushing to harmonize business processes and the IT infrastructure Group-wide, as well as promoting discussion among employees at international meetings and workshops.

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In new areas of business like energy recovery, GLUEING TECHNOLOGY and ULTRAFINE CLEANING technology, there is also a fundamental risk that we have made an incorrect assessment of the target markets when it comes to factors like customer needs or resources required. However, we believe this risk is manageable as we only enter into segments that border directly on our core business. On top of that, we always conduct thorough analyses of our target markets ahead of time. If we tap new areas of business through acquisitions, we carry out careful due diligence tests and develop integration plans to curb acquisition risks.

If the automobile industry phased out the combustion engine completely in the future, this would take away our current core market in cleaning technology. However, the signs are that the industry will focus on a mix of low-consumption combustion engines, hybrid solutions and electrical motors in the longer term.

R&D and product liability risks

Product innovations can lack the desired acceptance in the market. We prevent this from happening by tailoring newly developed solutions precisely to market demands, involving customers in pilot schemes and only pursuing innovation projects that ensure customers a quick return on investment. The careful analysis of market demand also reduces the risk of unscheduled impairment losses on capitalized development costs.

Experience has shown that product liability cases are a rarity in our business. To protect ourselves against any possible claims, we have concluded product liability insurance and orient our product development work around occupational safety regulations.

Competitive risks

There are no exceptional competitive risks at present. No mergers are likely between competitors and we know of no superior competing products that would threaten our market position. In addition, our above-average global alignment gives us a key competitive edge.

The exchange rate development between the euro and the yen did not put us at a disadvantage against Japanese competitors in 2009. Although the euro stabilized somewhat in the second half of the year, the current range of euro-yen exchange rates (1 euro = 120 to 140 yen) is still more favorable than it was before the crisis. There have not been any major changes in the average exchange rate between the US dollar and the euro since 2008. However, if the rise in the value of the euro established in March 2009 continues, this would put our US-based competitors at an advantage.

Operational risks

The most probable risk at the quotation stage is that procurement prices rise between the time we submit the quotation and the time the order is placed. This risk ceases to exist as soon as the order is received as we then agree on fixed prices with our suppliers for the entire duration of the project.

Long-term large projects offer a high degree of planning reliability. However, additional costs can occur if we do not meet our deadlines or other agreed parameters. The technical and logistical complexity of a project can also present risks. This is particularly the case in the emerging markets where there are more imponderables. That's why we have taken the special requirements in the growth markets into account in our execution strategy. This includes close supplier monitoring, contract and CLAIM MANAGEMENT, as well as regular project reviews.

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Procurement risks

We counter procurement risks by concluding framework agreements with first-line suppliers, pooling procurement volumes and operating a materials planning system. The risk of failures among suppliers has also increased as a result of the economic crisis. We have therefore further intensified our monitoring of suppliers, especially in terms of their financial stability. When it comes to plant engineering, we have a large pool of suppliers, which ensures that we do not become dependent on any single company. Framework agreements for larger volumes are only signed with first-line suppliers with a good credit rating.

Personnel risks

Losing individual employees can lead to a loss of know-how. In an effort to curb this effect, we promote an intensive knowledge transfer through internal training programs, mentor schemes and a number of other tools. Although the Dürr AG Board of Management is very streamlined, its two members work closely with the heads of business units and specialist departments that have major management responsibilities. There is a relatively low risk of losing knowledge through a loss of personnel in Germany, as the average length of service is extraordinarily high at more than 14 years. In contrast, employee turnover, and therefore the risk of lost knowledge, in the emerging markets is much higher.

The lower number of students graduating with scientific and technical degrees could lead to a lack of specialist personnel in Germany in the longer term. We are countering this effect through foresighted human resources marketing as well as sustainable development and career planning within the Group. In addition, we are always aiming to attract trainees, BA students and apprentices to join us full time. Judging by past experience, the risk of strikes is low at our company.

IT risks

We have equipped the Dürr Campus in Bietigheim-Bissingen, which came into service in July 2009, with the most state-of-the-art IT security technology. Back-up servers, redundant data lines and no-break power supplies also reduce the risk of a total breakdown of our IT systems at other sites. We protect ourselves against attacks from the outside with up-to-date firewall and anti-virus software. We believe the risk of hacker and data theft attacks is at a normal level for our market. Security is also boosted by the global rollout of a universal ERP SYSTEM, which will replace the wide range of old systems.

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Environmental and production risks

The environmental and occupational safety risks presented by our production and assembly processes are only minor due to our low MANUFACTURING DEPTH. Substances that are harmful to health and the environment are used to a limited extent in process testing and product development, primarily in cleaning and painting technology. The use of these materials is governed by both internal guidelines and the standards specified by the respective certification systems.

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Legal risks

The most important legal risk for our business is the assertion of warranty claims. We exclude claims that we cannot fulfill in contract negotiations with our customers. Patent disputes are also possible in our business. We are not currently involved in any extraordinary legal disputes. None of the pending cases exceed a claim value above the low single-digit million euros figure.

Currency, interest rate and liquidity risks

Currency, interest rate and liquidity risks are described in depth in the notes to the consolidated financial statements in ITEM 39. To avoid duplication, only a cursory description will be provided in the management report.

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When it comes to currency, we are primarily exposed to translation risks that can occur when we convert foreign currency items into euros. We view this as a normal risk in business and consider it as a low-level risk. Lower still is the transaction risk, which can occur when exporting products. Dürr only exports small amounts, as the majority of required goods are bought in the local currency or manufactured locally. The interest rate risk is also limited as the bulk of our gross financial debt is accounted for by the fixed-interest bond.

We cannot currently identify any exceptional liquidity and debt risks. At the end of 2009, our total credit line of € 180 million was completely undrawn, with another € 103.9 million in cash and cash equivalents also being available.

We are not exposed to any short-term refinancing pressure. The risk that existing credit agreements will be withdrawn is also low. Instead we have agreed adjustments to our syndicated credit agreements with the banks. These adjustments gave us more room to maneuver in terms of financial covenants, especially on the back of the business development in 2009, which was weaker than planned due to the crisis. The financial covenants are subject to a rolling twelve-month review. The syndicated loan can only be terminated prematurely if the covenants are not complied with and two-thirds of the lending banks agree. The issuing agreement of our corporate bond imposes the usual limitations and obligations on Dürr as an issuer. If we do not comply with these, it could result in the bond plus accrued interest being called due.

Overall assessment of the risk situation

Currently we have not identified any risks which could threaten the existence of the Group. In the second half of 2009, our overall risk profile was substantially reduced after it had risen considerably between Q4 2008 and mid-year 2009 on the back of the economic crisis. Despite the growing demand, our most important risks continue to stem from our economic environment and the market itself. This particularly relates to the strong competition due to the decline in market volume. However, the capacity adjustments undertaken by us and our competitors will reduce the pressure on capacity utilization and therefore the ferocity of the competition. Our results of operations in 2010 will be decisively affected by whether we are able to optimally execute the low-margin orders we received mid-2009.

RATINGS **2.46**

	February 2010		June 2004 (first rating)	
	Standard & Poor's	**Moody's**	Standard & Poor's	Moody's
Corporate credit rating	B+	B2	BB–	Ba3
Outlook	Negative	Negative	Stable	Stable
Bond rating	B–	Caa1	B	B2

OPPORTUNITIES

Opportunities management system

The business units monitor their markets closely and particularly focus on assessing how established technologies can be used to tap new areas of business. Our customers' product innovations also form an important starting point for us to push the development of our business. New products often require innovative production processes, which allow us to implement our wide-ranging know-how. The Group's R&D departments have a key role to play in our opportunities management efforts. Their trend scouts are particularly key, investigating future trends in production technology away from daily business. Dürr has a specialist eMobility Team dedicated to the topic of electro-mobility and the business opportunities that it offers our Group. We also work closely with universities and research institutions to investigate how to apply the latest scientific findings to new products. Finally, we also monitor how new legal regulations like emissions protection measures increase the demand for new production technologies.

As the holding company, Dürr AG supports the business units' opportunities management work in two ways: The company makes financing facilities and liquidity available for the realization of opportunities. It also regularly holds strategy analysis events, where opportunities are evaluated and integrated into Group strategy.

Group-wide opportunities

- **Growth in the emerging markets:** The demand for individual mobility is growing in the emerging markets. Take China for example – although there are currently less than 30 cars for every 1,000 citizens, this figure is set to grow around seven times over by 2050. The automobile industry will require substantial additional production capacity locally to meet the growing demand.

- **Recovery of the US market:** The US market seems to have overcome the worst of the crisis, with 10.4 million sold LIGHT VEHICLES in 2009. We believe sales of 17 million units is possible again in the medium term. We have identified two future trends in equipment investments in the automobile industry in North America: Firstly, European and Asian producers will expand their capacities in an effort to gain a greater market share. Secondly, following the most recent plant closures, US producers are likely to build new, more efficient plants in the future with a view to remaining competitive in their homeland.

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- **Expansion of the service business:** All major automobile producers use Dürr's systems and products, as do many suppliers. These numerous, and sometimes out-dated, systems offer a good launch pad for our service activities, be it modernization work, energy optimizations or our replacements business. After the dramatic decline in service business in 2009, we are anticipating a recovery in demand before long.

- **Environmental protection and energy efficiency:** Both energy prices and environmental standards are set to rise in the long-term. As a result, we are anticipating higher investments in sustainable and energy-saving production processes.
- **Growth in the small cars market:** The demand for good value small cars is growing worldwide. This provides us with plenty of opportunities, as we hold a strong position in the business for equipping specialist small car factories.
- **Development of power train technology:** The trend towards more economical combustion engines generates demand for cleaning and balancing technology. Electro-mobility also provides us with opportunities, e.g. as a supplier for automated battery assembly lines.
- **Shift in market shares in the automobile industry:** Various automobile producers made significant gains in market share in 2009. These producers require additional production capacities, irrespective of the volume development in the market as a whole.

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- **New areas of business:** In addition to battery assembly technology, BALANCING SYSTEMS for the turbocharger industry and ULTRAFINE CLEANING technology offer good opportunities for building on our current position. We have extended our technology portfolio in both cases through small company acquisitions.

Opportunities within the business units

- **Paint and Final Assembly Systems** has identified opportunities in the expansion of business in Asia, not least due to LeanLine and low-cost products specifically tailored for that market. In terms of costs, the business unit is benefiting from its high share of value-added in the emerging markets and the capacity adjustments made since Q4 2008.

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- **Application Technology** is planning to expand its business in Asia and North America. In addition, the expansion activities will continue in SEALING and GLUEING TECHNOLOGY.
- **Environmental and Energy Systems** will focus more on offering energy recovery solutions. In exhaust-air purification technology, the expansion in Brazil and Asia is on the agenda.
- **Aircraft and Technology Systems** is planning to broaden its customer base and gain a stronger footing in both North America and the emerging markets. Our expertise in the assembly and painting of CFRP airplane components also provides good opportunities.
- **Balancing and Assembly Products** is anticipating a push in demand for balancing technology from the power plant sector and turbocharger industry. Increased focus will be placed on non-European markets in assembly and filling technology, particularly China.

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- **Cleaning and Filtration Systems** is tapping opportunities through the DOWNSIZING in engine construction, as smaller drive assemblies require sophisticated cleaning technology. There is also potential in the expansion in Asia and growth in service business.

Events subsequent to the reporting date

We acquired the assets of the firm Klaus Kleinmichel GmbH, Bernried, Germany, through Dürr Systems GmbH, Stuttgart, with effect as of January 25, 2010. Kleinmichel specializes in glueing technology for automobile manufacture and general industry, and ideally complements our existing portfolio in this area. The clientele of this technology leader, which was founded in 1984, includes all the German automobile manufacturers. The acquisition enables us to offer solutions for all glueing processes in vehicle production and to become the top player in this field. There is also attractive potential for automated glueing outside the automobile industry, for instance in the solar industry and in the production of electrical and electronic components. Klaus Kleinmichel GmbH has approximately 30 employees and sales have averaged around € 7 million over the past years. The company had to file for bankruptcy shortly before its acquisition due to financing problems. The acquisition will have an only small effect on the Group's net assets, financial position and results of operations in 2010.

No other events that materially affected, or could materially affect the net assets, financial position and results of operations of the Group occurred between the beginning of the current fiscal year and March 3, 2010.

Outlook

EMERGING MARKETS AS LOCOMOTIVE FOR THE WORLD ECONOMY

The world economy is recovering on the back of massive central bank and government intervention. All the leading indicators have improved appreciably after the hefty upheavals in spring 2009. There is strong monetary expansion, and central bank rates were still at all-time lows at the beginning of 2010.

Economic growth is likely to be strongest in the emerging markets, especially China but also India and Brazil, in 2010. The USA should also see strong growth for basis reasons, although household debt remains high. In many western countries, high government debt and rising unemployment will probably dampen the pace of recovery. Economic experts estimate that the world economy will grow at a rate of about 4 % p.a. in 2010 and 2011. Relatively weak growth is forecast for Europe.

AUTOMOBILE INDUSTRY: GLOBAL PRODUCTION TO GROW BY 10 % P.A. IN 2010 AND 2011

Automobile sales in the emerging markets – with the exception of Russia – grew at double-digit rates in the fourth quarter of 2009. Demand also recovered strongly in Western Europe and North America thanks to government support schemes. The positive trend should continue in 2010, although some markets, such as Germany, will suffer setbacks due to the expiry of incentive schemes. After a sharp reduction in 2009, stockpiles are currently being run up to average levels again. Production will therefore exceed sales in 2010.

We expect growth of about 10 % in global automobile production in 2010. The growth drivers are likely to be the USA, China, Brazil, India, and Eastern Europe, while Western Europe will probably see only marginal increases. Experts expect the growth in China to be just in the double digits after the exceptional boom in 2009. Russia should see a strong upturn in production, too, in 2011 for basis reasons. The growth differentials between the emerging markets and the established markets will probably persist over the longer term.

GDP GROWTH FORECASTS 2.47

year-over-year change in %	2011	2010
World	4.3	3.9
Eurozone	1.6	1.0
USA	2.4	2.7
China	9.7	10.0
India	7.8	7.7
Brazil	3.7	4.7
Japan	2.2	1.7

Source: IMF 1/2010

Most studies expect the automobile industry to regain the 2007 production level in 2011. Beyond 2012, long-term production and sales growth will probably be between 3 % and 4 % again.

As the emerging markets have rebounded more strongly than expected, automobile manufacturers have lifted their rigorous spending and investment restraint in these markets. In countries such as China and Brazil, manufacturers are meanwhile producing at full capacity. New production capacities will be needed before long in the USA, too, where 13 plants were closed in 2008 and 2009. With production picking up, the automobile industry is also likely to catch up on modernization and replacement investments that were postponed during the crisis.

AIRCRAFT INDUSTRY SET FOR GROWTH IN THE LONGER TERM

The aircraft industry will probably recover more slowly than the automobile industry as its business cycles are longer. Many airlines are likely to make losses again and rein in their capital spending in 2010. The volumes of freight and passenger traffic are closely linked to the general economic trend and could grow by a good 5 % in 2010. We expect investment by the airline industry to pick up again in 2011. The aircraft manufacturer Airbus estimates that passenger traffic will grow at an average annual rate of nearly 5 % over the longer term.

The key investment motive for aircraft manufacturers is to increase production efficiency and to launch new models on schedule. Other drivers are the use of innovative materials, such as carbon fiber reinforced plastics (CFRP), efforts to reduce fuel consumption, and the globalization of production in order to avoid currency risks and trade restrictions. We expect growing investments by aircraft manufacturers in China and Russia in future.

IMPORTANCE OF ENVIRONMENTAL SYSTEMS BUSINESS WILL GROW OVER THE LONGER TERM

The automobile industry will remain our biggest market by far also over the long term. However, the importance of other customer groups, such as the aircraft industry, will continue to grow. We also plan to achieve strong sales growth in our environmental systems business. This will be driven by diversification into new areas of application, such as the generation of electric power from waste heat from production processes. We also expect a growing volume of business in automation technology, for instance due to rising demand for manufacturing equipment for battery-powered electric drives.

NEW ORDERS, SALES REVENUES, EARNINGS

We take a positive view of our business prospects in the mid to longer term. We expect continued rising demand for new plants especially in the automobile industry's strategically important markets, in other words in Asia, Eastern Europe, and South America. In Europe and North America we expect investment above all in revamp and optimization projects at existing plants, but a number of new plants are in the pipeline, too. The key demand drivers are productivity and efficiency improvements, the reduction of energy costs, and the trend towards smaller cars.

For the Dürr Group, our longer-term goal is average volume growth of 5 % to 10 % per year. This will depend on the planned expansion of the new areas of business we have defined.

We expect a stabilized and positive business development in 2010. After the guidance for 2009 had been overshadowed by exceptional uncertainty as a result of the economic crisis, the reliability of the forecasting for 2010 and beyond should be better. We expect to increase sales in 2010 by over 7 % to at least € 1,150 million. This is supported by our high order backlog, about 80 % of which will feed through to sales this year, and the new projects in the pipeline in the plant engineering business. In addition, we expect demand on the mechanical engineering side to pick up and the services business to recover due to the backlog demand that has accumulated. We also expect a higher order intake than in 2009.

EBIT is expected to improve significantly in 2010. This will be driven above all by our successful optimization and cost reduction measures. Set against this, however, there will be the poorer margins on projects we took on in summer 2009. The financial result is unlikely to change much in 2010. The higher interest for the syndicated loan should be offset by lower average drawings under the credit line. Tax expense should be lower as the one-off burden in 2009 caused by the allowance of deferred tax assets will fall away. Our target therefore is for earnings after tax to at least break even.

For 2011, we target sales growth of 5 % to 10 %. Economies of scale should lead to higher margins and an appreciable earnings improvement. Most of the orders won on tough competitive terms in 2009 should be billed in 2010 and will therefore not have much impact on earnings in 2011. We therefore expect a strong improvement in Group net profit, which should also be reflected in the dividend payment.

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We are maintaining the targets of an EBIT margin of 6 % and a ROCE of 22 % we set as part of our “Dürr 2010” strategy. Owing to the effects of the economic crisis, it could take a few years to reach these targets.

DIVISIONS

The performance of the two divisions is likely to differ in 2010. Paint and Assembly Systems should already profit from the improved order situation and see a strong earnings improvement, while earnings at Measuring and Process Systems will probably still be affected initially by the weak order intake in 2009. We expect appreciable earnings improvements in both divisions in 2011.

CASH FLOW

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In the plant engineering business, a number of projects are reaching an advanced stage of execution usually associated with a build-up of NET WORKING CAPITAL. On the mechanical engineering side, we expect order intake to pick up, which means that we will need to prefinance more inventories again. In these circumstances, we assume that cash flow will fall below last year’s high level in 2010. To limit the decline, we will continue to focus on strict cash and net working capital management. We expect an appreciable recovery of cash flow in 2011 on the back of rising revenues and earnings.

CAPITAL EXPENDITURE

Capital expenditure on property, plant and equipment and intangible assets should decline in 2010. No further investments are required for the Dürr Campus in Bietigheim-Bissingen. In 2011 and 2012, capital expenditure on property, plant and equipment and intangible assets should be in the region of € 20 million in each case and be mostly on replacements. Smallish bolt-on acquisitions are also planned in 2010 and 2011 to strengthen our technology position.

NET FINANCIAL POSITION, EQUITY, AND FINANCING STRUCTURE

From today's vantage point, the expected growth in net working capital requirements in 2010 will lead to a slight deterioration in our net financial position. We are aiming for a balanced net financial position at the end of 2011. Our liquidity should be in the region of € 80 million in 2010 and 2011. We expect increases in equity in absolute terms and the equity ratio should remain above 30 %.

It should be possible for the smallish bolt-on acquisitions we plan to be financed from cash flow or cash and cash equivalents. The cash flow and liquidity planning also takes account of the planned expansion of our activities in environmental technology.

On the basis of our planning, we expect to remain well within the covenants of the syndicated loan in 2010. The corporate bond and the syndicated loan will fall due in mid-2011. In mid-2010, we will be reviewing the available financing options and will possibly make arrangements for a suitable refinancing already in the current year. A bond, a promissory note and/or a convertible bond, for instance, are under consideration as possible financing options.

PURCHASING

The procurement prices relevant for us will probably pick up again slightly after the low reached in 2009. As a result, our cost of materials is likely to increase slightly in 2010 and 2011. We are countering the rise in prices by further internationalizing our sourcing structures and above all by exploiting cost advantages in the emerging markets of Eastern Europe and Asia.

EMPLOYEES

The capacity reductions initiated were largely completed in 2009. A few, fairly small adjustments will follow in the first half of 2010, so there will be a further slight decline in the number of employees in the full year. We expect employee numbers to be relatively constant in 2011. Against this backdrop, personnel expenses should not change much in 2010 and 2011. The number of employees in the emerging markets will continue to grow in the mid term, while capacities in the established markets will tend to be reduced. At the end of 2011, the emerging markets will probably account for at least 25 % to 26 % of our total employees (December 31, 2009: 24.2 %).

R&D

We plan to increase our R&D spending moderately in 2010 and 2011, too. From today's vantage point, the number of R&D employees will remain constant. Key focuses of our R&D efforts are to reduce costs per unit for our customers and to develop new service products. We will also continue expanding our product portfolio for the emerging markets and will be developing new applications in GLUEING TECHNOLOGY. Another focus is the development of new solutions in the area of environmental technology, for which we have earmarked additional funds in the R&D budget.

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SUMMARY

Dürr is in good shape after the debt reductions in the past years. As we reacted promptly to the market downturn, we managed to remain in the black at the operating level and triple our operating cash flow in 2009. We have gained market share over the last two years and are emerging strengthened from the crisis year 2009. We are keeping a close watch on our markets and are in a position to respond swiftly and flexibly if the markets do not recover as expected.

In our strategy process, we have laid the foundations for a positive development in the coming years. The cornerstones are:

- Growth: To achieve our growth targets, we are focusing on expansion in the emerging markets, innovation, and the development of new areas of business.
- Optimization: We will be strengthening Dürr's earning power and cost leadership through selective optimization measures, focusing on the globalization of our processes and structures, and above all on localization, which means developing standardized low-cost products for the emerging markets and increasing local content in these regions.

We believe the established markets in North America and Western Europe will continue to recover. The growth in the emerging markets should continue, too, so we are further expanding our local presence in these markets. Dürr's international reach, technology leadership, optimized business processes, and financial strength are important assets for our future success.

Bietigheim-Bissingen, March 3, 2010

Dürr Aktiengesellschaft

The Board of Management

Consolidated financial statements 2009

Independent auditors' report

We have issued the following opinion on the consolidated financial statements and the group management report:

"We have audited the consolidated financial statements prepared by Dürr Aktiengesellschaft, Stuttgart, comprising the statements of income, the statements of comprehensive income, the statements of financial position, the statements of cash flows, the statements of changes in equity and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Stuttgart, March 3, 2010

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

ULRICH SKIRK // WIRTSCHAFTSPRÜFER
[GERMAN PUBLIC AUDITOR]

ANDREA ROMETSCH // WIRTSCHAFTSPRÜFERIN
[GERMAN PUBLIC AUDITOR]

Consolidated statement of income

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2009

3.1

in € k	NOTE	2009	2008
Sales revenues	(8)	1,077,632	1,602,773
Cost of sales	(9)	−856,544	−1,317,538
Gross profit on sales		**221,088**	**285,235**
Selling expenses	(10)	−93,448	−98,257
General and administrative expenses	(11)	−77,985	−86,775
Research and development costs		−25,605	−25,528
Other operating income	(14)	72,132	37,627
Other operating expenses	(14)	−74,675	−41,089
		21,507	**71,213**
Gain or loss on restructuring/onerous contracts	(15)	−14,334	−3,294
Impairment losses/reversal of impairment losses	(15)	−1,447	4,741
Earnings before investment income, interest and similar income, interest and similar expenses, and income taxes		**5,726**	**72,660**
Profit from entities accounted for using the equity method	(16)	985	3,040
Interest and similar income	(17)	2,208	4,767
Interest and similar expenses	(17)	−21,145	−34,080
Earnings before income taxes from continuing operations		**−12,226**	**46,387**
Income taxes	(18)	−13,514	−12,661
Loss/profit from continuing operations		**−25,740**	**33,726**
Loss/profit from discontinued operations	(6)	**–**	**12,556**
Loss/profit of the Dürr Group		**−25,740**	**46,282**
Profit share of minority interests, continuing operations		1,142	3,853
Profit share of minority interests, discontinued operations		–	–
Profit share of minority interests, Dürr Group		1,142	3,853
Loss/profit share of shareholders of Dürr Aktiengesellschaft, continuing operations		**−26,882**	**29,873**
Loss/profit share of shareholders of Dürr Aktiengesellschaft, discontinued operations		**–**	**12,556**
Loss/profit share of shareholders of Dürr Aktiengesellschaft, Dürr Group		**−26,882**	**42,429**
Earnings per share in € (basic and diluted)	(7)		
Continuing operations		−1.55	1.81
Discontinued operations		–	0.76
Dürr Group		−1.55	2.57

Consolidated statement of comprehensive income

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2009

3.2

in € k	2009	2008
Loss/profit of the Dürr Group	**−25,740**	**46,282**
Other comprehensive income		
Changes in fair value of financial instruments used for hedging purposes recognized in equity	707	46
Gains/losses from changes in the fair value of available-for-sale securities	7	–
Revaluation from recognition of hidden reserves arising from changes in the consolidated group	–	2.348
Currency translation reserve of foreign subsidiaries	3,500	−6,560
Currency translation reserve of foreign entities accounted for using the equity method	−585	2,446
Gains/losses from non-current assets classified as held for sale	–	2,800
Actuarial gains/losses from defined benefit obligations and similar obligations	−4,745	−451
Deferred taxes recognized on other comprehensive income	83	−970
Other comprehensive income after tax	**−1,033**	**−341**
Total comprehensive income after tax	**−26,773**	**45,941**
of which attributable to minority interests	1,103	4,665
of which attributable to shareholders of Dürr Aktiengesellschaft	**−27,876**	**41,276**

Consolidated statement of financial position

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, AS OF DECEMBER 31, 2009

3.3

in € k	NOTE	Dec. 31, 2009	Dec. 31, 2008
ASSETS			
Goodwill	(19, 42)	271,264	265,974
Other intangible assets	(19, 42)	36,978	36,131
Property, plant and equipment	(19, 42)	88,851	89,005
Investment property	(19)	20,475	21,019
Investments in entities accounted for using the equity method	(20, 42)	9,636	13,040
Other financial assets	(42)	4,510	342
Trade receivables	(22)	2,592	2,803
Income tax receivables	(18)	101	116
Sundry financial assets	(23)	5,214	5,801
Other assets	(24)	74	149
Deferred taxes	(18)	5,336	4,716
Prepaid expenses		7,625	4,383
Non-current assets		**452,656**	**443,479**
Inventories and prepayments	(21)	62,511	77,923
Trade receivables	(22)	323,277	443,810
Income tax receivables	(18)	4,562	6,377
Sundry financial assets	(23)	9,641	13,586
Other assets	(24)	8,669	15,708
Cash and cash equivalents		103,897	84,385
Prepaid expenses		2,932	2,745
Current assets		**515,489**	**644,534**
Total assets Dürr Group		**968,145**	**1,088,013**
EQUITY AND LIABILITIES			
Subscribed capital	(25)	44,289	44,289
Capital reserve	(25)	200,186	200,186
Revenue reserves	(25)	92,237	130,557
Other comprehensive income	(25)	−41,797	−40,782
Equity without minority interests		**294,915**	**334,250**
Minority interests	(26)	6,488	7,119
Equity with minority interests		**301,403**	**341,369**
Provisions for post-employment benefit obligations	(27)	55,144	52,222
Other provisions	(28)	6,295	8,575
Bond	(29)	98,141	96,917
Other financial liabilities	(29)	4,483	6,854
Sundry financial liabilities	(31)	5,875	6,939
Income tax liabilities	(32)	126	123
Other liabilities	(32)	7,440	9,250
Deferred taxes	(18)	22,880	19,513
Deferred income		748	895
Non-current liabilities		**201,132**	**201,288**
Other provisions	(28)	46,063	56,663
Trade payables	(30)	330,850	372,179
Financial liabilities	(29)	1,333	18,834
Sundry financial liabilities	(31)	21,878	18,413
Income tax liabilities	(32)	7,733	15,601
Other liabilities	(32)	57,052	63,253
Deferred income		701	413
Current liabilities		**465,610**	**545,356**
Total equity and liabilities Dürr Group		**968,145**	**1,088,013**

Consolidated statement of cash flows

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2009

3.4

in € k	NOTE	2009	2008
	(34)		
Earnings before taxes		−12,226	46,387
Income taxes paid		−16,274	−11,875
Net interest		18,937	29,313
Profit/loss from entities accounted for using the equity method		−985	−3,040
Dividends from entities accounted for using the equity method		3,816	504
Amortization and depreciation of non-current assets		19,857	14,421
Net gain/loss on the disposal of non-current assets		−36	−3,870
Other non-cash income and expenses		−19	−1,608
Changes in operating assets and liabilities			
Inventories		15,776	−15,849
Trade receivables		126,231	−37,915
Other receivables and assets		14,252	−10,213
Provisions		−15,361	−2,371
Trade payables		−47,152	31,601
Other liabilities (other than bank)		−8,113	194
Other assets and liabilities		−3,303	−4,795
Cash flow from operating activities		**95,400**	**30,884**
Purchase of intangible assets		−5,552	−8,255
Purchase of property, plant and equipment		−11,837	−10,808
Purchase of entities accounted for using the equity method		−13	–
Purchase of other financial assets		−4,156	–
Proceeds from the sale of non-current assets		1,110	12,207
Acquisitions, net of cash acquired		−6,832	–
Disposal of discontinued operations, net of cash disposed of		–	−201
Interest received		1,486	4,451
Cash flow from investing activities		**−25,794**	**−2,606**
Change in current bank liabilities		−18,546	−971
Repayment of non-current financial liabilities		−2,152	−1,060
Repayment of bond		–	−100,000
Payment of finance lease liabilities		−885	−826
Borrowing of financial liabilities due to entities accounted for using the equity method		–	17
Increase in subscribed capital		–	4,025
Increase in capital reserves		–	39,727
Dividends paid to shareholders of Dürr Aktiengesellschaft		−12,110	−6,291
Dividends paid to minority interests		−1,827	−36
Interest paid		−15,739	−30,727
Cash flow from financing activities		**−51,259**	**−96,142**
Effects of exchange rate changes		1,165	−3,487
Changes in cash and cash equivalents related to changes in the consolidated group		–	8,247
Change in cash and cash equivalents		19,512	−63,104
Cash and cash equivalents			
At the beginning of the period		84,385	147,489
At the end of the period		103,897	84,385

Consolidated statement of changes in equity

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2009

in € k	Subscribed capital	Capital reserve	Revenue reserves	Unrealized gains/losses from cash flow hedges	Unrealized gains/losses from available-for-sale securities
	(25)	(25)	(25)	(25)	(25)
January 1, 2008	**40,264**	**160,459**	**94,446**	**−901**	**−18**
Profit for the year	–	–	42,429	–	–
Other comprehensive income	–	–	–	96	–
Total comprehensive income after tax	**–**	**–**	**42,429**	**96**	**–**
Capital increase Dürr Aktiengesellschaft	4,025	39,727	–	–	–
Dividends	–	–	−6,291	–	–
Put option minority interests	–	–	−792	–	–
Other changes	–	–	765	–	–
December 31, 2008	**44,289**	**200,186**	**130,557**	**−805**	**−18**
Loss for the year	–	–	−26,882	–	–
Other comprehensive income	–	–	–	501	7
Total comprehensive income after tax	**–**	**–**	**−26,882**	**501**	**7**
Dividends	–	–	−12,110	–	–
Put option minority interests	–	–	651	–	–
Other changes	–	–	21	–	–
December 31, 2009	**44,289**	**200,186**	**92,237**	**−304**	**−11**

3.5

OTHER COMPREHENSIVE INCOME							
Changes related to the consolidated group/ reclassifications	Unrealized actuarial gains/losses	Currency translation	Other comprehensive income	Amounts resulting from assets held for sale	**Equity without minority interests**	Minority interests	**Equity with minority interests**
	(25)	(25)	(25)	(25)		(26)	
–	**–5,911**	**–29,999**	**–36,829**	**–2,800**	**255,540**	**1,569**	**257,109**
–	–	–	–	–	42,429	3,853	46,282
822	–757	–4,114	–3,953	2,800	–1,153	812	–341
822	**–757**	**–4,114**	**–3,953**	**2,800**	**41,276**	**4,665**	**45,941**
–	–	–	–	–	43,752	–	43,752
–	–	–	–	–	–6,291	–36	–6,327
–	–	–	–	–	–792	–1,677	–2,469
–	–	–	–	–	765	2,598	3,363
822	**–6,668**	**–34,113**	**–40,782**	**–**	**334,250**	**7,119**	**341,369**
–	–	–	–	–	–26,882	1,142	–25,740
–	–4,417	2,915	–994	–	–994	–39	–1,033
–	**–4,417**	**2,915**	**–994**	**–**	**–27,876**	**1,103**	**–26,773**
–	–	–	–	–	–12,110	–1,827	–13,937
–	–	–	–	–	651	93	744
–21	–	–	–21	–	–	–	–
801	**–11,085**	**–31,198**	**–41,797**	**–**	**294,915**	**6,488**	**301,403**

Notes to the consolidated financial statements for the 2009 reporting period

BASIS OF PRESENTATION

1. Summary of significant accounting policies

The Company

Dürr Aktiengesellschaft ("Dürr AG" or the "Company") has its registered offices in Stuttgart, Germany. Its headquarters for operations are located at Carl-Benz-Strasse 34 in 74321 Bietigheim-Bissingen, Germany. The Dürr Group ("Dürr" or the "Group") consists of Dürr AG and its subsidiaries. The Dürr Group specializes in mechanical and plant engineering and is one of the global market leaders in almost all of its fields of business. It generates some 85 % of sales revenues with the automotive industry, but also acts as supplier of production technology for other industries including the aviation, mechanical engineering, energy as well as the chemical and pharmaceutical industries. Dürr serves the market with two divisions: the Paint and Assembly Systems division offers production and paint finishing technology, mainly for automotive bodyshells. The machines and systems produced by the Measuring and Process Systems division are used in engine and drive construction as well as final assembly.

Accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) at the end of the reporting period, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code].

The accounting policies used generally correspond to the policies applied in the prior period. In addition, the Group has applied the new and/or revised standards that are effective for reporting periods beginning on or after January 1, 2009.

The changes in accounting policies result from the adoption of the following new or revised standards:

Amendments to IFRS 7 "Financial Instruments: Disclosures": In March 2009 the International Accounting Standards Board (IASB) published amendments to IFRS 7 that provide for more extensive disclosures on the measurement of fair value and the liquidity risk of financial instruments. The amendments to IFRS 7 were made by the IASB in response to the crisis on the financial markets and take into account the recommendation of the G20 and debates on the IASB's Expert Advisory Panel. The amendments to IFRS 7 became effective for reporting periods beginning on or after January 1, 2009. In the first year of adoption, however, prior-year figures are not required to be presented. Dürr has presented all the required disclosures in the notes.

IFRS 8 "Operating Segments": IFRS 8 replaces International Accounting Standard (IAS) 14 "Segment Reporting". IFRS 8 requires the disclosure of financial and narrative information on the reportable segments. Reportable segments are either operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance (management approach). The standard is effective for reporting periods beginning on or after January 1, 2009. Application of the new standard had a minor effect on the form in which the financial information on the Group's divisions is published.

Amendments to IAS 1 "Presentation of Financial Statements": One significant change compared to the previous version is the presentation of changes in equity. IAS 1 now provides for all changes other than those arising from transactions with owners to be presented either in a statement of comprehensive income or based on two separate statements. Dürr has decided to present two separate statements.

Components of other comprehensive income may no longer be presented in the statement of changes in equity. In addition, IAS 1 requires income tax relating to each component of other comprehensive income and reclassification adjustments to be disclosed separately. IAS 1 also amends the terms used for the individual components of the financial statements, but use of these new terms is not mandatory. The revised IAS 1 became effective for reporting periods beginning on or after January 1, 2009. Application of the amended standard had an effect on the form in which the Group's financial information is published.

Amendment to IAS 23 "Borrowing Costs": The IASB issued an amended version of IAS 23 in March 2007. It requires borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset to be capitalized. The previous option of immediately recognizing borrowing costs as an expense was eliminated. The revised standard became effective for reporting periods beginning on or after January 1, 2009. Finance costs from long-term construction contracts were recognized in cost of sales as a result of application of the amended standard.

Amendment to IAS 32 "Financial Instruments: Presentation": The IASB published the revised standard in February 2008. It allows puttable financial instruments to be classified as equity under certain conditions. The revised standard, which also gave rise to changes in IAS 1, became effective for reporting periods beginning on or after January 1, 2009. The adoption of the amended IAS 32 did not have any effect on the Company's consolidated financial statements.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures": The IASB published amendments to IAS 39 and IFRS 7 in October 2008. The amendments were in response to the crisis on the financial markets and give companies the option of reclassifying individual financial instruments to other measurement categories in certain circumstances. Eligible financial instruments are those in the measurement categories "financial assets at fair value through profit or loss" as well as "available-for-sale financial assets". The amendments to IFRS 7 require additional disclosures in the notes when reclassifications between measurement categories are made. The amendments apply with retroactive effect as of July 1, 2008. In addition, a statement clarifying the effective date and transitional provisions was published in 2009. The amendments did not have any effect on the consolidated financial statements because Dürr did not carry out any reclassifications of this kind.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and International Financial Reporting Interpretations Committee (IFRIC) interpretation 9 "Reassessment of Embedded Derivatives": In March 2009, the IASB published amendments to clarify the accounting for embedded derivatives when reclassifying hybrid financial instruments. The amendments are effective retroactively for reporting periods ending on or after June 30, 2009. As they were not relevant for the Company, the amendments did not have an effect on the consolidated financial statements.

Annual improvements project: On May 22, 2008, the IASB issued the first final omnibus standard with changes to existing IFRSs in the course of its first annual improvements project. The annual improvements project is an annual project in which non-urgent but necessary amendments to the standards are carried out. The amendments are primarily concerned with eliminating inconsistencies and improving clarity. The amendments became effective for reporting periods beginning on or after January 1, 2009. The most notable changes are listed below. Their application did not, however, have a material effect on the Company's consolidated financial statements:

- IAS 1 "Presentation of Financial Statements": Clarification that financial instruments classified as held for trading do not have to be disclosed as current assets or liabilities in the statement of financial position. Classification as "current" is based solely on the criteria set out in IAS 1.

- IAS 19 “Employee Benefits”: In addition to the revision of numerous definitions, it is clarified that amendments to plans resulting in a reduction in benefits related to future services must be treated as a curtailment. By contrast, amendments to plans that result in a reduction in benefits related to past services must be accounted for as past service cost.
- IAS 28 “Investments in Associates”: Because goodwill included in the carrying amount of an investment in an associate is not recognized separately, it is not tested for impairment separately either. Instead, the entire carrying amount of the investment is tested for impairment as one asset, and an impairment loss is recorded if necessary. The amendment now clarifies that the reversal of impairment losses previously recognized on an investment in an associate should be recognized as an increase in this investment and not allocated to goodwill contained therein.
- IAS 36 “Impairment of Assets”: The disclosure requirements for determining the value in use and the fair value less costs to sell calculated on the basis of the discounted cash flow model have been standardized.
- IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”: The amendment clarifies that all assets and liabilities of a subsidiary whose planned disposal will result in the loss of control over that subsidiary must be classified as held for sale even if the entity will retain a non-controlling interest in this former subsidiary after the sale.

IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”: IFRIC 14 provides guidance on how to determine the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset (asset ceiling) under IAS 19 “Employee Benefits”. In addition, the interpretation provides explanations of the potential effects of statutory or contractual minimum funding requirements on plan assets or liabilities. Adoption of IFRS 14 became effective for reporting periods beginning on or after January 1, 2008; later adoption from January 1, 2009 is permitted by the EU Commission, however. The adoption of IFRIC 14 did not have any effect on accounting for post-retirement benefit obligations in the Company’s consolidated financial statements.

IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”: IFRIC 16 addresses individual issues resulting from hedges of a net investment in a foreign operation. IFRIC 16 is applicable for reporting periods beginning on or after October 1, 2008. Adoption of IFRIC 16 did not have any effect on the Company’s consolidated financial statements.

The Group decided not to early adopt standards and IFRIC interpretations which have already been issued but have not yet become effective. Generally speaking, Dürr intends to adopt all standards when they become effective.

The following IFRSs and IFRIC interpretations adopted by the EU in the comitology procedures have not yet entered into effect:

IAS 27 “Consolidated and Separate Financial Statements” and IFRS 3 “Business Combinations”: The IASB published these two revised standards in January 2008. The main changes concern the cost of a business combination, the full goodwill method, accounting for business combinations achieved in stages, accounting for changes in investments in subsidiaries without the loss of control and the scope of IFRS 3. The revised versions of IAS 27 and IFRS 3 become effective for reporting periods beginning on or after July 1, 2009. The revised standards will have an effect on accounting for future business combinations and can therefore not be assessed in full until such a situation arises.

IAS 39 “Financial Instruments: Recognition and Measurement”: In July 2008, the IASB issued an amendment to IAS 39. The corresponding new regulations define the principles for the treatment of hedges in two special situations. The amendments to IAS 39 are applicable for reporting periods beginning on or after July 1, 2009. These amendments are not expected to be relevant for the Company and will accordingly not affect the consolidated financial statements.

IFRIC 17 "Distributions of Non-cash Assets to Owners": This interpretation deals with the recognition and measurement of an obligation arising from a distribution of non-cash assets; the distribution is to be measured at fair value on the date when the distribution is no longer at the discretion of the entity. IFRIC 17 is effective for reporting periods beginning on or after July 1, 2009. Since the Company is unlikely to distribute any non-cash assets, IFRIC 17 will not have any impact on the consolidated financial statements.

IFRIC 18 "Transfers of Assets from Customers": This interpretation is of particular relevance in the public utilities sector. IFRIC 18 clarifies the IFRS regulations for agreements in which an entity may receive from its customers items of property, plant and equipment that must be used to connect those customers to a network and provide them with ongoing access to a supply of goods or services. IFRIC 18 is applicable for reporting periods beginning on or after July 1, 2009. This interpretation is not relevant for the Company and will accordingly not affect the consolidated financial statements.

IFRSs and IFRIC interpretations which have not yet entered into force and have not yet been adopted by the EU in the comitology procedures:

IFRS 9 "Financial Instruments": In November 2009, the IASB published the new standard IFRS 9 on the classification and measurement of financial assets. Publication of IFRS 9 brings to a close the first stage of a three-part project by the IASB to reform accounting for financial instruments, including IAS 39 in particular. In accordance with IFRS 9, a new, less complex approach is used for the classification and measurement of financial assets. As a result, there are only two options for classification of financial assets compared to the four options previously used. IFRS 9 will become effective for the first time as of January 1, 2013. Consistent with requests by the G20, however, early adoption for reporting periods ending in or after 2009 is permitted. Dürr has not yet completed the analysis of potential effects on the consolidated financial statements.

IAS 24 "Related Party Disclosures": The IASB published the revised IAS 24 in November 2009. It was revised initially to simplify disclosure requirements for state-controlled entities. In addition, the definition of related parties was reworked completely. The revised standard will become effective for reporting periods beginning on or after January 1, 2011. Dürr has not yet completed the analysis of potential effects on the consolidated financial statements.

Annual improvements project: On April 16, 2009, the IASB issued the second final omnibus standard with changes to existing IFRSs in the course of its annual improvements project. The 2007 – 2009 annual improvements project includes minor amendments to a total of twelve standards. With the exception of IFRS 2, IAS 38, IFRIC 9 and IFRIC 16, which are effective for reporting periods beginning on or after July 1, 2009, the amendments are all effective for reporting periods beginning on or after January 1, 2010. The most notable changes are listed below. Their application will not, however, have a material effect on the Company's consolidated financial statements:

- IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations": The amendment clarifies that the disclosures required by standards other than IFRS 5 are relevant only if they provide for special disclosures in respect of non-current assets held for sale or discontinued operations.
- IFRS 8 "Operating Segments": Disclosures on segment assets are required only if they are included in reporting for internal purposes.
- IAS 7 "Statement of Cash Flows": The amendment clarifies that only expenditures that result in a recognized asset are eligible for classification as investing activities.
- IAS 36 "Impairment of Assets": The amendment concerns the level at which the impairment test is performed on goodwill.
- IAS 38 "Intangible Assets": The amendment clarifies whether intangible assets acquired in a business combination are separable. In future, it will be sufficient if an intangible asset is separable together

with a related contract, identifiable asset or liability. In addition, the measurement methods for intangible assets acquired in a business combination were clarified or supplemented.

- IAS 39 "Financial Instruments: Recognition and Measurement": This amendment clarifies that changes in fair value recognized in equity from a cash flow hedge of a forecast transaction that results in the recognition of a financial instrument (for example, forecast transactions in foreign currency) and financial instruments recognized must be reclassified to the statement of income (reclassification adjustments) when the hedged transaction affects profit or loss.

Amendment to IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction": In November 2009 the IFRIC published an amendment to IFRIC 14 that is relevant for entities required to make prepayments of a minimum funding requirement relating to their pension plans. The amendment is applicable for reporting periods beginning on or after January 1, 2011. The adoption of the amended IFRIC 14 did not have any effect on accounting for post-retirement benefit obligations in the Company's consolidated financial statements.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments": The interpretation contains guidance on the treatment of such transactions, which are also referred to as "debt-for-equity swaps". It illustrates the requirements set forth in IFRSs when an entity renegotiates the conditions of a financial liability with the creditor and the creditor accepts shares or other equity instruments issued by the entity to extinguish all or part of the financial liability. IFRIC 19 is applicable for reporting periods beginning on or after July 1, 2010. This interpretation is not relevant for the Company and is accordingly not expected to affect its consolidated financial statements.

The new regulations listed below are not relevant to the Group and will therefore not have an effect on the presentation of net assets, financial position or results of operations of the Group:

- Amendments to IFRS 1: "First-time Adoption of International Financial Reporting Standards" (revised 2008 and 2009)
- Amendments to IFRS 2: "Share-based Payment" (revised 2008 and 2009)
- Amendments to IAS 32: "Financial Instruments: Presentation" – Classification of Rights Issues
- IFRIC 12: "Service Concession Arrangements"
- IFRIC 15: "Agreements for the Construction of Real Estate"

The requirements of the standards applied were satisfied in full. The financial statements thus give a true and fair view of the net assets, financial position and results of operations and cash flows of the Group.

The reporting period of Dürr is the calendar year. The consolidated financial statements are prepared in thousands of euro (€ thousand or € k), unless stated otherwise.

All assets and liabilities are measured at historical or amortized cost. An exception to the rule are derivative financial instruments and financial assets classified as available for sale, which are measured at fair value.

Assets and liabilities are treated as current if they are realized or settled within twelve months of the end of the reporting period.

Authorization for issue and publication of the consolidated financial statements as of December 31, 2009

The consolidated financial statements and the group management report of Dürr AG prepared by the Board of Management as of December 31, 2009 were authorized at the meeting of the Board of Management on March 3, 2010 for issue to the Supervisory Board and are to be published on March 17, 2010.

2. Basis of consolidation

The consolidated financial statements of Dürr are based on the IFRS financial statements of Dürr AG and the subsidiaries and entities accounted for using the equity method included in consolidation as of December 31, 2009, prepared in accordance with uniform rules and audited by independent auditors.

For subsidiaries included in the consolidated financial statements for the first time, capital consolidation is performed according to the purchase method of accounting pursuant to IFRS 3 "Business Combinations". This involves offsetting the cost of the shares acquired against pro rata equity of the subsidiaries. All assets and liabilities and contingent liabilities acquired are included in the consolidated statement of financial position at the acquisition date taking hidden reserves and encumbrances into account. Any remaining debit difference is shown as goodwill. When the entity is removed from consolidation, the goodwill is released to profit or loss. Negative differences are posted immediately to profit or loss.

Entities over which the Company exercises significant influence (associates) are measured using the equity method; this is generally the case with a share of voting rights ranging from 20 % to 50 %. The equity method is also applied for joint ventures in which Dürr together with other venturers undertakes an economic activity which is subject to joint control. Any goodwill is disclosed under investments in entities accounted for using the equity method. All other investments are accounted for at cost because market values are not available and fair values cannot be reliably determined by other means.

Intragroup sales revenues, other income and expenses and all intragroup receivables, liabilities and provisions are eliminated. Intragroup profits which are not realized by sale to third parties are eliminated.

3. Consolidated group

Besides Dürr AG, the consolidated financial statements as of December 31, 2009 contain all domestic and foreign companies which Dürr AG can control directly or indirectly (control concept). The entities are included in the consolidated financial statements from the date on which the possibility of control was obtained. Joint ventures and associates are included in the consolidated financial statements using the equity method from the date on which joint control or the possibility of significant influence, respectively, existed.

The table below shows the number of entities included in the consolidated group besides Dürr AG:

CONSOLIDATED GROUP 3.6

	2009	2008
Number of fully consolidated entities		
Germany	9	10
Other countries	42	39
	51	**49**

	2009	2008
Number of entities accounted for using the equity method		
Germany	3	2
Other countries	1	1
	4	**3**

The consolidated financial statements contain four entities (December 31, 2008: four) in which minority shareholders hold interests.

4. Changes in the consolidated group

With economic effect as of January 1, 2009, Dürr Grundstücks-GmbH, Stuttgart, was merged into Dürr Systems GmbH, Stuttgart, on April 29, 2009.

Effective April 2, 2009, Dürr acquired Datatechnic S.A., Uxegney, France, thereby rounding off its product range for balancing turbochargers. Please refer to note 19 for further details on the business combination.

The entities UCM Holding AG registered in Rheineck, Switzerland, and Dürr Systems Maroc sarl au registered in Tangier, Morocco, were established in the 2009 reporting period.

Dürr Systems GmbH, a wholly owned subsidiary of Dürr AG, and EDAG SIGMA Concurrent Engineering GmbH signed the articles of incorporation and bylaws for the joint venture Dürr EDAG Aircraft Systems GmbH on September 23, 2008. Dürr and EDAG each hold an interest of 50 % in the joint venture, which is designed to accelerate marketing of their joint product and service range for the aviation industry. It was recorded in the commercial register on May 25, 2009. As a joint venture, Dürr EDAG Aircraft Systems GmbH is accounted for using the equity method in the consolidated financial statements.

5. Currency translation

Financial statements denominated in the foreign currency of the subsidiaries included in the consolidation are translated to the euro on the basis of the functional currency concept pursuant to IAS 21 “The Effects of Changes in Foreign Exchange Rates”. For all foreign subsidiaries of the Group the functional currency is the local currency, since these entities operate independently from a financial, economic and organizational viewpoint. According to this concept, assets and liabilities are thus translated at the closing rates, while income and expenses are generally translated at average rates. Any currency translation differences are recorded without effect on profit or loss in other comprehensive income.

In the separate financial statements of Dürr AG and its subsidiaries, receivables and liabilities in a currency other than the euro are measured at the historical rate; current transactions are translated at the current exchange rate. Any exchange rate gains and losses at the end of the reporting period are included in the statement of income. For actual figures of the exchange rate gains and losses recognized in profit or loss, please refer to note 14.

SIGNIFICANT EXCHANGE RATES 3.7

	CLOSING RATE		AVERAGE RATE	
(in relation to one euro)	**Dec. 31, 2009**	Dec. 31, 2008	**2009**	2008
US dollar	1.4303	1.3977	1.3955	1.4741
Pound sterling	0.8932	0.9600	0.8907	0.8038
Indian rupee	66.8570	68.4300	67.4647	64.3776
Czech koruna	26.4110	26.5850	26.4944	24.9833
Brazilian real	2.4994	3.2843	2.7626	2.6881
Chinese renminbi yuan	9.7660	9.6090	9.5279	10.2301
Korean won	1,675.1088	1,775.0000	1,770.8065	1,621.5000
Polish zloty	4.1320	4.1823	4.3516	3.5383
Mexican peso	18.6376	19.3500	18.8839	16.4258

In the separate financial statements of the foreign subsidiaries, goodwill is translated at the rate prevailing at the end of the Group’s reporting period. Applying the transitional ruling of IAS 21.59, goodwill that already existed as of January 1, 2005 and is not accounted for in the separate financial statements of the subsidiaries is still accounted for at the historical exchange rate (at the date of acquisition) at the end of the Group’s reporting period. Hidden reserves disclosed in the course of business combinations are accounted for in euro as these were only recorded by entities whose local currency is the euro.

6. Discontinued operations/assets classified as held for sale

An asset is classified as held for sale when the associated carrying amount will be recovered principally through a sales transaction and not through continuing use. In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", a component or operation of an entity is classified as a discontinued operation at the date when the operation meets the criteria to be classified as held for sale or is actually discontinued. Such an operation represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Discontinued operations

The consolidated financial statements for the 2009 reporting period do not include any effects from discontinued operations. The corresponding prior reporting period, however, included subsequent effects from the sale of the Services, Development Test Systems (DTS) and Measuring and Process Technologies (MPT) business units effected in the 2005 reporting period.

PROFIT/LOSS FROM DISCONTINUED OPERATIONS 3.8

in € k	2009	2008
Revenue	–	459
Expenses	–	–110
Earnings before taxes	–	349
Income tax income	–	12,207
Profit after taxes	**–**	**12,556**

No discontinued operations were sold in the reporting period.

In 2008, net cash outflows of € 201 thousand were recorded from the sale effected in the 2005 reporting period of the business units Services (€ 13 thousand), Development Test Systems (€ 22 thousand) and Measuring and Process Technologies (€ 166 thousand). The cash outflows are attributable to the utilization of provisions.

In 2005, Carl Schenck AG set up a provision of € 12,207 thousand for Australian income taxes in relation to the sale of the Measuring and Process Technologies business unit. Based on recent rulings in Australia, the entity assumes that the risk of utilization has gone down significantly. The provision was therefore reversed in the 2008 reporting period and recognized in profit or loss.

7. Accounting policies

Intangible assets

Intangible assets comprise goodwill, franchises, industrial rights and similar rights as well as capitalized development costs. Purchased and internally generated intangible assets are recognized pursuant to IAS 38 "Intangible Assets" if, in addition to other criteria, it is probable that a future economic benefit will flow to the entity from the use of the asset, and the cost of the asset can be reliably determined.

Intangible assets are recognized at cost. Intangible assets with a finite useful life are amortized over their useful life using the straight-line method, unless they are impaired. Goodwill and other intangible assets with indefinite useful lives are not amortized.

In the Group, development costs are only recognized as internally generated intangible assets if the conditions set forth in IAS 38 are satisfied. These include the following criteria:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The use of the asset must generate probable future economic benefits.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Cost is the sum of all directly attributable expenditure incurred from the date when the intangible asset first meets the recognition criteria. Development costs which do not meet these criteria as well as research costs are expensed immediately. Amortization of capitalized development costs is disclosed in the statement of income under research and development costs.

USEFUL LIFE OF INTANGIBLE ASSETS (ESTIMATED) 3.9

in years	
Franchises, industrial rights and similar rights	1 to 10
Capitalized development costs	1 to 8

Property, plant and equipment

Property, plant and equipment are accounted for at cost less straight-line depreciation over their useful life. Cost comprises all production costs that are directly attributable to the production process.

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT (ESTIMATED) 3.10

in years	
IT hardware	3 to 5
Furniture and fixtures	1 to 20
Machines and equipment	1 to 21
Buildings and leasehold improvements	5 to 60

Further comments on the property, plant and equipment as reported in the statement of financial position can be found in note 19.

The cost of property, plant and equipment includes major expenditures and replacements which extend useful lives or increase capacity. The historical cost of assets that are either sold or scrapped is derecognized, as is the accumulated depreciation. Any gains or losses from derecognition are determined as the difference between the net disposal proceeds and the carrying amount and recognized in profit or loss as other operating income or expenses in the period in which the item is derecognized. Costs of on-going repairs and maintenance are expensed immediately.

Investment property

Investment properties are measured initially at depreciated cost, including transaction costs. The carrying amount contains the costs for investments to replace an existing investment property at the time these costs are incurred, provided the recognition criteria are satisfied, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at depreciated cost.

Investment property is derecognized when it is sold or retired from active use and no future economic benefit is expected upon its disposal. Gains or losses arising from the retirement or disposal of investment property are recognized in the year of retirement or disposal.

Properties are allocated to investment property if a change in use has occurred which is substantiated by their being occupied by another party after the end of owner-occupation or the inception of an operating lease with another party.

Impairment test

All intangible assets with an indefinite useful life, intangible assets which are not yet ready for use and goodwill are tested for impairment at the end of each reporting period. Other intangible assets and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that an asset may be impaired, i.e., that the carrying amount of an asset may not be recoverable. Investment property that is largely rented to third parties is also subjected to an impairment test.

An impairment loss is recognized if the recoverable amount of the asset falls short of its carrying amount. The recoverable amount is the higher of an asset's net selling price and its value in use. The net selling price is the amount recoverable from the disposal of an asset at market conditions less costs to sell. Value in use is the fair value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The recoverable amount is determined for each asset individually or, if that is not possible, for the cash-generating unit to which the asset belongs. As regards goodwill acquired in business combinations, the relevant cash-generating units correspond to the business units of the Dürr Group based on internal reporting structures. To determine the estimated cash flows of each cash-generating unit, basic assumptions have to be made. These include assumptions regarding financial planning and the interest rates used for discounting.

Impairment losses recognized in prior periods are reversed against profit or loss if they cease to exist or have decreased. The increase in value or the reduction of an impairment loss of an asset is, however, only recognized to the extent that it does not exceed the carrying amount that would have existed if the regular amortization or depreciation had been recorded and no impairment losses had been recognized. Impairments on goodwill may not be reversed.

Government grants

In accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", government grants are only recorded if it is reasonably certain that the conditions attached to the grants will be fulfilled and the grants actually awarded. Grants that relate to an investment are deducted from the carrying amount of the subsidized asset. Grants related to income are recognized as deferred income and released in the correct period.

Leases

The entities in the Dürr Group are lessees of land, buildings, office and operating equipment. The majority of leases are classified as operating leases.

Assets leased under finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased asset, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest over the period on the remaining balance of the lease liability. Finance charges are taken to profit or loss immediately. A liability is also established at that time for the same amount. The leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Lease payments on operating leases are recorded as an expense in the statement of income over the term of the lease.

Investments in entities accounted for using the equity method

Entities over which Dürr either has significant influence or in which Dürr together with other venturers undertakes an economic activity which is subject to joint control are recorded as investments in entities accounted for using the equity method. The Group's share of profits and losses is shown in the consolidated statement of financial position as a change in the carrying amount and recognized in the consolidated statement of income under profit/loss from entities accounted for using the equity method. Where there has been a change recognized directly in the equity of the entity accounted for using the equity method, the Group also recognizes its share of the change directly in equity in proportion to its shareholding and discloses this in the statement of changes in equity. Dividends received are deducted from the carrying amount.

Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Pursuant to IAS 39, financial instruments are classified in the following categories:

- Financial assets held for trading
- Held-to-maturity investments
- Loans and receivables originated by the entity

- Available-for-sale financial assets
- Financial liabilities measured at amortized cost
- Financial liabilities at fair value through profit or loss

Purchases or sales of financial assets are recognized using the trade date accounting.

Financial assets

Financial assets with fixed or determinable payments and fixed maturity that the entity intends and has the ability to hold to maturity other than loans and receivables originated by the entity pursuant to IAS 39 are classified as held-to-maturity investments. Financial assets that are acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margins are classified as financial assets held for trading. All other financial assets apart from loans and receivables originated by the entity pursuant to IAS 39 are classified as available-for-sale financial assets.

Held-to-maturity investments are disclosed under non-current assets. This does not apply if they are due within one year of the end of the reporting period. Held-for-trading financial assets are disclosed under current assets. Available-for-sale financial assets are disclosed under current assets if management intends to sell them within twelve months of the end of the reporting period.

When a financial asset is recognized initially, it is measured at cost. This comprises the fair value of the consideration and – with the exception of financial assets held for trading – the transaction costs.

Changes in the fair value of held-for-trading financial assets are recorded in profit or loss. The fair value of a financial instrument is the amount that can be generated from the asset in an arm's length transaction between knowledgeable and willing parties under current market conditions.

Held-to-maturity investments are measured at amortized cost using the effective interest method. If it is more likely than not that the financial assets measured at amortized cost are impaired, the impairment loss is recognized in profit or loss. If an impairment loss recorded in a prior period decreases and the decrease in the impairment loss (or reversal) can be objectively related to an event occurring after the impairment loss, the reversal is recognized in profit or loss. A reversal of an impairment loss cannot, however, exceed the carrying amount that would have been recognized without the impairment loss.

Loans and receivables originated by an entity and not held for trading are measured at the lower of amortized cost or net realizable value at the end of the reporting period.

Available-for-sale financial assets are recognized at fair value. Unrealized gains and losses are disclosed in other comprehensive income, net of a tax portion. The reserve is released to profit or loss either upon disposal or if the assets are impaired.

To date, Dürr has not made use of the option to designate financial assets upon initial recognition as financial assets at fair value through profit or loss.

Financial liabilities

Financial liabilities generally give rise to the right to receive settlement in cash or another financial asset. They include, for example, trade payables, liabilities to banks, bonds, derivative financial liabilities and other liabilities.

After initial measurement, financial liabilities carried at amortized cost are subsequently measured at amortized cost using the effective interest method. Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading. Derivatives are deemed to be held for trading unless they are designated and effective hedging instruments. Gains or losses on financial liabilities held for trading are recognized in profit or loss.

To date, the Group has not made use of the option to designate financial liabilities upon initial recognition as financial liabilities at fair value through profit or loss.

Derivative financial instruments and hedges

Dürr uses derivative financial instruments such as forward exchange contracts and interest/currency swaps in order to hedge against interest and currency risks.

Derivative financial instruments are measured at fair value on initial recognition and in subsequent periods. Recognition of these changes – whether in profit or loss or directly in equity – depends on whether the derivative financial instrument is part of an effective hedge in accordance with IAS 39. Changes in fair value are recognized in profit or loss unless the special criteria of IAS 39 for hedge accounting are satisfied.

Depending on the nature of the hedged item, hedging instruments are designated as follows:

- Fair value hedges if they hedge exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment that could affect profit or loss;
- Cash flow hedges if they hedge exposure to variability in cash flows that is attributable to a recognized asset or liability or a forecast transaction and could affect profit or loss; or
- Hedge of a net investment in a foreign operation.

Fair value hedge accounting

In the case of fair value hedges, the carrying amount of a hedged item is adjusted through profit or loss by the profit or loss that is attributable to the hedged exposure. In addition, the derivative financial instrument is remeasured at its fair value; gains or losses arising as a result are also recognized in profit or loss. In a perfect hedge, the fluctuation in fair value recognized in profit or loss for the hedged item practically offsets that of the hedging instrument. For fair value hedges which relate to hedged items carried at amortized cost, the adjustments of the carrying amount are released to profit or loss over their term until maturity. Every adjustment of the carrying amount of a hedged financial instrument is released to profit or loss using the effective interest method. The amount can be released as soon as an adjustment is made. It is released at the latest when the hedged item ceases to be adjusted for the changes in fair value that are attributable to the hedged exposure. If the hedged item is derecognized, the unamortized fair value is recognized immediately in the statement of income.

If an unrecognized firm commitment is designated as a hedged item, the subsequent accumulated change in its fair value that is attributable to the hedged risk is recognized as an asset or liability in the profit or loss of the period. The changes in fair value of the hedging instrument are also recognized in the profit or loss of the period. However, this does not apply if foreign exchange exposure is hedged, as that is treated as a cash flow hedge. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

Cash flow hedge accounting

In the case of cash flow hedges, the effective portion of the gain or loss on a hedging instrument is recognized directly in equity. The ineffective portion is recognized in profit or loss. Amounts that are recognized directly in equity are reclassified to profit or loss in the period in which the hedged item affects the profit or loss for the period. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or non-financial liability. If the forecast transaction is no longer expected to occur, any amounts previously taken to equity are reclassified to the profit or loss for the period. When the hedge expires, is sold or terminated, the amounts previously disclosed remain a separate item in equity until the forecast transaction occurs. The same applies if the hedging instrument is exercised without replacement or rollover, or if the criteria for cash flow hedge accounting are no longer in place. If the forecast transaction is no longer expected, the amount is recognized in profit or loss. Further explanations on derivative financial instruments are given in note 39.

Other financial assets

The marketable securities disclosed under other financial assets include securities classified as available for sale, which are measured at market value at the end of the reporting period, and securities classified as held to maturity, which are measured at amortized cost. As of December 31, 2009, the available-for-sale securities had a fair value of € 323 thousand (prior period: € 316 thousand).

Inventories and prepayments

Inventories of materials and supplies, work in process from small-series production and finished goods are carried at the lower of cost or net realizable value at the end of the reporting period. Write-downs are recorded for obsolete and slow-moving inventories.

Costs of conversion comprise direct materials costs, direct labor costs as well as all production-related overheads and depreciation. Borrowing costs are not included unless they relate to qualifying assets.

Long-term construction contracts

Dürr generates most of its sales revenues from long-term construction contracts. Contract revenues are generally disclosed using the percentage-of-completion method (POC method) pursuant to IAS 11 “Construction Contracts”. This involves recognizing sales revenues and the planned margin in line with the degree to which the contract has been completed. The degree of completion is calculated on the basis of the costs incurred relative to the total estimated costs. This ensures that both sales revenues and the associated costs are recognized in the period in which they are incurred. The zero-profit method (ZP method) is used in instances where estimated costs to complete cannot be reliably determined, but it is probable that the costs incurred will be reimbursed. With the zero-profit method sales revenues and the associated costs are realized in equal amounts until the contract is completed. The result is thus not recognized in profit or loss until the contract is completed.

Other sales revenues are recognized when the significant risks and rewards of ownership have been transferred pursuant to IAS 18 “Revenue”. This is usually the date on which the goods or merchandise are delivered or services rendered.

Progress billings issued to customers and cash received from customers are deducted without effect on profit or loss from cost and estimated earnings in excess of billings on uncompleted contracts or added to billings in excess of cost and estimated earnings.

To the extent that costs have been incurred on contracts, but the amounts cannot yet be billed under the terms of the contracts, they are reported under receivables together with the corresponding estimated earnings as “cost and estimated earnings in excess of billings on uncompleted contracts”. The invoicing of such amounts is dependent on certain contractually defined milestones being reached. Cost and estimated earnings in excess of billings on uncompleted contracts includes directly allocable costs (materials and labor costs and cost of purchased services) as well as an appropriate portion of production-related overheads and estimated earnings.

Also included in cost and estimated earnings in excess of billings on uncompleted contracts are amounts that Dürr seeks to collect from customers or others for errors or changes in contract specifications or design, contract change orders in dispute or unapproved as to both scope and price, or other customer-related causes of unanticipated additional contract costs, claims and pending change orders. These are carried at the estimated amount provided their realization is probable and can be reliably estimated. No profits are reported on these accumulated costs. Pending change orders involve the use of estimates. Therefore, it is possible that adjustments to the estimated recoverable amounts of recorded pending change orders will be made in the future.

The POC method and ZP method are based on estimates. Due to the uncertainties prevailing in this respect, estimates of the expenses required for completion, including expenses for contractual penalties and warranties, may have to be adjusted subsequently. Such adjustments to costs and income are recognized in the period in which the adjustments are determined. Provisions for onerous contracts are recognized in the period in which losses are identified.

Trade receivables

Receivables are carried at the lower of amortized cost or net realizable value. The Group assesses the recoverability of its receivables by referring to a number of factors. Should any issues arise which would impinge on the ability of certain customers to meet their financial obligations, Dürr posts a specific valuation allowance to write down the net receivable to the reasonably expected recoverable amount. Impairment losses on trade receivables are posted via allowance accounts. Receivables are derecognized as soon as they become uncollectible.

The assessment of the separate accounts receivable as overdue or in default is made by management. For all other customers, the Group records bad debt allowances on a portfolio basis depending on the days past due, current business circumstances and past experience. A central monitoring and local collection management system counters the risk of bad debts. This system includes regular credit ratings, the conclusion of credit insurance policies and – particularly in the export business – issuing letters of credit.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and other short-term, highly liquid financial assets with an original term to maturity of less than three months. They are recognized at face value.

Other comprehensive income

This item presents changes in equity other than those arising from capital transactions with owners (e.g., capital increases or distributions). These include exchange differences, accumulated actuarial gains and losses from the measurement of pensions and similar obligations as well as unrealized gains and losses from the measurement of available-for-sale securities and derivative financial instruments at fair value.

Borrowing costs in connection with the financing of the Group

Pursuant to IAS 39 “Financial Instruments: Recognition and Measurement”, borrowing costs incurred in connection with the issue of a bond are deducted from the bond on the liabilities’ side of the consolidated statement of financial position. Calculated using the effective interest method, borrowing costs are amortized over the term of the bond.

Transaction costs incurred in connection with the syndicated loan are shown in the consolidated statement of financial position as other intangible assets and amortized over the term of the syndicated loan.

Provisions

The Group’s post-employment benefits include defined contribution plans and defined benefit plans. In the case of defined contribution plans, the entity pays contributions to state or private pension companies either on a voluntary basis or based on statutory or contractual provisions. No further payment obligations arise for the entity following the payment of contributions.

The majority of the Dürr’s post-employment benefit systems is based on defined benefit plans which guarantee the beneficiary a monthly old-age pension for life. These benefit plans are funded by the entities and by the employees.

In accordance with IAS 19 “Employee Benefits”, provisions for pension obligations are measured using the projected unit credit method. For this purpose, the future obligations are measured on the basis of the pro rata employee benefit obligations at the end of the reporting period. Pension provisions are calculated taking into account development assumptions (e.g., salary developments) for those factors which affect the amount of the benefit.

Dürr has applied IAS 19 (revised) for the measurement of the benefit obligations since the 2005 reporting period. Accordingly, actuarial gains and losses are recorded directly in equity net of deferred taxes. Reinsured provisions for employer’s pension liability obligations are offset against plan assets in accordance with the criteria of IAS 19 (revised).

Sundry provisions are recorded if the obligation to a third party results from a past event which is expected to lead to an outflow of economic benefits and can be determined reliably. These are contingent liabilities recognized on the basis of a best estimate. Provisions with a residual term of more than one year are discounted at market interest rates which reflect the risk and period until the obligation is settled.

Liabilities

At the inception of the lease, liabilities from finance leases are carried at the lower of fair value of the leased asset or the present value of the minimum lease payments (we refer to the explanations on leases); other liabilities are accounted for at amortized cost.

Deferred taxes

Deferred taxes are accounted for using the balance sheet liability method according to IAS 12 "Income Taxes". This involves creating deferred tax items for all temporary accounting and measurement differences between the carrying amounts for IFRS purposes and the tax bases of the assets and liabilities. They are not created if the temporary difference arises from goodwill or the initial recognition of other assets and liabilities in a transaction (that is not a business combination) which affects neither the accounting profit nor the taxable profit or loss. A deferred tax liability is recognized for all taxable temporary differences arising from investments in subsidiaries or associates, and interests in joint ventures, unless the parent can control the reversal of the temporary difference and the temporary difference will probably not reverse in the foreseeable future. Further, deferred tax assets for future economic benefits from unused tax losses and unused tax credits are taken into account if it is highly probable that they will be used.

Deferred taxes are measured taking into account the respective local income tax rates which apply in the individual countries at the time of realization or which are expected (basis: applicable tax law). Deferred tax assets are only reversed if it is more probable that the tax benefit will be forfeited than that it will be utilized.

Deferred tax assets and deferred tax liabilities are netted if, and only if, the entity has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied on the same taxable entity by the same taxation authority. Deferred taxes are recorded as tax income or expense in the statement of income unless they relate to items recorded directly in equity; in this case, the deferred taxes are also recorded directly in equity.

Contingent liabilities

Contingent liabilities are disclosed for possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities can arise from a present obligation that results from past events but is not recognized because

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
- the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not disclosed if the possibility of an outflow of resources embodying economic benefits is remote.

Research and non-capitalizable development costs

Research and non-capitalizable development costs are recorded in profit or loss as incurred.

Earnings per share

Earnings per share is determined pursuant to IAS 33 "Earnings per Share". Earnings per share is calculated as the profit share of the shareholders of Dürr AG divided by the weighted average number of shares issued. The calculation is presented in the table below. There were no dilutive effects in the 2009 and 2008 reporting periods.

EARNINGS PER SHARE 3.11

in € k (with the exception of disclosures per share)	2009	2008
Loss/profit attributable to the shareholders of Dürr AG	–26,882	42,429
of which continuing operations	–26,882	29,873
of which discontinued operations	–	12,556
Number of shares outstanding in thousand (weighted average)	17,300.5	16,535.8
Earnings per share (basic and diluted)	–1.55	2.57
of which continuing operations	–1.55	1.81
of which discontinued operations	–	0.76

Use of estimates and judgments

The preparation of the consolidated financial statements pursuant to IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual figures may diverge from these estimates.

Judgments

In the process of applying the accounting policies, management has made the following judgments which have a significant effect on the amounts recognized in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties and so accounts for them as operating leases.

Operating lease commitments – Group as lessee

The Group has entered into lease agreements for real estate. The Group has determined that the special purpose entities which are the lessors of the real estate retain all the significant risks and rewards of ownership of these.

Consolidation of special purpose entities

Two special purpose entities were founded for the purpose of concluding the aforementioned lease agreements. Dürr has no influence on the financing or business policies of either of these special purpose entities. The opportunities and risk structures of the special purpose entities are such that they cannot be included in the consolidated group.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that risk causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

Cost and estimated earnings in excess of billings

Customized construction contracts make up a large part of Dürr's business. Revenues and costs relating to construction contracts are generally recognized using the percentage-of-completion method (POC method). A precise assessment of the degree of completion is essential in this respect. The key estimation parameters include total contract revenues and contract costs, the remaining costs of completion and the contract risks. These estimates are reviewed and refined regularly.

Impairment of goodwill

The Group tests goodwill for impairment at least once a year. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. To do this, management is required to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as of December 31, 2009 was € 271,264 thousand (prior period: € 265,974 thousand). Please refer to note 19 for further details.

Pensions and other post-employment benefits

The cost of defined benefit plans is determined using actuarial calculations. This involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. The discount rates used are based on the market yields on high-quality, fixed-interest corporate bonds. The expected long-term return on plan assets is determined by reference to historical long-term yields and the portfolio structure. Due to the long-term nature of these plans, such assumptions are subject to significant uncertainty. Pension provisions amounted to € 55,144 thousand as of December 31, 2009 (prior period: € 52,222 thousand). Please refer to note 27 for further details.

Development costs

Development costs are capitalized in accordance with the accounting policy presented in note 7. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, interest rates to be applied and the expected period of benefits. The carrying amount of capitalized development costs as of December 31, 2009 was € 13,812 thousand (prior period: € 14,963 thousand).

Put option of minority shareholders for shares held in CPM S.p.A.

In the course of consolidating CPM S.p.A. in full for the first time in 2007, a put option of the minority interests for the shares held by them was measured at fair value in accordance with IAS 32 and recognized under other liabilities. The fair value is calculated at the end of each reporting period. This requires an estimate to be made regarding the future revenues of CPM S.p.A. The fair value of the option came to € 5,650 thousand as of December 31, 2009 (prior period: € 6,394 thousand).

Estimates and assumptions are also required for the recognition and measurement of bad debt allowances (cf. note 39) as well as for contingent liabilities and sundry provisions; the same applies to determining the fair value of long-lived items of property, plant and equipment and intangible assets and the recognition of deferred taxes on unused tax losses (cf. note 18).

NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

8. Sales revenues

SALES REVENUES 3.12

in € k	2009	2008
Contract revenues	763,201	1,158,057
Revenues from services	263,292	395,934
Other sales revenues	51,139	48,782
	1,077,632	**1,602,773**

9. Cost of sales

Cost of sales includes all costs of purchase and costs of conversion incurred in the sale of goods and services. In the 2009 reporting period, it amounted to € 856,544 thousand (prior period: € 1,317,538 thousand), which corresponds to a gross margin of 20.5 % (prior period: 17.8 %). In the reporting period, cost of sales additionally includes finance costs of € 682 thousand, which were recognized on account of IAS 23 “Borrowing Costs”. For further details, please refer to note 35.

10. Selling expenses

Selling expenses comprise all direct selling costs and overheads incurred. These generally include all personnel expenses, cost of materials, depreciation and amortization as well as other costs relating to sales. In addition, selling expenses include bad debt expenses relating to trade receivables. In the 2009 reporting period, selling expenses came to € 93,448 thousand (prior period: € 98,257 thousand).

11. General and administrative expenses

General and administrative expenses comprise personnel expenses and non-personnel expenses of the central administrative functions, which are not attributable to contract processing, production, sales or research and development. In the 2009 reporting period, they came to € 77,985 thousand (prior period: € 86,775 thousand).

12. Personnel expenses

The expense items of the statement of income contain the following personnel expenses:

PERSONNEL EXPENSES 3.13

in € k	2009	2008
Wages and salaries	275,268	310,077
Social security contributions	61,145	67,018
	336,413	**377,095**
of which post-employment benefits	6,320	6,743

Personnel expenses include flat-rate refunds from the Federal Employment Agency in Germany of € 506 thousand (prior period: € 0 thousand). These refunds were made for the social security expenses payable by Dürr with respect to the government-subsidized reduced working hours at various German companies. In accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" these refunds are disclosed net of the associated costs.

13. Cost of materials

The expense items of the statement of income contain cost of materials of € 622,604 thousand (prior period: € 1,038,221 thousand).

14. Other operating income and expenses

OTHER OPERATING INCOME AND EXPENSES 3.14

in € k	2009	2008
Other operating income		
Exchange rate gains	21,790	21,952
Income from allocation of expenses for Campus construction project	45,248	4,856
Reversal of provisions	7	867
Gains on disposal of non-current assets	477	4,157
Income from the sale or liquidation of entities	–	117
Sundry	4,610	5,678
	72,132	**37,627**
Other operating expenses		
Exchange rate losses	22,482	26,086
Expenses for Campus construction project	48,524	6,966
Losses on disposal of non-current assets	441	287
Impairment of other current assets	39	12
Sundry	3,189	7,738
	74,675	**41,089**

15. Gain or loss on restructuring/onerous contracts and impairment losses/reversals of impairment losses

Gain or loss on restructuring

On account of the overall economic situation, it was decided in the 2009 reporting period to carry out various restructuring measures concerning both divisions. Expenses of € 15,944 thousand were incurred in the reporting period for the measures. They were partly offset by the reversal of a provision for potential losses amounting to € 1,391 thousand at Schenck Technologie- und Industriepark GmbH as a result of a considerably improved rental situation.

In the reporting period, accruals recognized in prior periods in relation to the Group's FOCUS program were either utilized or reversed. The program was completed in 2007.

In the 2008 reporting period, a decision was taken to rescale the loss-making final assembly systems/conveyor technology unit. The capacity downscaling introduced in France and the USA entailed restructuring expenses of € 4,391 thousand in the 2008 reporting period.

The balance of restructuring expenses, on the one hand, and income from the reversal of restructuring provisions no longer needed, on the other, came to € –14,334 thousand in the reporting period (prior period: € –3,294 thousand). Of this amount, expenses of € 6,206 thousand are attributable to measures already implemented in the 2009 reporting period. The remaining income and expenses are due to changes in other liabilities.

DEVELOPMENT OF LIABILITIES FOR RESTRUCTURING MEASURES 3.15

in € k	Paint and Assembly Systems	Measuring and Process Systems	**Dürr Group**
As of January 1, 2008	**3,450**	**5,733**	**9,183**
Reclassifications	–71	71	–
Exchange difference	–31	–3	–34
Utilization	1,303	505	1,808
Reversals	737	377	1,114
Additions	3,543	4	3,547
As of December 31, 2008	**4,851**	**4,923**	**9,774**
Exchange difference	–	–2	–2
Utilization	3,351	478	3,829
Reversals	72	1,538	1,610
Additions	8,907	831	9,738
As of December 31, 2009	**10,335**	**3,736**	**14,071**

Impairment losses/ reversal of impairment losses

In the reporting period, Dürr Ecoclean S.A.S., Loué, France, recognized an impairment loss of € 1,240 thousand on real estate. In so doing, it determined the real estate's market value by reference to a market price analysis of comparable commercial real estate in the region. The other impairment losses totaling € 207 thousand concern various non-current assets in Germany and the USA.

Of the impairment losses, € 84 thousand is accounted for by the Paint and Assembly Systems division and € 1,363 thousand by the Measuring and Process Systems division.

The composition of the cash-generating unit was modified in the 2008 reporting period through the addition of further buildings and the disposal of one building from the investment property portfolio of Schenck Technologie- und Industriepark GmbH in Darmstadt, which belongs to the Measuring and Process Systems division. Owing to the positive rental situation in 2008, the entity expected the market value to continue to rise. In the light of this, the reasons for the impairment loss previously recognized no longer applied. Therefore, the entity reversed the impairment loss by writing up the carrying amount by € 4,324 thousand. This took into account the depreciation that would have been recorded had no impairment loss been recognized. This development was partially offset by an impairment loss of € 33 thousand recorded on a longitudinal lifting magnet.

In addition, in the course of determining the value in use of a building on the Darmstadt site which is treated as a finance lease, the reason for the impairment loss recognized in 2005 was found to no longer apply. Therefore, the Company reversed the impairment loss by writing up the carrying amount by € 562 thousand in the 2008 reporting period. This took into account the depreciation that would have been recorded had no impairment loss been recognized.

In the 2007 reporting period, the continuing use of leasehold improvements in a warehouse in Poland, which had been written down in 2005, led to a reversal of impairment losses of € 131 thousand. In the 2008 reporting period, it was decided to prematurely terminate the leases for the warehouse. As a result, an impairment loss of € 112 thousand was recognized in 2008 on the leasehold improvements.

The net expense of restructuring/onerous contracts as well as the net impairment losses/reversals of impairment losses breaks down by functional cost in the statement of income as follows:

STATEMENT OF INCOME (ADJUSTED) 3.16

in € k	Statement of income *(as reported)*	Gain or loss on restructuring/onerous contracts	Net impairment losses/reversal of impairment losses	Statement of income *(reconciled)*
Sales revenues	1,077,632	–	–	1,077,632
(2008)	(1,602,773)	–	–	(1,602,773)
Cost of sales	–856,544	–9,008	–1,290	–866,842
(2008)	(–1,317,538)	(–2,321)	(4,179)	(–1,315,680)
Gross profit on sales	**221,088**	**–9,008**	**–1,290**	**210,790**
(2008)	**(285,235)**	**(–2,321)**	**(4,179)**	**(287,093)**
Selling expenses	–93,448	–3,325	–	–96,773
(2008)	(–98,257)	(–541)	(–)	(–98,798)
General and administrative expenses	–77,985	–1,838	–73	–79,896
(2008)	(–86,775)	(–432)	(562)	(–86,645)
Research and development costs	–25,605	–163	–84	–25,852
(2008)	(–25,528)	(–)	(–)	(–25,528)
Other operating income	72,132	–	–	72,132
(2008)	(37,627)	(–)	(–)	(37,627)
Other operating expenses	–74,675	–	–	–74,675
(2008)	(–41,089)	(–)	(–)	(–41,089)
	21,507	**–14,334**	**–1,447**	**5,726**
(2008)	**(71,213)**	**(–3,294)**	**(4,741)**	**(72,660)**
Gain or loss on restructuring/onerous contracts	–14,334	14,334	–	–
(2008)	(–3,294)	(3,294)	(–)	(–)
Impairment losses/reversal of impairment losses	–1,447	–	1,447	–
(2008)	(4,741)	(–)	(–4,741)	(–)
EBIT	**5,726**	**–**	**–**	**5,726**
(2008)	**(72,660)**	**(–)**	**(–)**	**(72,660)**

16. Profit from entities accounted for using the equity method

The profit from entities accounted for using the equity method amounted to € 985 thousand (prior period: € 3,040 thousand). This disclosure comprises the profit shares from entities accounted for using the equity method. Currency effects were recorded directly in other comprehensive income.

17. Net interest

NET INTEREST 3.17

in € k	2009	2008
Interest and similar income	2,208	4,767
Interest and similar expenses	−21,145	−34,080
of which from:		
Scheduled amortization of transaction costs/debt discount from a bond issue and from a syndicated loan	−4,014	−3,050
Non-recurring effects from premature termination of the syndicated loan and partial repayment of the bond	–	−9,388
Interest expenses from finance leases	−310	−392
Other interest expenses	−16,821	−21,250
Net interest	**−18,937**	**−29,313**
of which from financial instruments under the measurement categories in accordance with IAS 39:		
Loans and receivables (amortized cost)	2,187	4,750
Available-for-sale financial assets	21	17
Financial liabilities measured at amortized cost	−21,051	−33,998

Other interest expenses also comprise the net interest expense of € 245 thousand (prior period: € 82 thousand) from the interest/currency swaps accounted for at fair value. For details of the Group's financing structure, please refer to note 29.

In the reporting period, interest expenses were reduced by finance costs of € 682 thousand relating to long-term construction contracts recognized under IAS 23 "Borrowing Costs". Such finance costs are now included in cost of sales. The interest rate used for the 2009 reporting period is 11.23 %. For further details, please refer to note 35.

18. Income taxes

The income taxes relate to the German corporate income tax including a solidarity surcharge, trade tax on income and comparable taxes levied at foreign subsidiaries. The tax income for discontinued operations is explained in note 6.

Deferred taxes in Germany are computed using an unchanged tax rate of 29.9 % (prior period: 29.9 %).

COMPOSITION OF THE INCOME TAX EXPENSE 3.18

in € k	2009	2008
Current income taxes		
Income tax expense for the reporting period	12,366	15,620
Adjustment of tax expense for prior periods	−2,114	−14,034
Tax on transaction costs recognized directly in equity	–	118
	10,252	**1,704**
Deferred taxes		
Origin and reversal of temporary differences	3,262	−1,250
Total tax expense	**13,514**	**454**
less tax income from discontinued operations	–	−12,207
Disclosed tax expense	**13,514**	**12,661**

Pursuant to IAS 12, a deferred tax asset should be recognized for the carryforward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. In calculating the possibilities for utilizing tax losses, Dürr uses a three-year planning horizon and takes into account the minimum taxation in Germany. As a result, unused tax losses in Germany were written down by € 3,792 thousand. In the prior period, income of € 3,312 thousand had been recognized. In other tax jurisdictions, deferred tax assets were again not recognized on unused tax losses due to the accumulated losses of the past three years. In addition, deferred tax assets were written down by another € 4,072 thousand, mainly at the US subsidiaries.

Exchange rate effects on deferred taxes were reported separately for the first time in the 2009 reporting period. The 2008 presentation was adjusted accordingly.

The following table shows the reconciliation of theoretical income tax expense to the current income tax expense disclosed. The reconciliation is based on the total effective tax rate in Germany of 29.9 % (prior period: 29.9 %).

RECONCILIATION OF THE INCOME TAX EXPENSE 3.19

in € k	**2009**	2008
Earnings before income taxes from continuing operations	−12,226	46,387
Earnings before income taxes from discontinued operations	–	349
Loss/profit before income taxes	**−12,226**	**46,736**
Theoretical income tax income/expense in Germany of 29.9 %	−3,656	13,974
Adjustments of current and deferred income tax incurred in prior periods	−2,223	−14,035
Non-deductible operating expenses	4,602	4,345
Foreign tax rate differential	−181	−240
Unrecognized deferred tax assets especially on unused tax losses	7,242	5,632
Utilization of unrecognized unused tax losses	–	−6,352
Change in impairments of deferred tax assets	7,864	561
Subsequent recognition of deferred taxes on unused tax losses	–	−3,312
Zero-rated income	−680	−429
Other	546	310
Current income tax expense of the Group	**13,514**	**454**
Income tax expense reported in consolidated statement of income	13,514	12,661
Current income taxes attributable to discontinued operations	–	−12,207
	13,514	**454**

DEFERRED TAX ASSETS AND LIABILITIES 3.20

in € k	Consolidated statement of financial position		Consolidated statement of income	
	2009	2008	**2009**	2008
Deferred tax assets				
Accounting for intangible assets	1,782	306	1,476	−25
Revaluation of land and buildings	96	774	−678	−141
Revaluation of financial assets	1,370	1,321	49	66
Bad debt allowances	397	606	−209	171
Interest/currency transactions	1,026	1,300	−68	617
Long-term construction contracts	3,216	1,622	1,594	49
Post-employment benefits	8,032	6,371	1,372	1,856
Restructuring, provisions not recognized for tax purposes	1,313	1,449	−136	−766
Interest and tax loss carryforwards	16,635	24,723	−8,088	5,226
Total deferred income tax assets before impairments	**33,867**	**38,472**		
Impairment losses	−18,265	−10,401	−7,864	−561
Total deferred tax assets	**15,602**	**28,071**		
Netting	−10,266	−23,355		
All deferred tax assets	**5,336**	**4,716**		
Deferred tax liabilities				
Accounting for intangible assets	−557	−986	429	−50
Capitalized development costs	−2,994	−3,328	334	−518
Tax-deductible goodwill	−10,914	−9,561	−1,353	−3,130
Revaluation of land and buildings	−12,038	−11,887	−151	1,089
Revaluation of financial assets	−2,630	−2,361	−269	–
Long-term construction contracts	−2,244	−13,334	11,090	−3,397
Amortization of costs related to bonds and syndicated loans	−1,769	−1,411	−358	173
Total deferred tax liabilities	**−33,146**	**−42,868**		
Netting	10,266	23,355		
All deferred tax liabilities	**−22,880**	**−19,513**		
Currency effects reported in equity			−432	591
Deferred income tax expense			**−3,262**	**1,250**

The currency effects of € −432 thousand (prior period: € 591 thousand) account for the clerical differences compared to deferred taxes recorded in the statement of income.

In the 2009 reporting period, deferred taxes of € 83 thousand were recognized directly in other comprehensive income (prior period: € −970 thousand).

Deferred tax assets and deferred tax liabilities are netted if, and only if, the entity has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Unused tax losses for which no deferred tax assets were recognized came to € 200,367 thousand (prior period: € 161,019 thousand). The increase is primarily attributable to the rise in current losses. Of these, unused tax losses of € 695 thousand (prior period: € 6,011 thousand) will expire within the next five years and € 81,239 thousand (prior period: € 67,313 thousand) within the next 20 years. At present, the remaining unused tax losses do not expire.

As of December 31, 2009, the distributable reserves of foreign subsidiaries amounted to around € 71,754 thousand (prior period: € 92,939 thousand). As Dürr AG intends to reinvest these gains for an indefinite period of time, no tax implications from possible distributions or dividend payments of foreign subsidiaries were considered in the consolidated financial statements.

The effects from back taxation and the adjustment of the corporate income tax credit gave rise to net income of € 15 thousand (prior period: expense of € 53 thousand).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION: ASSETS

19. Intangible assets and property, plant and equipment

Details regarding the changes in the Group's intangible assets and property, plant and equipment are presented in the statement of changes in non-current assets in the Group in note 42.

Prepayments relate exclusively to franchises, industrial rights and similar rights as well as property, plant and equipment. Property, plant and equipment are recognized as assets under construction if costs for own or third-party work have already been incurred for their manufacture but they have not been completed by the end of the reporting period.

Amortization and depreciation is shown in the statement of income under the respective functional costs:

AMORTIZATION AND DEPRECIATION 3.21

	2009			2008		
in € k	**Intangible assets**	**Property, plant and equipment**	**Total amortization and depreciation**	Intangible assets	Property, plant and equipment	Total amortization and depreciation
Cost of sales	789	6,503	7,292	789	6,162	6,951
Selling expenses	198	566	764	122	549	671
General and administrative expenses	2,931	2,997	5,928	2,638	2,268	4,906
Research and development costs	3,658	705	4,363	3,356	1,252	4,608
Other operating expenses	7	56	63	15	41	56
Interest expenses	2,790	–	2,790	1,970	–	1,970
	10,373	**10,827**	**21,200**	**8,890**	**10,272**	**19,162**

Impairment losses of € 1,447 thousand were recognized in the reporting period, of which € 1,240 thousand is attributable to land and buildings at Dürr Ecoclean S.A.S. in France. The other impairment losses of € 207 thousand concern various non-current assets in Germany and the USA.

In the prior period, impairment losses and reversals of impairment losses were recorded on assets to reflect recoverable amount. The recoverable amount is generally determined on the basis of the value in use and at the level of the cash-generating unit. The recoverable amount was only determined on the basis of fair values when determining the reversal of impairment losses on investment property. To improve insight into the results of operations, this was disclosed separately in the statement of income. For additional information, please refer to note 15.

Impairment test for goodwill

The goodwill acquired from business combinations was allocated to the cash-generating units for impairment testing. Dürr has defined the business units within the Paint and Assembly Systems and Measuring and Process Systems divisions as the cash-generating units. The calculation model is used in exactly the same way for all cash-generating units as the main parameters apply equally to all business units.

The recoverable amount of the cash-generating units is determined based on the value in use. This calculation is prepared on the basis of cash flow forecasts which are based on the three-year business plan approved by management. In the reporting period, the pre-tax discount rate for the cash flow forecast ranged from 10.49 % to 10.74 % (prior period: 10.00 % to 10.17 %). Cash flows after the three-year period are extrapolated using a growth rate of 1.5 % (prior period: 1.5 %) based on the long-term growth rate of the business units.

Planned gross profit margins

The gross profit margins are determined in the subsidiaries' and business units' bottom-up planning. They are based on the figures determined for the previous reporting period taking anticipated efficiency increases into account.

Cost of capital (discount rate)

The cost of capital is the weighted average cost of debt and equity before tax. When calculating the cost of equity, a beta factor is taken into account, which is derived from capital market data and the capital structure of benchmark companies. Cost of debt is based on a base interest rate for government bonds and a markup derived from the credit rating of benchmark companies.

Increase in the price of raw materials

Price increases in raw materials are determined from the forecast price indices of the countries from which the raw materials are procured by the respective subsidiaries.

Increase in salary costs

In the three-year plan, the German subsidiaries have assumed salary increases of 2.5 % and 3.5 % p.a. from 2011 (prior period: 4.5 % p.a.). The foreign subsidiaries have all used the applicable local rate of increase for the respective planning period.

Sensitivity analysis of goodwill

In response to the economic downturn in the automotive and automotive supply industry, Dürr carried out sensitivity analyses to examine with regard to impairment of goodwill in the business units the impact of a 10 % reduction in the projected earnings before interest and taxes (EBIT) in all planning periods from 2010 compared to the approved corporate projections, the impact of an increase in the discount rate of another 0.5 percentage points and the impact of a decrease in the growth rate to 1.0 %.

Based on the information currently available, the sensitivity analyses revealed that no impairment of goodwill will be necessary, even if the economy were to weaken considerably further than assumed in planning at present or if the expectations regarding interest rates had developed such that a higher discount rate should have been used.

The table below shows the development of goodwill, broken down by division and business unit. As of the beginning of the 2008 reporting period, the product business with assembly, filling and testing technology was spun off from the Factory Assembly Systems business unit, which was part of the Paint and Assembly Systems division and has since been discontinued. Together with the previous Balancing and Diagnostic Systems business unit, it now makes up the new Balancing and Assembly Products business unit, which is part of the Measuring and Process Systems division. The goodwill was reclassified accordingly in each case.

DEVELOPMENT OF GOODWILL 3.22

in € k	Carrying amount as of Jan. 1, 2008	Reclassi-fications	Changes in consolidated group	Exchange difference	Carrying amount as of Dec. 31, 2008	Exchange difference	Additions	**Carrying amount as of Dec. 31, 2009**
Paint and Final Assembly Systems	79,586	9,591	–	–1,057	88,120	363	–	88,483
Application Technology	55,178	–	2,027	–70	57,135	221	–	57,356
Environmental and Energy Systems	4,920	–	–	260	5,180	–118	–	5,062
Aircraft and Technology Systems	–	7,563	–	–	7,563	–	–	7,563
Factory Assembly Systems	81,307	–81,307	–	–	–	–	–	–
Paint and Assembly Systems	**220,991**	**–64,153**	**2,027**	**–867**	**157,998**	**466**	**–**	**158,464**
Balancing and Assembly Products	27,978	64,153	–	971	93,102	–191	5,316	98,227
Cleaning and Filtration Systems	14,211	–	–	663	14,874	–301	–	14,573
Measuring and Process Systems	**42,189**	**64,153**	**–**	**1,634**	**107,976**	**–492**	**5,316**	**112,800**
Dürr Group	**263,180**	**–**	**2,027**	**767**	**265,974**	**–26**	**5,316**	**271,264**

The changes in goodwill are explained below.

Acquisitions

2009 reporting period

Datatechnic S.A.: On April 2, 2009, 100 % of the shares in Datatechnic S.A., Uxegney, France, were acquired. Datatechnic S.A. is a leading manufacturer of balancing machines for turbochargers.

Purchase accounting for Datatechnic S.A. was performed in accordance with the acquisition method pursuant to IFRS 3 "Business Combinations". The profit or loss of the acquired entity was included in the consolidated financial statements as of the date of acquisition. Datatechnic S.A.'s contribution to earnings after taxes from the date of acquisition to December 31, 2009 totals € 566 thousand; the sales revenues with external parties included in that period amount to € 964 thousand. If Datatechnic S.A. had been included in the consolidated group as of January 1, 2009, Group sales revenues for the 2009 reporting period would have amounted to € 1,079,580 thousand and the Group's loss for the period would have been € 25,114 thousand.

The net assets and goodwill of Datatechnic S.A. acquired is determined as follows:

GOODWILL OF DATATECHNIC S.A. 3.23

in € k	**April 2, 2009**
Purchase price for the acquisition	7,000
Costs directly attributable to the acquisition	142
Total purchase price	**7,142**
Fair value of net assets	1,826
Goodwill	**5,316**

The total purchase price was allocated to the assets acquired and liabilities assumed as follows:

PURCHASE PRICE ALLOCATION FOR DATATECHNIC S.A. 3.24

in € k	Carrying amount before acquisition	Adjustment	Carrying amount after acquisition
Intangible assets	7	1,364	1,371
Property, plant and equipment	270	–11	259
Deferred tax assets	–	157	157
Inventories	2,240	–1,946	294
Receivables and other assets	1,951	1,305	3,256
Cash and cash equivalents	310	–	310
Non-current liabilities	–10	–	–10
Deferred tax liabilities	–	–598	–598
Current liabilities	–4,485	1,272	–3,213
Net assets	**283**	**1,543**	**1,826**

The carrying amounts after acquisition correspond to fair value as of the date of acquisition. The adjustments mainly relate to intangible assets, where a ban on competition and customer relationships were recognized in the course of the purchase price allocation. Inventories and trade receivables and payables were adjusted on account of the transition made to carrying amounts determined using the percentage-of-completion method under IAS 11 "Construction Contracts".

The cost of the shares amounted to € 7,142 thousand; the purchase price was paid in cash. Goodwill amounting to € 5,316 thousand reflects the technology and cost synergies between the balancing and correction technology and the positive earnings prospects of Datatechnic S.A. The goodwill was allocated to the Balancing and Assembly Products business unit.

USEFUL LIFE OF INTANGIBLE ASSETS ACQUIRED 3.25

	Fair value (in € k)	Useful life (in years)
Ban on competition	249	5
Customer relationships	1,115	10
	1,364	

2008 reporting period

The shareholder agreement with Verind S.p.A., Rodano, Italy, was amended with effect as of November 30, 2008 to reflect the fact that Dürr Systems GmbH, Stuttgart, can hereinafter control Verind S.p.A. (control concept). Verind S.p.A. is therefore included in the consolidated financial statements for the first time with effect as of December 1, 2008. Until then, goodwill of € 2,027 thousand was included in the carrying amount of the interest and was reclassified to goodwill in the course of the full consolidation of Verind S.p.A. In the course of the purchase accounting, hidden reserves on land and buildings of € 2,348 thousand were disclosed directly in equity and added to the revaluation reserve taking into account deferred taxes pursuant to IFRS 3. Of this amount, € 822 thousand was allocated to minority interests.

At the date of first-time consolidation, Verind S.p.A. had recognized the following items:

STATEMENT OF FINANCIAL POSITION OF VERIND S.P.A. 3.26

in € k	December 1, 2008
Non-current assets	1,880
Current assets	23,701
of which cash and cash equivalents	8,247
Non-current liabilities	1,641
Current liabilities	18,745
Equity	5,195

The contribution to earnings made by Verind S.p.A. from the date of first-time consolidation came to € 2,342 thousand. If the consolidation had taken place as of January 1, 2008, the Group's sales revenues would have amounted to € 1,611,178 thousand and profit from continuing operations to € 34,130 thousand.

Land and buildings

Land and buildings of Dürr Systems Inc., Plymouth, USA, as well as of Dürr Ecoclean Inc., Wixom, USA, were disposed of in the 2008 reporting period. They were sold in a sale-and-leaseback transaction and leased back under an operating lease, which generated gains on disposal of € 3,906 thousand in the 2008 reporting period.

One building in the United Kingdom and two in Germany were capitalized as finance leases in the reporting period; Dürr does not have legal title to these buildings. The depreciation expense recorded on these buildings is included in the depreciation of property, plant and equipment.

The table below shows cost and accumulated depreciation and impairment losses for these buildings which are reported as finance leases under property, plant and equipment.

BUILDINGS RECOGNIZED AS FINANCE LEASE ASSETS 3.27

in € k	**Dec. 31, 2009**	Dec. 31, 2008
Historical cost	17,032	16,829
Accumulated depreciation and impairment losses	9,635	8,902
Net carrying amount	**7,397**	**7,927**

For current Group financing arrangements, the total mortgages of selected Dürr entities recorded in the land register were provided as collateral. As of December 31, 2009, the assets' carrying amount came to € 45,999 thousand.

Investment property

Dürr distinguishes between property that is largely owner-occupied and property that is let to third parties. A property is considered to be largely used by third parties if more than 90 % of it is let to third parties. Dürr uses the cost method to measure such investment property. The properties concerned are a group of buildings as well as part of the infrastructure area of Schenck Technologie- und Industriepark GmbH in Darmstadt. In the 2005 reporting period the cash-generating unit was formed for the first time. In the 2008 reporting period, changes in tenancy levels of individual buildings led to a different allocation. In the 2009 reporting period, these properties generated rental income of € 2,583 thousand (prior period: € 2,798 thousand). The future rental income based on the existing agreements breaks down as follows:

FUTURE RENTAL INCOME 3.28

in € k	Dec. 31, 2009	Dec. 31, 2008
Within one year	2,481	2,676
Between one year and five years	3,481	5,956
More than five years	182	547
	6,144	**9,179**

Directly attributable expenditure amounts to € 1,478 thousand (prior period: € 1,521 thousand). Of this amount, € 119 thousand (prior period: € 46 thousand) is attributable to vacant property.

Buildings are depreciated using the straight-line method of depreciation over their useful life ranging between 20 and 50 years. In the 2005 reporting period, property that is mainly let to third parties was subjected to an impairment test conducted with the assistance of an external valuer. Based on this expert appraisal, an impairment loss of € 5,471 thousand was recorded in 2005 to write the property down to fair value. The composition of the cash-generating units was modified through the addition of further buildings and the disposal of one building from the investment property portfolio. Owing to the positive rental situation in 2008, the entity then expected the market value to continue to rise. In the light of this, the reasons for the impairment loss previously recognized no longer applied. Therefore, the entity reversed the impairment loss by writing up the carrying amount by € 4,324 thousand in the 2008 reporting period. This took into account the depreciation that would have been recorded had no impairment loss been recognized.

The fair value comes to some € 20.5 million as of December 31, 2009, taking into account additions due to subsequent expenditure (prior period: some € 21.0 million). Fair value is calculated using capitalized income from the cash-generating unit based on market rents adjusted by risk mark-downs customary for the region and a vacancy rate of 15 % and a property yield of 7.5 %. The accumulated cost of land and buildings came to € 35,901 thousand as of January 1, 2009 and € 36,139 thousand as of December 31, 2009. The accumulated depreciation including all impairment losses and reversals of impairment losses increased from € 14,882 thousand as of January 1, 2009 to € 15,664 thousand as of December 31, 2009.

The table below presents a reconciliation of the development of the carrying amount of the investment property belonging to the Measuring and Process Systems division at the beginning and the end of the reporting period.

INVESTMENT PROPERTY 3.29

in € k	2009	2008
As of January 1	**21,019**	**13,575**
Additions from buildings	–	2,811
Additions from subsequent expenditure	258	657
Disposal from acquisition costs	–20	–258
Depreciation	–800	–223
Disposals from accumulated depreciation and impairment losses	18	133
Reversal of impairment losses	–	4,324
As of December 31	**20,475**	**21,019**

20. Investments in entities accounted for using the equity method

NOTES ON ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD 3.30

in € k	2009	2008
Total assets	90,492	91,259
Non-current assets	51,388	27,853
Current assets	39,104	63,406
Non-current liabilities	22,118	6,759
Current liabilities	41,085	58,030
Sales revenues	41,004	76,587
Profit for the period	1,998	4,824

The end of the reporting period of one associate is September 30; it is included using the equity method on the basis of the figures contained in the financial statements from that date. Significant effects that occurred between that date and December 31 are considered.

Profits from joint ventures accounted for using the equity method amounted to € 13,601 thousand (prior period: € 43,713 thousand) and losses totaled € 13,855 thousand (prior period: € 42,425 thousand). Contingent liabilities for joint ventures break down as follows:

CONTINGENT LIABILITIES FOR JOINT VENTURES 3.31

in € k	2009	2008
Guarantees for joint ventures	3,069	14,066
Accession of joint and several liability by the venturer	–1,705	–7,909
As of December 31	**1,364**	**6,157**

For additional information about the consolidated entities, please refer to notes 3 and 4.

21. Inventories and prepayments

INVENTORIES AND PREPAYMENTS 3.32

in € k	Dec. 31, 2009	Dec. 31, 2008
Materials and supplies	44,339	54,289
less write-downs	–6,728	–6,720
Work in process from small-series production	8,896	11,729
less write-downs	–763	–573
Finished goods	8,013	7,321
less write-downs	–872	–636
Prepayments	9,626	12,513
	62,511	**77,923**

Materials and supplies of € 41,253 thousand (prior period: € 50,861 thousand) were measured at average cost and € 3,086 thousand (prior period: € 3,428 thousand) using the Fifo method (first in, first out). On aggregate, write-downs increased to € 8,363 thousand (prior period: € 7,929 thousand) after taking into account exchange differences and consumption. The additions to write-downs in the reporting period of € 4,868 thousand (prior period: € 4,507 thousand) were recognized in profit or loss.

22. Trade receivables

TRADE RECEIVABLES 3.33

in € k	Dec. 31, 2009 Total	Dec. 31, 2009 Current	Dec. 31, 2009 Non-current	Dec. 31, 2008 Total	Dec. 31, 2008 Current	Dec. 31, 2008 Non-current
Costs and estimated earnings in excess of billings	139,127	139,127	–	197,440	197,440	–
Trade receivables due from third parties	186,475	183,883	2,592	248,614	245,811	2,803
Trade receivables due from entities accounted for using the equity method	267	267	–	559	559	–
	325,869	**323,277**	**2,592**	**446,613**	**443,810**	**2,803**

The table below shows an ageing analysis of the recognized trade receivables that are not impaired:

AGEING ANALYSIS OF TRADE RECEIVABLES 3.34

	Costs and estimated earnings in excess of billings		Trade receivables due from third parties		Trade receivables due from entities accounted for using the equity method	
in € k	**Dec. 31, 2009**	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008
Neither past due nor impaired at the end of the reporting period	139,127	197,440	141,634	165,760	267	529
Not impaired at the end of the reporting period, but past due by						
less than 3 months	–	–	27,176	41,658	–	30
between 3 and 6 months	–	–	9,076	15,257	–	–
between 6 and 9 months	–	–	1,856	5,705	–	–
between 9 and 12 months	–	–	1,595	2,473	–	–
more than 12 months	–	–	3,336	7,708	–	–
Total	–	–	43,039	72,801	–	–
Net receivables on which specific bad debt allowances have been recognized	–	–	1,802	10,053	–	–
Carrying amount (net)	**139,127**	**197,440**	**186,475**	**248,614**	**267**	**559**

With respect to the trade receivables that were neither impaired nor past due, there was no indication at the end of the reporting period that the debtors would not meet their payment obligations.

No contractual terms and conditions were renegotiated in the 2009 and 2008 reporting period where the underlying trade receivables would otherwise have been impaired or past due.

Bad debt allowances on trade receivables due from third parties and due from entities accounted for using the equity method developed as follows:

DEVELOPMENT OF BAD DEBT ALLOWANCES 3.35

in € k	2009	2008
As of January 1	**8,816**	**8,485**
Changes in consolidated group	–	193
Exchange difference	59	–45
Utilization	1,616	752
Reversals	1,926	2,176
Additions (expenses for bad debt allowances)	2,387	3,111
As of December 31	**7,720**	**8,816**

Receivables of € 2,361 thousand (prior period: € 838 thousand) were derecognized in the 2009 reporting period; € 1,616 thousand (prior period: € 752 thousand) thereof had already been written down in the prior period. The remaining € 745 thousand (prior period: € 86 thousand) was derecognized with effect on profit or loss in the 2009 reporting period.

COMPOSITION OF COSTS AND ESTIMATED EARNINGS IN EXCESS OF BILLINGS AND BILLINGS IN EXCESS OF COSTS ON UNCOMPLETED CONTRACTS 3.36

	DEC. 31, 2009			DEC. 31, 2008		
in € k	Total	Current	Non-current	Total	Current	Non-current
Assets						
Costs and estimated earnings	516,586	516,586	–	665,995	665,995	–
less billings	377,459	377,459	–	468,555	468,555	–
Costs and estimated earnings in excess of billings	**139,127**	**139,127**	**–**	**197,440**	**197,440**	**–**
Liabilities						
Costs and estimated earnings	485,001	485,001	–	630,127	630,127	–
less billings	674,902	674,902	–	772,035	772,035	–
Billings in excess of costs on uncompleted contracts	**189,901**	**189,901**	**–**	**141,908**	**141,908**	**–**
Total						
Costs and estimated earnings	1,001,587	1,001,587	–	1,296,122	1,296,122	–
less billings	1,052,361	1,052,361	–	1,240,590	1,240,590	–
Costs and estimated earnings in excess of billings	**–**	**–**	**–**	**55,532**	**55,532**	**–**
Billings in excess of costs on uncompleted contracts	**50,774**	**50,774**	**–**	**–**	**–**	**–**

These amounts are offset on a contract basis and are included in either cost and estimated earnings in excess of billings (assets) or billings in excess of cost and estimated earnings (liabilities). Please also refer to note 30.

23. Sundry financial assets

SUNDRY FINANCIAL ASSETS 3.37

in € k	Dec. 31, 2009 Total	Dec. 31, 2009 Current	Dec. 31, 2009 Non-current	Dec. 31, 2008 Total	Dec. 31, 2008 Current	Dec. 31, 2008 Non-current
Derivative financial assets	4,647	2,258	2,389	5,486	4,338	1,148
Rent deposits and other collateral provided	4,414	1,962	2,452	6,137	2,416	3,721
Remaining sundry financial assets	5,794	5,421	373	7,764	6,832	932
	14,855	**9,641**	**5,214**	**19,387**	**13,586**	**5,801**

Remaining sundry financial assets include balances at suppliers of € 737 thousand (prior period: € 1,967 thousand) and receivables from employees totaling € 1,737 thousand (prior period: € 1,946 thousand).

Other financial assets contain € 10,208 thousand (prior period: € 13,901 thousand), which is presented in the disclosures required in the notes in accordance with IFRS 7 under note 33.

AGEING ANALYSIS OF SUNDRY FINANCIAL ASSETS 3.38

in € k	Dec. 31, 2009	Dec. 31, 2008
Neither past due nor impaired at the end of the reporting period	14,462	19,068
Not impaired at the end of the reporting period, but past due by		
less than 3 months	–	–
between 3 and 6 months	–	–
between 6 and 9 months	74	–
between 9 and 12 months	–	–
more than 12 months	319	319
Total	393	319
Net financial assets on which specific bad debt allowances have been recognized	–	–
Carrying amount (net)	**14,855**	**19,387**

There are no indications that debtors will not meet their payment obligations with respect to the sundry financial assets that are neither past due nor impaired. Impairment of sundry financial assets developed as follows:

MOVEMENTS IN THE PROVISION FOR IMPAIRMENT OF SUNDRY FINANCIAL ASSETS 3.39

in € k	2009	2008
As of January 1	**319**	**292**
Exchange difference	–	–
Utilization	–	–
Reversals	–	–
Additions (impairment charge)	74	27
As of December 31	**393**	**319**

In the reporting period, € 74 thousand (prior period: € 27 thousand) was added to the provision for impairment of sundry financial assets with effect on profit or loss.

24. Other assets

OTHER ASSETS 3.40

in € k	DEC. 31, 2009 Total	Current	Non-current	DEC. 31, 2008 Total	Current	Non-current
Other assets	8,743	8,669	74	15,857	15,708	149
	8,743	**8,669**	**74**	**15,857**	**15,708**	**149**

Other assets mainly contain tax assets which do not relate to income taxes of € 8,280 thousand (prior period: € 14,161 thousand).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION: EQUITY AND LIABILITIES

25. Equity without minority interests

Subscribed capital

As of December 31, 2009, the capital stock of Dürr AG came to € 44,289 thousand (prior period: € 44,289 thousand) and was made up of 17,300,520 shares (prior period: 17,300,520 shares). Based on the authorization granted by the annual general meeting of May 24, 2006, 1,572,500 no-par common bearer shares (just under 10 % of the capital stock) were placed primarily with institutional investors as part of an accelerated bookbuilding procedure in the second quarter of the prior period. With a placement price of € 28.00, Dürr AG received net proceeds of € 43,752 thousand. Of this, transaction costs of € 396 thousand less income taxes incurred of € 118 thousand were recognized directly in the capital reserve. Each share represents € 2.56 of the subscribed capital and is made out to the bearer. The shares issued were fully paid in at the end of each reporting period.

Authorized capital (Dürr AG)

The annual general meeting on April 30, 2009 authorized the Board of Management, subject to the approval of the Supervisory Board, to increase the capital stock once or several times in the period up to April 30, 2014 by up to € 22,145 thousand by issuing up to 8,650,260 no-par value shares made out to the bearer (authorized capital). The authorized capital adopted by resolution of the annual general meeting on May 24, 2006 was partly used for the capital increase performed in 2008 and was cancelled in the course of the approval of new authorized capital.

Conditional capital (Dürr AG)

The annual general meeting on May 2, 2008 authorized the Board of Management, subject to the approval of the Supervisory Board, to issue once or several times until April 30, 2013 convertible bonds, warrant-linked bonds, participation rights or income bonds or combinations of these instruments with or without fixed maturity with a total nominal value of up to € 201,318 thousand. For this purpose, the share capital has been conditionally increased by a maximum of € 20,132 thousand by issue of up to 7,864,000 new no-par value bearer shares in the form of common stock (conditional capital).

Capital reserve (Dürr AG)

The capital reserve includes share premiums and was unchanged as of December 31, 2009 compared to the end of the prior period at € 200,186 thousand. The capital reserve is subject to the restrictions on disposal of Sec. 150 AktG ["Aktiengesetz": German Stock Corporation Act].

Revenue reserves

Revenue reserves contain the profits generated in the past by the entities included in the consolidated financial statements that have not been distributed. They totaled € 92,237 thousand as of December 31, 2009 (prior period: € 130,557 thousand). The change was essentially due to the transfer of the profit for the period and dividends paid. In accordance with Sec. 285 No. 28 HGB, an amount of € 931 thousand of the revenue reserves is subject to restrictions on distribution because assets were recognized at fair value in the separate financial statements of Dürr AG prepared in accordance with BilMoG ["Bilanzrechtsmodernisierungsgesetz": German Accounting Law Modernization Act].

Dividends

In accordance with AktG, the distributable dividend is measured based on net retained profit as reported by Dürr AG in its separate financial statements prepared in accordance with the provisions of HGB. In the 2009 reporting period, Dürr AG distributed a dividend of € 12,110 thousand (€ 0.70 per share) to its shareholders from the net retained profit recorded in 2008. On account of the Group's present results of operations, the Board of Management proposed to the Supervisory Board that no dividend be distributed for the 2009 reporting period and that Dürr AG's profit or loss for the period be carried forward. This proposal will be put forward to the annual general meeting.

Other comprehensive income

The table below presents the development of other comprehensive income and the associated tax effects from components of other comprehensive income, taking into account the changes in the items "Amounts resulting from assets held for sale" and "Minority interests".

OTHER COMPREHENSIVE INCOME 3.41

	2009			2008		
in € k	**Before tax**	**Tax effect**	**Net**	Before tax	Tax effect	Net
Net gains/losses (–) from derivatives used to hedge cash flows	707	–206	501	46	50	96
Gains/losses from changes in the fair value of available-for-sale securities	7	–	7	–	–	–
Revaluation from recognition of hidden reserves from changes in consolidated group	–	–	–	2,348	–704	1,644
Difference arising from foreign currency translation	3,500	–	3,500	–6,560	–	–6,560
Difference arising from foreign currency translation of entities accounted for using the equity method	–585	–	–585	2,446	–	2,446
Net gains/net losses (–) from non-current assets classified as held for sale	–	–	–	2,800	–	2,800
Change in net actuarial gains and losses from benefit obligations	–4,745	289	–4,456	–451	–316	–767
Change in other comprehensive income	**–1,116**	**83**	**–1,033**	**629**	**–970**	**–341**

Disclosures on capital management

The primary objective of capital management is to support business operations, ensure a healthy capital ratio and increase business value.

Dürr monitors capital on a monthly basis using a gearing ratio, which is net financial status divided by total capital plus net financial status. Pursuant to the Group's internal policy, the ratio should not exceed 30 %. At –1.0 % (prior period: 9.2 %), the ratio at the end of the 2009 reporting period was significantly lower than the threshold given because the Group had net financial assets instead of net financial debt.

GEARING RATIO 3.42

in € k	Dec. 31, 2009	Dec. 31, 2008
Cash and cash equivalents	103,897	84,385
Bond	−98,141	−96,917
Financial liabilities due to entities accounted for using the equity method	−1,081	−1,081
Liabilities to banks, non-current	−1,169	−3,177
Liabilities to banks, current	−483	−17,619
Net financial status	**3,023**	**−34,409**
Equity	301,403	341,369
Net financial status and equity	**298,380**	**375,778**
Gearing ratio	−1.0 %	9.2 %

The equity is included in the calculation of a total net worth covenant, stipulated by the agreement on the syndicated loan. The total net worth covenant may not fall below a certain value. This covenant was always complied with in the 2009 and 2008 reporting periods.

26. Minority interests

Minority interests contain adjustment items from the capital consolidation for minority interests in capital required to be consolidated and the profits and losses attributable to them. The consolidated financial statements contain four entities (prior period: four) in which minority shareholders hold interests.

COMPOSITION OF MINORITY INTERESTS 3.43

in € k	2009	2008
Olpidürr S.p.A., Novegro di Segrate, Italy	2,445	2,681
Verind S.p.A., Rodano, Italy	4,021	4,417
CPM S.p.A., Beinasco, Italy	–	–
Stimas Engineering S.r.l., Paderno Dugnano, Italy	22	21
	6,488	**7,119**

In accordance with IAS 32 "Financial Instruments: Presentation", the put option of the CPM minority shareholders was measured at fair value and presented in sundry financial liabilities. Accordingly, it is assumed that Dürr has acquired all minority interests and the put option is therefore no longer presented under "minority interests".

27. Provisions for post-employment benefit obligations

The Group's post-employment benefits include defined contribution plans and defined benefit plans.

Defined contribution plans

The post-employment benefits available to the employees of Dürr's German subsidiaries include a life insurance program (BZV) in line with the respective tariff group for which the Company recorded contributions of € 753 thousand (prior period: € 752 thousand) as an expense. In addition, Dürr paid contributions of € 15,398 thousand (prior period: € 15,823 thousand) to the German statutory pension scheme, which also constitutes a defined contribution plan. The US subsidiaries contribute to external pension funds for union employees. In the reporting period, pension expenses for these employees amounted to € 996 thousand (prior period: € 2,466 thousand).

In addition, Dürr's US subsidiaries have a "401(k)" profit-sharing plan for certain employees. Profit sharing is based on the number of years' service and the employees' remuneration. The Group's contribution is discretionary and is determined annually by management. In the reporting period, expenses came to € 358 thousand (prior period: € 1,356 thousand).

Defined benefit plans

Pension entitlements have been granted to individual former members of the Board of Management of Dürr AG and the members of the management board and general managers of German subsidiaries based on their most recent fixed salary and years of service.

In addition, employees of Dürr's German subsidiaries are offered deferred compensation. Under these plans, Dürr employees are entitled to convert certain parts of their future pay into an entitlement to future supplementary company benefits. To secure and finance the resulting obligation, Dürr has taken out employer's pension liability insurance for the life of the beneficiaries. Dürr has the exclusive right to the respective benefits. The amount of post-employment benefits equals the benefit paid out under the employer's pension liability insurance concluded by Dürr, which consists of a guaranteed pension and the divisible surplus allocated by the insurance company. Dürr reports the benefit obligation net of plan assets from the employer's pension liability insurance, with actuarial gains and losses potentially giving rise to a surplus or deficit.

At the German Dürr subsidiaries, those workers who were employed at the locations in Filderstadt and Wyhlen and at the Schenck entities at the time their entities were acquired were entitled to post-employment benefits. These are based on years of service. The payments provided for by the pension plan comprise actual contributions plus an element that is dependent on years of service.

The US subsidiaries of Dürr have pension plans covering all non-union employees at these subsidiaries. The plan provides benefits based on the average salaries earned in the past five years before the employees reach retiring age.

CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS 3.44

in € k	Dec. 31, 2009	Dec. 31, 2008
Changes in the present value of defined benefit obligations		
Defined benefit obligation at the beginning of the year	71,378	71,180
Changes in consolidated group	71	1,283
Exchange differences	−260	1,163
Service cost	2,293	2,138
Interest cost	4,300	3,929
Actuarial gains and losses	5,135	−3,042
Benefits paid	−4,707	−4,763
Curtailments	−118	−375
Other	−29	−135
Defined benefit obligation at the end of the year	**78,063**	**71,378**

CHANGE IN PLAN ASSETS 3.45

in € k	Dec. 31, 2009	Dec. 31, 2008
Change in plan assets		
Fair value of plan assets at the beginning of the year	20,043	21,609
Changes in consolidated group	89	–
Exchange differences	–230	1,077
Expected return on plan assets	885	1,132
Actuarial gains and losses	390	–3,493
Employer contributions	614	673
Benefits paid	–1,007	–1,411
Plan assets from employer’s pension liability insurance	2,248	456
Fair value of plan assets at the end of the year	**23,032**	**20,043**
Funded status*	55,031	51,335

FUNDED STATUS 3.46

in € k	Dec. 31, 2009	Dec. 31, 2008
Present value of funded obligations	35,459	24,555
Plan assets at fair value	23,032	20,043
Defined benefit obligation in excess of plan assets	12,427	4,512
Present value of non-funded obligations	42,604	46,823
Funded status*	55,031	51,335

* Difference between the defined benefit obligation and the plan assets

ITEMS OF THE STATEMENT OF FINANCIAL POSITION AFFECTED BY ACCOUNTING FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS 3.47

in € k	Dec. 31, 2009	Dec. 31, 2008
Prepaid expenses	113	887
Provisions for post-employment benefit obligations	55,144	52,222
	55,031	**51,335**
Other comprehensive income (including exchange differences)	–10,564	–6,066

As of December 31, 2009, the plan assets were invested in various portfolios consisting mostly of fixed-interest securities and shares. At the end of the reporting period, the fair value of plan assets breaks down as follows:

COMPOSITION OF PLAN ASSETS 3.48

in € k	Dec. 31, 2009	Dec. 31, 2008
Shares	6,254	4,877
Fixed-interest securities	16,434	14,245
Real estate	291	374
Other	53	547
	23,032	**20,043**

The plan assets of the German entities mainly consist of employer's pension liability insurance policies which cover the pension entitlements acquired. These employer's pension liability insurance policies have been invested mainly in fixed-interest securities (including government bonds and mortgage bonds). When selecting the issuers, the factors considered include the individual rating by international agencies and the equity capitalization of the issuers.

Total return expected on plan assets is generally calculated on the basis of the market prices at this point in time. These apply for the period of time over which the obligation is settled. The aim of the investment strategy is long-term capital accumulation on the one hand, and ongoing interest income on the other. This leads to slightly greater volatility. As part of a balanced approach, the portfolio mix contains debt and equity securities. The long-term accumulation of capital is to be achieved above all by equity investments. Fixed-interest securities intended to secure ongoing interest receivables are an equally important part of the investment portfolio. The planned long-term return on plan assets for both main benefit plans in the USA ranges between 6.5 % and 7.75 %. Depending on the investment strategy, stocks account for 11 % and 61 % of the portfolio, respectively.

For the 2010 reporting period, employer contributions to the plans of € 629 thousand are expected.

COMPOSITION OF THE NET PENSION COST 3.49

in € k	2009	2008
Service cost	2,293	2,138
Interest cost	4,300	3,929
Expected return on plan assets	−885	−1,132
Curtailments	−118	375
Other	–	−323
	5,590	**4,987**

In the 2009 reporting period, the actual return on plan assets totaled € 1,275 thousand (prior period: € −2,361 thousand).

The net periodic pension cost is contained in the following items of the statement of income:

NET PENSION COST IN THE STATEMENT OF INCOME 3.50

in € k	2009	2008
Cost of sales	637	608
Selling expenses	221	183
General and administrative expenses	4,669	4,149
Research and development costs	15	15
Other operating expenses	48	32
	5,590	**4,987**

The cut-off date for the measurement of benefit obligations and plan assets is December 31; the measurement date for pension cost is January 1.

AVERAGES USED FOR CALCULATING POST-EMPLOYMENT BENEFIT OBLIGATIONS 3.51

in %	2009	2008
Discount rate	5.28	5.92
Long-term salary increases	2.17	2.68

AVERAGES USED FOR CALCULATING PENSION COST 3.52

in %	2009	2008
Discount rate	5.92	5.57
Estimated long-term return on plan assets	6.92	7.85
Long-term salary increases	2.68	2.14

The estimated long-term return on plan assets is based on historical and projected returns and volatilities of the individual categories of the portfolio, taking the customary benchmarks into account.

AMOUNTS FOR THE CURRENT AND PREVIOUS REPORTING PERIODS 3.53

in € k	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Defined benefit obligation	78,063	71,378	71,180	81,848	88,296
Plan assets at fair value	23,032	20,043	21,609	21,185	20,558
Surplus/deficit (–)	−55,031	−51,335	−49,571	−60,663	−67,738
Experience adjustments on post-employment benefit obligations	885	348	2,611	1,416	−2,735
Experience adjustments on plan assets	390	−2,192	244	158	−518

28. Other provisions

OTHER PROVISIONS 3.54

	DEC. 31, 2009			DEC. 31, 2008		
in € k	Total	Current	Non-current	Total	Current	Non-current
Contract-related provisions	38,217	36,680	1,537	49,258	47,484	1,774
Personnel provisions	10,691	6,045	4,646	10,629	4,068	6,561
Sundry provisions	3,450	3,338	112	5,351	5,111	240
	52,358	**46,063**	**6,295**	**65,238**	**56,663**	**8,575**

The contract-related provisions mainly consist of provisions for after-sales expenses, warranties and for onerous contracts in the order backlog. The personnel provisions mainly contain provisions for long-service awards and obligations for phased retirement. Sundry provisions relate to various identifiable specific risks and contingent liabilities.

Those other provisions that are expected to be used within the next twelve months are classified as current. The payments for non-current provisions are expected to be incurred within the next two to five years.

CHANGES IN OTHER PROVISIONS IN THE REPORTING PERIOD 3.55

in € k	Contract-related provisions	Personnel provisions	Sundry provisions
As of January 1, 2009	**49,258**	**10,629**	**5,351**
Changes in consolidated group	562	–	–
Exchange difference	201	1	–9
Utilization	41,312	2,858	2,682
Reversals	2,036	97	851
Additions	31,544	3,016	1,641
As of December 31, 2009	**38,217**	**10,691**	**3,450**

29. Bond and other financial liabilities

All interest-bearing liabilities of the Group are shown under the item bond and other financial liabilities.

FINANCIAL LIABILITIES 3.56

in € k	**Total**	Short-term	**Total**	Medium-term	Long-term
Bond	98,141	–	98,141	98,141	–
(2008)	(96,917)	(–)	(96,917)	(96,917)	(–)
Liabilities to banks	1,652	483	1,169	1,106	63
(2008)	(20,796)	(17,619)	(3,177)	(1,718)	(1,459)
Financial liabilities due to entities accounted for using the equity method	1,081	161	920	–	920
(2008)	(1,081)	(161)	(920)	(–)	(920)
Finance lease liabilities	3,083	689	2,394	2,203	191
(2008)	(3,811)	(1,054)	(2,757)	(2,399)	(358)
December 31, 2009	**103,957**	**1,333**	**102,624**	**101,450**	**1,174**
(December 31, 2008)	**(122,605)**	**(18,834)**	**(103,771)**	**(101,034)**	**(2,737)**

Those liabilities with a residual term of between one year and five years are disclosed as medium-term; otherwise as short- or long-term.

Dürr AG issued a fixed-interest bond with a total volume of € 200,000 thousand, a coupon of 9.75 % and a term of seven years on July 6, 2004. The purpose of the bond is to serve the long-term financing of the Group. On October 15, 2008, Dürr made a premature repayment of half of this amount, i.e., € 100,000 thousand, at a rate of 105.25 %.

In September 2008, Dürr AG entered into a new syndicated loan agreement of € 440,000 thousand with a syndicate of banks. The leads are Baden-Württembergische Bank, Commerzbank, UniCredit (formerly: Bayerische Hypo- und Vereinsbank) and Deutsche Bank. A total of seven banks are included in the syndicate. The multi-currency syndicated loan, comprising a revolving cash line of € 200,000 thousand and a bank guarantee line of € 240,000 thousand, originally had a term of three years (until September 2011). An adjustment of the financial covenants to the economic conditions was agreed with the syndicate of banks on two occasions in the 2009 reporting period. According to the Group's needs, the cash line and the bank guarantee line were each reduced by € 20,000 thousand to € 180,000 thousand and € 220,000 thousand, respectively. The total credit line amounts to € 400,000 thousand. The contract term was reduced by three months, to end on June 30, 2011. The cash line can be utilized across its term as needed to meet financing requirements throughout the year. The bank guarantee line is in place to enable Dürr to offer guarantees and warranties for prepayments received from customers and other obligations. The costs associated with the agreement are distributed over its term.

At the end of the reporting period, € 0 thousand (prior period: € 10,000 thousand) of the cash line and € 112,001 thousand (prior period: € 105,593 thousand) of the bank guarantee line had been utilized. Premature termination by the bank syndicate is only possible if the financial covenants are infringed and with a two-third majority of the lending banks. Based on the calculations of the Board of Management, the agreed financial covenants were complied with at the end of the reporting period and all other specified dates. Depending on the currency, the interest is based on the refinancing rate with the same maturity (EURIBOR or LIBOR) plus a set margin.

Shares in subsidiaries had been pledged as collateral for the bond and the syndicated loan facility at the end of the reporting period. In connection with the adjustment of the financial covenants, further collateral was provided in the form of current and non-current assets with a carrying amount of € 181,132 thousand as of December 31, 2009.

Besides the syndicated loan facility, the Company has bilateral cash lines of credit of € 10,540 thousand in place for working capital, bank guarantees of € 186,597 million as well as smaller credit lines with various banks and insurance companies. They have terms of up to five years and interest is charged every three or six months (ranging from 0.9 % to 4.2 % p.a.).

CREDIT LINES AND BANK GUARANTEES 3.57

in € k	**Dec. 31, 2009**	Dec. 31, 2008
Total amount of lines of credit and bank guarantees	597,306	704,936
Total amount of credit lines/guarantees utilized	199,689	294,605
of which due within one year	172,584	256,618
of which due in more than one year	27,105	37,987

All liabilities to banks are payable in euro. The weighted average interest rate for current liabilities to banks was 4.77 % in 2009 (prior period: 5.10 %) and for non-current liabilities to banks 3.54 % (prior period: 4.04 %).

30. Trade payables

TRADE PAYABLES 3.58

in € k	**Total**	Short-term	**Total**	Medium-term	Long-term
Billings in excess of costs on uncompleted contracts (resulting from small-series production)	10,558	10,558	–	–	–
(2008)	(15,424)	(15,424)	(–)	(–)	(–)
Billings in excess of costs on uncompleted contracts (from construction contracts)	189,901	189,901	–	–	–
(2008)	(141,908)	(141,908)	(–)	(–)	(–)
Trade payables	130,391	130,391	–	–	–
(2008)	(214,847)	(214,847)	(–)	(–)	(–)
December 31, 2009	**330,850**	**330,850**	–	–	–
(December 31, 2008)	**(372,179)**	**(372,179)**	(–)	(–)	(–)

Those liabilities with a remaining term of between one year and five years are disclosed as medium-term; all others as short- or long-term.

31. Sundry financial liabilities

SUNDRY FINANCIAL LIABILITIES 3.59

in € k	Total	Short-term	Total	Medium-term	Long-term
Derivative financial liabilities	921	913	8	8	–
(2008)	(4,977)	(4,743)	(234)	(234)	(–)
Liabilities from interest cut-off	5,725	5,725	–	–	–
(2008)	(4,550)	(4,550)	(–)	(–)	(–)
Liabilities from a put option	5,650	–	5,650	5,650	–
(2008)	(6,394)	(–)	(6,394)	(6,394)	(–)
Liabilities from factoring progress billings	6,145	6,145	–	–	–
(2008)	(–)	(–)	(–)	(–)	(–)
Remaining sundry financial liabilities	9,312	9,095	217	96	121
(2008)	(9,431)	(9,120)	(311)	(261)	(50)
December 31, 2009	**27,753**	**21,878**	**5,875**	**5,754**	**121**
(December 31, 2008)	**(25,352)**	**(18,413)**	**(6,939)**	**(6,889)**	**(50)**

Those liabilities with a remaining term of between one year and five years are disclosed as medium-term; all others as short- or long-term.

The liabilities from a put option relate to the shares held by minority shareholders in CPM S.p.A.

Sundry financial liabilities contain € 26,832 thousand (prior period: € 20,375 thousand), which are presented in the disclosures required in the notes in accordance with IFRS 7 under note 33.

32. Tax liabilities and other liabilities

TAX LIABILITIES AND OTHER LIABILITIES 3.60

in € k	Total	Short-term	Total	Medium-term	Long-term
Tax liabilities	7,859	7,733	126	126	–
(2008)	(15,724)	(15,601)	(123)	(123)	(–)
Other liabilities	64,492	57,052	7,440	7,440	–
(2008)	(72,503)	(63,253)	(9,250)	(9,250)	(–)
December 31, 2009	**72,351**	**64,785**	**7,566**	**7,566**	–
(December 31, 2008)	**(88,227)**	**(78,854)**	**(9,373)**	**(9,373)**	(–)

Those liabilities with a remaining term of between one year and five years are disclosed as medium-term; all others as short- or long-term.

Other liabilities include the following material items: tax liabilities not relating to income taxes of € 14,510 thousand (prior period: € 16,684 thousand), liabilities relating to social security of € 3,447 thousand (prior period: € 4,526 thousand), liabilities to employees of € 31,475 thousand (prior period: € 39,545 thousand). There are also obligations from restructuring measures of € 14,071 thousand (prior period: € 9,774 thousand), which are explained in note 15.

33. Other notes on financial instruments

Measurement of financial instruments by category

Based on the relevant items of the statement of financial position, the relationship between the classification of financial instruments pursuant to IAS 39, pursuant to IFRS 7 and the carrying amounts of financial instruments is presented in the table below.

MEASUREMENT OF FINANCIAL INSTRUMENTS BY CATEGORY

in € k	Carrying amount Dec. 31, 2009	Amount recognized at: Cost	Amortized cost	Fair value (not through profit or loss)	Fair value (through profit or loss)
Assets					
Cash and cash equivalents	103,897	–	103,897	–	–
Costs and estimated earnings in excess of billings[1]	139,127	–	–	–	–
Trade receivables due from third parties	186,475	–	186,475	–	–
Trade receivables due from entities accounted for using the equity method	267	–	267	–	–
Sundry financial assets	10,208	–	10,208	–	–
Other primary financial instruments					
Held-to-maturity investments	29	–	29	–	–
Available-for-sale financial assets	325	2	–	323	–
Derivative financial assets					
Derivatives without hedging relationship	606	–	–	–	606
Derivatives with hedging relationship	4,041	–	–	4,022	19
Equity and liabilities					
Trade payables	130,391	–	130,391	–	–
Sundry financial liabilities	26,832	–	26,832	–	–
Bond	98,141	–	98,141	–	–
Liabilities to banks	1,652	–	1,652	–	–
Financial liabilities due to entities accounted for using the equity method	1,081	–	1,081	–	–
Finance lease liabilities	3,083	–	3,083	–	–
Derivative financial liabilities					
Derivatives without hedging relationship	121	–	–	–	121
Derivatives with hedging relationship	800	–	–	578	222
of which combined according to the measurement categories in accordance with IAS 39:					
Held-for-trading financial assets	606	–	–	–	606
Loans and receivables	439,974	–	300,847	–	–
Held-to-maturity investments	29	–	29	–	–
Available-for-sale financial assets	325	2	–	323	–
Financial liabilities at fair value through profit or loss	121	–	–	–	121
Financial liabilities measured at amortized cost	261,180	–	261,180	–	–

3.61

in € k	Carrying amount Dec. 31, 2008	AMOUNT RECOGNIZED AT Cost	Amortized cost	Fair value (not through profit or loss)	Fair value (through profit or loss)
Assets					
Cash and cash equivalents	84,385	–	84,385	–	–
Costs and estimated earnings in excess of billings[1]	197,440	–	–	–	–
Trade receivables due from third parties	248,614	–	248,614	–	–
Trade receivables due from entities accounted for using the equity method	559	–	559	–	–
Sundry financial assets	13,901	–	13,901	–	–
Other primary financial instruments					
Held-to-maturity investments	24	–	24	–	–
Available-for-sale financial assets	318	2	–	316	–
Derivative financial assets					
Derivatives without hedging relationship	1,297	–	–	–	1,297
Derivatives with hedging relationship	4,189	–	–	4,105	84
Equity and liabilities					
Trade payables	214,847	–	214,847	–	–
Sundry financial liabilities	20,375	–	20,375	–	–
Bond	96,917	–	96,917	–	–
Liabilities to banks	20,796	–	20,796	–	–
Financial liabilities due to entities accounted for using the equity method	1,081	–	1,081	–	–
Finance lease liabilities	3,811	–	3,811	–	–
Derivative financial liabilities					
Derivatives without hedging relationship	1,122	–	–	–	1,122
Derivatives with hedging relationship	3,855	–	–	3,350	505
of which combined according to the measurement categories in accordance with IAS 39:					
Held-for-trading financial assets	1,297	–	–	–	1,297
Loans and receivables	544,899	–	347,459	–	–
Held-to-maturity investments	24	–	24	–	–
Available-for-sale financial assets	318	2	–	316	–
Financial liabilities at fair value through profit or loss	1,122	–	–	–	1,122
Financial liabilities measured at amortized cost	357,827	–	357,827	–	–

[1] Costs and estimated earnings in excess of billings on uncompleted contracts are accounted for pursuant to IAS 11 "Construction Contracts" and are therefore not included in any of the above categories.

In order to make the fair value measurement of financial instruments comparable, a fair value hierarchy has been introduced in IFRSs with the following three levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2)
- Inputs that are not based on observable market data (level 3)

The financial instruments measured at fair value by Dürr break down as follows according to the fair value hierarchy:

ALLOCATION TO THE FAIR VALUE HIERARCHY 3.62

		FAIR VALUE HIERARCHY		
in € k	Dec. 31, 2009	Level 1	Level 2	Level 3
Assets at fair value – not through profit or loss				
Available-for-sale financial assets	323	323	–	–
Derivatives with hedging relationship	4,022	–	4,022	–
Assets at fair value – through profit or loss				
Derivatives without hedging relationship	606	–	606	–
Derivatives with hedging relationship	19	–	19	–
Liabilities at fair value – not through profit or loss				
Derivatives with hedging relationship	578	–	578	–
Liabilities at fair value – through profit or loss				
Derivatives without hedging relationship	121	–	121	–
Derivatives with hedging relationship	222	–	222	–

No reclassifications were made between the fair value hierarchies in the 2009 reporting period.

Measurement at fair value of the financial instruments of levels 1 and 2 held as of December 31, 2009 gave rise to the following total gains and losses:

TOTAL GAINS AND LOSSES ON ASSETS – MEASUREMENT AT FAIR VALUE 3.63

in € k	Dec. 31, 2009
Recognized in profit or loss	
Derivatives with hedging relationship	893
Recognized in equity	
Available-for-sale financial assets	7
Derivatives with hedging relationship	2,794

TOTAL GAINS AND LOSSES ON LIABILITIES – MEASUREMENT AT FAIR VALUE 3.64

in € k	Dec. 31, 2009
Recognized in profit or loss	
Derivatives with hedging relationship	–208
Recognized in equity	
Derivatives with hedging relationship	–397

Fair values of financial instruments carried at amortized cost

The table below shows the fair value of the financial assets and liabilities carried at cost or amortized cost. The fair value of financial instruments not carried at amortized cost approximates their carrying amount (with the exception of available-for-sale financial assets measured at cost because their fair value cannot be determined reliably).

FAIR VALUES OF FINANCIAL INSTRUMENTS RECOGNIZED 3.65

	Dec. 31, 2009		Dec. 31, 2008	
in € k	**Fair value**	**Carrying amount**	Fair value	Carrying amount
Assets				
Cash and cash equivalents	103,897	103,897	84,385	84,385
Costs and estimated earnings in excess of billings	139,127	139,127	197,440	197,440
Trade receivables due from third parties	186,475	186,475	248,614	248,614
Trade receivables due from entities accounted for using the equity method	267	267	559	559
Sundry financial assets	10,208	10,208	13,901	13,901
Other primary financial instruments				
Held-to-maturity investments	29	29	24	24
Equity and liabilities				
Trade payables	130,391	130,391	214,847	214,847
Sundry financial liabilities	26,832	26,832	20,375	20,375
Bond	105,090	98,141	101,000	96,917
Liabilities to banks	1,652	1,652	20,796	20,796
Financial liabilities due to entities accounted for using the equity method	1,081	1,081	1,081	1,081
Finance lease liabilities	3,768	3,083	4,472	3,811
of which combined according to the measurement categories in accordance with IAS 39:				
Loans and receivables	439,973	439,973	544,899	544,899
Held-to-maturity investments	29	29	24	24
Financial liabilities measured at amortized cost	268,814	261,180	362,571	357,827

Cash and cash equivalents, trade receivables, sundry financial assets, trade payables, sundry financial liabilities and overdraft facilities mostly fall due within the short term. Consequently, their carrying amounts at the end of the reporting period approximate their fair value.

It was not possible to determine the fair values of equity interests measured at cost because market prices were not available as no active markets exist. These are interests in two non-listed entities where the estimated future cash flows were not discounted because they could not be determined reliably. It was assumed that their fair value approximates their carrying amount.

The fair value of non-current liabilities is based on the current interest rate for borrowing at similar terms and conditions with comparable due date and credit rating. With the exception of the bond, the fair value of liabilities corresponds closely to the carrying amount. The fair value of the bond is equal to the nominal value multiplied by the quoted price at the end of the reporting period. As of December 31, 2009, the bond was listed at 105.09 % which is equal to a fair value of € 105,090 thousand (prior period: 101.00 %; € 101,000 thousand).

Net gain or loss by measurement category

NET GAIN OR LOSS BY MEASUREMENT CATEGORY 3.66

		FROM SUBSEQUENT MEASUREMENT				
in € k	From interest	At fair value	Currency translation	Impairment	From disposals	**Net gain or loss**
Held-for-trading financial assets	–	1,372	–	–	–	1,372
(2008)	(–)	(1,656)	(–)	(–)	(–)	(1,656)
Loans and receivables	2,187	–	–2	–459	–745	981
(2008)	(4,750)	(–)	(626)	(–937)	(–86)	(4,353)
Available-for-sale financial assets	21	–	–	–	–	21
(2008)	(17)	(–)	(–)	(–)	(–)	(17)
Financial liabilities at fair value through profit or loss	–	–1,399	–	–	–	–1,399
(2008)	(–)	(–1,329)	(–)	(–)	(–)	(–1,329)
Financial liabilities measured at amortized cost	–21,144	–	1,285	–	–	–19,859
(2008)	(–34,080)	(–)	(–4,645)	(–)	(–)	(–38,725)
2009	**–18,936**	**–27**	**1,283**	**–459**	**–745**	**–18,884**
(2008)	**(–29,313)**	**(327)**	**(–4,019)**	**(–937)**	**(–86)**	**(–34,028)**

An amount of € 7 thousand was recognized directly in equity from measurement of available-for-sale securities (prior period: € 0 thousand).

At the end of the reporting period, financial assets of € 0.7 million (prior period: € 2.5 million) were pledged as collateral for factoring as well as for non-current liabilities to banks. In addition, financial assets of € 135.1 million from selected Dürr entities worldwide were pledged as collateral as part of the Group's existing financing arrangements.

34. Notes to the consolidated statement of cash flows

The statement of cash flows shows how the cash and cash equivalents of the Group changed in the reporting period as a result of cash received and paid. In accordance with IAS 7 "Statement of Cash Flows" a distinction is made between the cash flows from operating, investing and financing activities.

The cash and cash equivalents presented in the statement of cash flows contain all cash and cash equivalents shown in the statement of financial position, i.e., cash in hand, checks and bank balances, with an original term to maturity of less than three months. Cash amounting to € 49.5 million (prior period: € 24.0 million) is restricted due to legal requirements in some Asian countries.

The cash flow from investing activities and financing activities is determined on the basis of payments made or received. The cash flow from operating activities is derived indirectly from the earnings before taxes. When performing these calculations, changes in items of the statement of financial position considered in connection with ordinary activities are adjusted for effects from currency translation and changes in the consolidated group. There are therefore differences compared to changes in the relevant items in the consolidated statement of financial position. For information about the cash flows from business combinations and disposals, please refer to note 19.

The amortization and depreciation reported in the consolidated statement of cash flows is € 2,790 thousand lower because that amount is already included in the net interest.

The cash flow from operating activities contains effects from factoring and non-recourse financing of € 11.9 million (prior period: € 15.0 million) and € 0 million (prior period: € 67.6 million) respectively at the end of the reporting period.

OTHER NOTES

35. Segment reporting

The segment reporting was prepared according to IFRS 8 "Operating Segments". Based on the internal reporting and organizational structure of the Group, the consolidated financial statement data is presented by division. The segmentation is to provide details on the results of operations, net assets and financial position of individual activities.

The reporting is based on the divisions of the Group. The Dürr Group consists of a management holding and two divisions differentiated by product and service range, each with global responsibility for their products and results. The Corporate Center essentially consists of Dürr AG.

Paint and Assembly Systems division

Paint and Assembly Systems develops and builds paint shops and final assembly lines for the automotive industry. The portfolio also includes exhaust cleaning systems for various industries as well as assembly and finishing systems for aircraft construction.

Measuring and Process Systems division

Measuring and Process Systems offers balancing and diagnosis technology, testing, filling and assembly technologies as well as industrial cleaning and filtration technology. Besides the automotive industry, the division serves industries such as machine engineering, the electrical engineering industry or the aerospace industry.

Management monitors the EBIT (earnings before investment income, interest and taxes) of its two divisions separately for the purpose of making decisions about resource allocation and evaluating the segments' development and operating performance. As the basis for segment reporting in accordance with IFRS 8 is the same as is used internally (management approach), the level of EBIT determined may differ from the consolidated financial statements. Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

SEGMENT REPORTING

3.67

in € k	Paint and Assembly Systems	Measuring and Process Systems	**Total segments**	Reconciliation	**Total Dürr Group**
2009					
External sales revenues	752,688	324,944	1,077,632	–	1,077,632
Sales revenues with other divisions	722	13,285	14,007	–14,007	–
Total sales revenues	**753,410**	**338,229**	**1,091,639**	**–14,007**	**1,077,632**
Gain or loss on restructuring/ onerous contracts	–12,217	–2,117	–14,334	–	–14,334
EBIT	2,319	10,697	13,016	–7,290	5,726
Profit/loss from entities accounted for using the equity method	–113	1,098	985	–	985
Amortization and depreciation	–11,004	–7,075	–18,079	–3,121	–21,200
Impairment losses	–84	–1,363	–1,447	–	–1,447
Reversal of impairment losses	–	–	–	–	–
Other non-cash income and expenses	183	–81	102	–83	19
Capital expenditures	9,500	2,281	11,781	56	11,837
Investments in entities accounted for using the equity method	393	9,243	9,636	–	9,636
Assets	492,902	373,480	866,382	–21,769	844,613
Liabilities	392,382	128,899	521,281	7,872	529,153
Employees (as of December 31)	3,283	2,381	5,664	48	5,712

in € k	Paint and Assembly Systems	Measuring and Process Systems	**Total segments**	Reconciliation	**Total Dürr Group**
2008					
External sales revenues	1,191,587	411,186	1,602,773	–	1,602,773
Sales revenues with other divisions	816	29,347	30,163	–30,163	–
Total sales revenues	**1,192,403**	**440,533**	**1,632,936**	**–30,163**	**1,602,773**
Gain or loss on restructuring/ onerous contracts	–3,667	373	–3,294	–	–3,294
EBIT	48,569	30,833	79,402	–6,742	72,660
Profit/loss from entities accounted for using the equity method	975	2,065	3,040	–	3,040
Amortization and depreciation	–10,611	–6,256	–16,867	–2,295	–19,162
Impairment losses	–112	–33	–145	–	–145
Reversal of impairment losses	–	4,886	4,886	–	4,886
Other non-cash income and expenses	366	–257	109	1,499	1,608
Capital expenditures	4,742	6,059	10,801	7	10,808
Investments in entities accounted for using the equity method	493	12,547	13,040	–	13,040
Assets	609,657	407,088	1,016,745	–37,366	979,379
Liabilities	444,140	147,790	591,930	–5,519	586,411
Employees (as of December 31)	3,595	2,499	6,094	49	6,143

The employees, amortization and depreciation, capital expenditures and non-cash income and expenses reported in the reconciliation column relate to the Corporate Center.

RECONCILIATION OF SEGMENT FIGURES TO THE FIGURES OF THE DÜRR GROUP 3.68

in € k	2009	2008
EBIT of the segments	13,016	79,402
EBIT of the Corporate Center	−6,134	−6,609
Borrowing costs recognized pursuant to IAS 23	−682	–
Elimination from consolidation entries	−474	−133
EBIT of continuing operations	5,726	72,660
Profit from entities accounted for using the equity method	985	3,040
Interest and similar income	2,208	4,767
Interest and similar expenses	−21,145	−34,080
Earnings before income taxes from continuing operations	**−12,226**	**46,387**
Income taxes	−13,514	−12,661
Profit from continuing operations	**−25,740**	**33,726**
Earnings before interest and taxes (EBIT) of discontinued operations	–	349
Income taxes of discontinued operations	–	12,207
Profit from discontinued operations	–	**12,556**
Segment assets	866,382	1,016,745
Assets of the Corporate Center	499,971	496,536
Elimination from consolidation entries	−521,740	−533,902
Cash and cash equivalents	103,897	84,385
Tax receivables	4,663	6,493
Investments in entities accounted for using the equity method	9,636	13,040
Deferred tax assets	5,336	4,716
Gross assets of the Dürr Group	**968,145**	**1,088,013**
Segment liabilities	521,281	591,930
Liabilities of the Corporate Center	18,060	20,186
Elimination from consolidation entries	−10,188	−25,705
Bond	98,141	96,917
Liabilities to banks	1,652	20,796
Finance lease liabilities	3,083	3,811
Tax liabilities	7,859	15,724
Other taxes	3,974	3,472
Deferred tax liabilities	22,880	19,513
Gross liabilities of the Dürr Group*	**666,742**	**746,644**

* Consolidated total equity and liabilities less equity including minority interests

Under the revised IAS 23 “Borrowing Costs”, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset must be included in the cost of that asset; the previously allowed alternative treatment of immediately recognizing borrowing costs has been eliminated. In Dürr’s financial statements this means that finance costs that are attributable to long-term construction contracts in accordance with IAS 11 “Construction Contracts” are recognized in cost of sales. Since the EBIT is the basis used internally for management purposes without taking into account finance costs, borrowing costs are not included in segment profit or loss.

Sales revenues are generally allocated to regions based on the location of the customer. The Group's assets are allocated on the basis of the location of the subsidiary reporting these assets. In accordance with IFRS 8.33 they include all non-current assets of the Group except for financial instruments and deferred tax assets.

REGIONAL SEGMENTATION 3.69

in € k	Germany	Other European countries	North/ Central America	South America	Asia/ Africa/ Australia	Dürr Group
2009						
External sales revenues	180,688	358,530	221,987	57,408	259,019	1,077,632
Capital expenditures	9,725	828	628	27	629	11,837
Non-current assets	213,511	130,549	75,431	9,094	6,345	434,930
Employees (as of December 31)	2,969	1,051	598	112	982	5,712

in € k	Germany	Other European countries	North/ Central America	South America	Asia/ Africa/ Australia	Dürr Group
2008						
External sales revenues	294,853	615,461	323,693	48,062	320,704	1,602,773
Capital expenditures	5,488	1,808	1,688	468	1,356	10,808
Non-current assets	208,181	128,513	79,727	7,057	6,190	429,668
Employees (as of December 31)	3,059	1,177	826	121	960	6,143

In the 2009 reporting period, sales revenues with one customer accounted for 16.8 % of consolidated net sales revenues compared to 15.1 % in the prior period and were attributable to the Paint and Assembly Systems and Measuring and Process Systems divisions. The second- and third-largest customers accounted for 11.0 % (prior period: 8.6 %) and 6.3 % (prior period: 7.5 %) respectively and were also attributable to both divisions. Entities that are known to be under common control are considered together as one customer.

36. Related-party transactions

Dr.-Ing. E. h. Heinz Dürr is chairman of the Supervisory Boards of Dürr AG and Dürr Systems GmbH. He received remuneration of € 69 thousand (prior period: € 121 thousand) for these duties. Dr.-Ing. E. h. Heinz Dürr is also a member of the supervisory board of Landesbank Baden-Württemberg. Expenses of € 255 thousand (prior period: € 267 thousand) were payable to Heinz Dürr GmbH, Berlin, of which Dr.-Ing. E. h. Heinz Dürr is general manager, for reimbursement of office and travel expenses relating to supervisory board activities and for cost reimbursements for the Dürr office in the German capital, Berlin. In the 2008 reporting period, Heinz Dürr GmbH also cross-charged expenses of € 31 thousand including VAT to Dürr AG for advisory services purchased on behalf of the latter relating to corporate and tax issues. For his former activity as general manager, Dr.-Ing. E. h. Heinz Dürr also received benefits from the pension commitment (of April 2, 1978, supplemented December 21, 1988) of € 229 thousand (prior period: € 218 thousand).

Mr. Joachim Schielke is a member of Dürr AG's Supervisory Board and of the management board of Landesbank Baden-Württemberg as well as chairman of the management board of Baden-Württembergische Bank. From the current business relationship, a balance of € 5,397 thousand (prior period: € 4,025 thousand) and liability from utilization of the cash line of the syndicated loan of € 0 thousand (prior period: € 2,500 thousand) were held at Baden-Württembergische Bank at the end of the reporting period. Transactions with Baden-Württembergische Bank resulted in interest expenses of € 1,609 thousand (prior period: € 458 thousand) in the reporting period. The warranties and guarantees issued by Baden-Württembergische Bank on behalf of Dürr amounted to € 13,869 thousand at the end of the reporting period (prior period: € 21,209 thousand).

For further information about members of the Supervisory Board of Dürr AG, please refer to note 41.

The forward exchange transactions and interest hedges are mainly processed by Baden-Württembergische Bank and Deutsche Bank AG. For details of the forward exchange transactions and interest hedges, please refer to note 39.

The Board of Management confirms that all the related party transactions described above were carried out at arm's length conditions.

The members of the Board of Management purchased a total of 70,000 Dürr AG shares from Heinz Dürr GmbH, Berlin, in 2008. Of these, 40,000 were purchased at a price of € 18.00 per share and 30,000 at a price of € 20.00 per share. To finance part of the purchase price, Heinz Dürr GmbH granted the members of the Board of Management an on-call loan at market conditions; the remaining purchase price was financed privately by the members of the Board of Management. Respite has been granted for no more than five years as of conclusion of the agreement for the outstanding amount repayable of the loan of € 3,108 thousand (prior period: € 3,105 thousand). The Board of Management has pledged the shares purchased to Heinz Dürr GmbH as collateral for the loan.

37. Contingent liabilities

CONTINGENT LIABILITIES 3.70

in € k	Dec. 31, 2009	Dec. 31, 2008
Contingent liabilities from guarantees, notes and check guarantees	1,961	5,832
Other	15,288	21,086
	17,249	**26,918**

Other contingent liabilities include contingent liabilities of € 12,207 thousand (prior period: € 12,207 thousand) relating to the disposal of the Measuring and Process Technologies business unit in Australia in the 2005 reporting period (cf. note 6).

Warranties and contract performance guarantees of € 46,801 thousand were adjusted in the prior period. The Company assumes that these contingent liabilities will not lead to any liabilities or thus cash outflows.

38. Other financial obligations

Rent and lease agreements (operating leases)

Besides liabilities, provisions and contingent liabilities, Dürr has other financial obligations, in particular from rental and lease agreements for buildings, furniture and fixtures, office space and vehicles. Future minimum lease payments up to the first contractually agreed termination date are as follows:

FUTURE MINIMUM OPERATE LEASE PAYMENTS 3.71

in € k	Dec. 31, 2009	Dec. 31, 2008
Within one year	18,777	24,987
Between one year and five years	47,868	54,078
More than five years	61,218	68,676
	127,863	**147,741**

In the 2009 reporting period, expenses of € 21,872 thousand (prior period: € 21,258 thousand) were recorded in the statement of income for operating leases.

Finance leases

The Group has entered into finance leases for various items of property, plant and equipment. Future minimum lease payments relating to these are reconciled to their present value below:

FINANCE LEASES 3.72

	DEC. 31, 2009			DEC. 31, 2008		
in € k	Minimum payments	Interest expense due to discounting	Present value	Minimum payments	Interest expense due to discounting	Present value
Within one year	943	254	689	1,346	292	1,054
Between one year and five years	2,871	668	2,203	3,095	696	2,399
More than five years	228	37	191	458	100	358
	4,042	**959**	**3,083**	**4,899**	**1,088**	**3,811**

Other financial obligations

The other financial obligations that do not result from rental and lease agreements are listed below.

OTHER FINANCIAL OBLIGATIONS 3.73

in € k	2010	2011	2012	2013	2014	Thereafter	Total
Liabilities from other continuous obligations	5,728	4,630	691	674	674	4,043	16,440

39. Risk management and derivative financial instruments

The Group operates in countries in which there are political and commercial risks. These risks did not have any effects on the Group in the reporting period. Dürr may be involved in lawsuits, including product liability, in the ordinary course of business. There are no such matters pending that the Board of Management expects to be material in relation to the Group's business or financial position. Provision has been made for expected litigation costs. Dürr is generally exposed to financial risks. These include above all credit risks, liquidity risks and exposure to interest rate changes or currency risks. The regulations for a group-wide risk policy are set forth in the group guidelines.

Credit risk

The credit risk relates to the possibility that business partners may fail to perform their obligation with primary and derivative financial instruments and that capital losses could be incurred as a result. Credit ratings are performed for all new customers. The payment patterns of regular customers are analyzed on an ongoing basis.

As Dürr does not conclude any general netting agreements with its customers, the sum of the financial assets reported in the statement of financial position (including derivative financial instruments with a positive market value) also represents the maximum credit risk. For a presentation of the figures, please refer to note 33. At the end of the reporting period, there were no significant agreements that would mitigate the maximum credit risk (such as netting agreements, guarantees).

In connection with the investment of cash and the portfolio of derivative financial assets, the Group is exposed to losses from credit risks should the banks fail to meet their obligations. Dürr manages the resulting risk position by diversifying its portfolio and selecting its counterparties carefully. No cash and cash equivalents or derivative financial assets were past due or impaired due to credit defaults.

Dependence on few customers

The development of Dürr hinges on the willingness of the automotive industry to invest. A significant portion of the Group's sales revenues is generated with a limited number of customers because the number of manufacturers on the worldwide market for automobiles is comparatively small. The majority of the Group's receivables are due from automobile manufacturers. Generally these receivables are not secured by bank guarantees or collateral. As of December 31, 2009, 51.9 % (prior period: 53.2 %) of the trade receivables were due from seven (prior period: six) customers. The total receivables disclosed contain bad debt allowances for doubtful debts of € 7,720 thousand (prior period: € 8,816 thousand). Owing to its customers' group structure with international subsidiaries, Dürr does not see any concentration of credit risks from its business relations with individual debtors or groups of debtors despite the fact that its business is concentrated on a relatively small number of customers.

Liquidity risk

The liquidity risk is the risk that the Group may not be in a position in the future to meet its obligations, or to meet them at a reasonable price, when they fall due.

The liquidity situation is secured by available cash and cash equivalents as well as the credit lines which the Group can draw on. The situation is monitored and managed by means of a liquidity plan with a planning horizon of 18 months, coupled with a short-term liquidity forecast.

In addition, use of cross-border cash pooling structures has improved the structure of the statement of financial position through liquidity pooling, reduced the volume of borrowed funds and thus helped to enhance the financial result. At the same time, the liquidity situation has become more transparent. Moreover, excess liquidity at individual entities within the Group can be used to finance the cash needs of other group entities internally. For additional information, please refer to note 29.

The corporate bond agreement contains certain covenants. Should any of these not be complied with, the principal and accumulated interest could be called. Dürr was in compliance with the terms of the agreement in the 2009 reporting period.

The syndicated loan agreement, which was changed twice in the 2009 reporting period to reflect the changed economic conditions, can be terminated prematurely by the syndicate of banks in the event of non-compliance with certain financial covenants. The financial covenants include certain targets such as net financial status, total net worth and an absolute earnings measure (EBITDA). In the 2009 reporting period, the financial covenants applicable were complied with as of each cut-off date. The financial covenants are calculated for a rolling period of twelve months. For additional information, please refer to note 29.

The table below shows the contractually agreed (undiscounted) interest and principal payments for primary and derivative financial liabilities.

INTEREST AND PRINCIPAL PAYMENTS FOR PRIMARY FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS 3.74

in € k	Carrying amount Dec. 31, 2009	CASH FLOWS 2010	2011	2012	2013	From 2014 onwards
Primary financial liabilities						
Trade payables	130,391	130,391	–	–	–	–
Sundry financial liabilities	26,832	20,965	31	15	5,666	155
Bond	98,141	9,750	104,875	–	–	–
Liabilities to banks	1,652	530	323	314	287	315
Financial liabilities due to entities accounted for using the equity method	1,081	209	48	48	47	1,113
Finance lease liabilities	3,083	943	921	840	653	685
Derivative financial liabilities						
Forward exchange contracts without hedging relationship	121	121	–	–	–	–
Forward exchange contracts with hedging relationship	800	792	8	–	–	–

in € k	Carrying amount Dec. 31, 2008	CASH FLOWS 2009	2010	2011	2012	From 2013 onwards
Primary financial liabilities						
Trade payables	214,847	214,847	–	–	–	–
Sundry financial liabilities	20,375	13,670	132	18	37	6,518
Bond	96,917	9,750	9,750	104,875	–	–
Liabilities to banks	20,796	17,800	568	547	530	2,172
Financial liabilities due to entities accounted for using the equity method	1,081	161	–	–	–	920
Finance lease liabilities	3,811	1,346	900	773	803	1,077
Derivative financial liabilities						
Forward exchange contracts without hedging relationship	1,122	1,122	–	–	–	–
Forward exchange contracts with hedging relationship	3,855	3,621	203	31	–	–

Currency risk

Currency risks exist in particular where receivables or liabilities are carried or will arise in the ordinary course of business in a currency other than the functional currency of the entity. Foreign exchange risks are hedged where they affect the cash flows of the Group. Foreign exchange risks that do not affect the cash flows of the Group (i.e., the risks from translating the items from the statement of financial position of foreign operations to the euro, the Group's reporting currency), however, are generally not hedged. Forward exchange transactions are entered into to hedge against exchange rate fluctuations from cash flows relating to forecast purchasing and sales transactions with terms of up to 36 months (prior period: 30 months).

In addition, there are foreign currency risks arising from loans denominated in foreign currency that are issued to group entities for financing purposes. These were hedged by forward exchange contracts and interest and currency swaps. The terms range between one month and 20 months.

Regarding the presentation of market risks, IFRS 7 requires sensitivity analyses showing how profit or loss and equity would have been affected by hypothetical changes in the relevant risk variables. The periodic effects are determined by setting the hypothetical changes in the risk variables in relation to the portfolio of financial instruments at the end of the reporting period. The presentation is based on the assumption that the portfolio at the end of the reporting period was representative for the whole year. Currency risks as defined by IFRS 7 arise from financial instruments that are denominated in a currency other than the functional currency and are of a monetary nature; exchange differences from the translation of financial statements to the Group's currency are not taken into account. All currencies other than the functional currency in which Dürr enters into financial instruments are relevant risk variables.

Material primary monetary financial instruments which constitute currency risks for Dürr are cash, trade receivables and payables as well as intercompany receivables and liabilities that are denominated in different functional currencies. Intercompany loans which could give rise to currency risks are usually hedged by derivative financial instruments that are accounted for as fair value hedges, with the exception of the interest/currency swaps described above.

The sensitivity analyses for currency risks refer to the currency pairs that are most relevant for Dürr: EUR/USD, EUR/GBP, EUR/CNY, EUR/MXN, EUR/BRL, EUR/CHF, EUR/CZK and USD/KRW. The average volatility of the individual currencies in 2009 was taken as the basis for the calculation. Assuming that the euro had appreciated by 9 %, 6 %, 9 %, 8 %, 14 %, 3 % and 8 % respectively against the US dollar, pound sterling, Chinese renminbi yuan, Mexican peso, Brazilian real, Swiss franc and Czech koruna and the US dollar had risen by 8 % against the Korean won at the same time, Dürr's earnings would have been € 1.7 million lower (prior period: € 1.1 million higher). Had the euro and US dollar weakened to the same extent as described above, earnings would have been € 0.6 million higher (prior period: € 1.3 million lower).

In addition, Dürr is exposed to currency risks from derivatives that are embedded, in accordance with IAS 39, in effective cash flow hedges of fluctuation in payments caused by exchange rates. Exchange rate changes concerning the currencies underlying these transactions affect the hedge reserve in equity and the fair value of the hedges. If the euro had risen by 9 %, 6 %, 14 % and 8 % respectively against the US dollar, pound sterling, Brazilian real and Czech koruna, the hedge reserve in equity would have been € 6.1 million lower (prior period: € 3.4 million higher). Had the euro fallen by the same amount, the hedge reserve in equity would have been € 4.6 million higher (prior period: € 4.1 million lower).

Interest rate risk

Interest rate risks result from interest rate changes that have a negative effect on the Group's net assets, financial position and results of operations. Interest rate fluctuations lead to changes in net interest and in the carrying amounts of the assets subject to interest. Changes in the interest rates applicable to primary financial instruments with fixed interest rates only affect profit or loss if they are measured at fair value. Since Dürr measures all primary financial instruments at amortized cost, there are no interest rate risks inherent in them within the meaning of IFRS 7. Dürr's liabilities with floating interest rates are counterbalanced by bank balances with floating interests rates of a similar amount. This functions like a natural hedge so that there is no significant interest rate risk and, consequently, no other derivative financial instruments are used to hedge interest risks. Dürr only has exposure to interest rate risks from interest/currency swaps that are reported as cash flow hedges. They are carried at fair value and changes in their market value are recognized directly in equity. This risk is presented in a sensitivity analysis in accordance with IFRS 7, based on assumptions concerning changes in the EUR and USD yield curves. The table below shows the changes in the hedge reserve under equity that would result from a hypothetical change in the market value of the interest/currency swaps.

SENSITIVITY ANALYSIS OF INTEREST/CURRENCY SWAPS 3.75

Change in interest rates (in base points) EUR	Change in interest rates (in base points) USD	**Change in equity as of Dec. 31, 2009 (in € k)**	Change in equity as of Dec. 31, 2008 (in € k)
+0	+100	408	704
+0	−100	−418	−728
+100	+0	−439	−712
−100	+0	450	736

Other price risks

In the presentation of market risks, IFRS 7 also requires disclosures on the effects of hypothetical changes in the risk variable on the price of financial instruments. The main risk variables include stock market prices and indices.

As of December 31, 2009, the Company did not have any significant investments classified as available for sale, and price risks therefore play only a minor role at Dürr.

Use of derivative financial instruments

Derivative financial instruments are used in the Group to minimize the risks concerning changes in exchange rates, interest rates or cash flows and the change in fair value of receivables and liabilities. Dürr is exposed to credit risk in the event of non-performance by counterparties (banks) to the financial instruments described below. All financial derivatives as well as their underlyings are subject to regular internal control and measurement in accordance with the directive of the Board of Management. Derivative financial instruments are only entered into to hedge the operating business.

At the inception of the hedge, the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge are formally documented. This documentation contains identification of the hedging instrument, the related hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or the hedged item's cash flows that is attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Depending on their fair value at the end of the reporting period, derivative financial instruments are reported under other financial assets (positive market value) or other financial liabilities (negative market value) respectively.

SCOPE AND FAIR VALUE OF FINANCIAL INSTRUMENTS 3.76

	NOMINAL VALUE		POSITIVE MARKET VALUE		NEGATIVE MARKET VALUE	
in € k	**2009**	2008	**2009**	2008	**2009**	2008
Interest/currency swaps in connection with cash flow hedges	27,127	27,127	2,341	1,086	–	–
Foreign currency forward contracts	141,161	176,867	2,306	4,400	921	4,977
of which in connection with cash flow hedges	61,748	75,939	1,681	3,019	578	3,350
of which in connection with fair value hedges	43,169	6,723	19	84	222	505
of which without hedging relationship	36,244	94,205	606	1,297	121	1,122

The fair value of the financial instruments was estimated using the following methods and assumptions:

The fair values of the forward exchange contracts were estimated at the present value of cash flows on the basis of the difference between the contractually agreed exchange rates and forward rate prevailing at the end of the reporting period. The fair values of the interest hedges are estimated as the discounted value of expected future cash flows based on current market parameters.

Accounting and disclosure of derivative financial instruments and cash flow hedge accounting

Currency hedges and interest/currency swaps that clearly serve to hedge future cash flows from foreign exchange transactions and which meet the requirements of IAS 39 in terms of documentation and effectiveness, are accounted for as cash flow hedges. Such derivative financial instruments are recognized at fair value. Changes in fair value that impact hedge effectiveness are recognized directly in equity as other comprehensive income until the hedged item is realized. Upon realization of the future transaction (hedged item), the effects recorded in other comprehensive income are transferred to profit or loss and recognized in sales revenues or cost of sales (forward exchange contracts) or other operating income and expenses (interest/currency swap) in the statement of income.

An unrealized gain was recognized in other comprehensive income in the 2009 reporting period. This was due to the changes in fair value from forward exchange contracts of € 24 thousand recognized in equity (prior period: € –178 thousand). A gain of € 683 thousand from the interest rate/currency swaps and the foreign currency loans (prior period: € 224 thousand) was recognized directly in equity.

In addition, € 1,935 thousand (prior period: € 2,285 thousand) was reclassified due to the realization of hedged items in the course of the reporting period from other comprehensive income to profit or loss and disclosed in sales revenues and cost of sales in the statement of income where it reduced profit or loss. The effect on earnings (before taxes) expected for the following reporting period from the amounts recognized in other comprehensive income at the end of the reporting period came to € 298 thousand. In the 2011 and 2012 reporting periods, effects on earnings are expected to total € 315 thousand and € 0 thousand, respectively.

There were no effects on earnings from ineffective hedges in the 2009 and 2008 reporting periods.

A loss of € 464 thousand was recognized in profit or loss from derivative financial instruments classified as fair value hedges (prior period: loss of € 592 thousand). Measuring the hedged items at closing rate gave rise to income in the same amount.

The changes in the fair value of all derivative financial instruments that do not meet the requirements for hedge accounting in accordance with IAS 39 are recognized in profit or loss at the end of the reporting period.

40. Additional disclosure requirements

Exemption pursuant to Sec. 264 (3) HGB

With reference to Sec. 264 (3) HGB, the financial statements of the following German subsidiaries are not published:

- Dürr Systems GmbH, Stuttgart
- Dürr International GmbH, Stuttgart
- Dürr Somac GmbH, Stollberg
- Carl Schenck AG, Darmstadt
- Dürr Ecoclean GmbH, Filderstadt
- Schenck Rotec GmbH, Darmstadt
- Schenck Technologie- und Industriepark GmbH, Darmstadt
- Dürr Assembly Products GmbH, Püttlingen
- Schenck Atis GmbH, Darmstadt
- Dürr EES GmbH, Stuttgart

41. Other notes

Subsequent events

As of January 25, 2010, Dürr acquired the assets and employees of Klaus Kleinmichel GmbH, Bernried, Germany, via Dürr Systems GmbH, Stuttgart. Kleinmichel specializes in adhesive dispensing technology for the automobile manufacture industry and general industry and complements the Dürr Group's range of products and services. The customers of this technology leader, which was founded in 1984, include all the German automobile manufacturers. The acquisition enables Dürr to offer solutions for all adhesion processes in vehicle production. On this basis, Dürr is looking to become one of the top players in this field. Even beyond the automobile industry, there is attractive potential for automated adhesive dispensing applications, for example, in the solar industry and the production of electrical and electronic components. Klaus Kleinmichel GmbH has some 30 employees and its sales revenues have averaged around € 7 million over the past few years. The company had been forced to file for bankruptcy due to financing problems before it was acquired. It was impracticable to determine the disclosures required by IFRS 3.67 by the date on which the financial statements were authorized for issue.

There were no other events which have had or could have a significant effect on the net assets, financial position and results of operations of the Group in the period since the beginning of the reporting period and March 3, 2010.

German Corporate Governance Code: Declaration of compliance pursuant to Sec. 161 AktG

The declaration of compliance prescribed by Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] was submitted by the Board of Management and the Supervisory Board of Dürr AG in Bietigheim-Bissingen on December 16, 2009, and made accessible to the shareholders on the internet.

Average headcount

AVERAGE HEADCOUNT DURING THE YEAR 3.77

	2009	2008
Wage earners	2,230	2,339
Salaried employees	3,308	3,432
Interns/trainees/apprentices	347	289
	5,885	**6,060**

As of December 31, 2009, Dürr had 5,712 employees (prior period: 6,143).

Fees of the auditors of the consolidated financial statements

The audit fees of the auditors of the consolidated financial statements recorded as an expense for the reporting period break down as follows:

AUDITORS' FEES 3.78

in € k	2009	2008
Statutory audit	677	646
Other attest services	28	–
Tax advisory services	21	125
Other services rendered for the parent company or subsidiaries	207	419
	933	**1,190**

MEMBERS OF THE BOARD OF MANAGEMENT

RALF W. DIETER
Chairman
Chairman of the management board
of Carl Schenck AG
(until January 31, 2010)

- Corporate Communications, Human Resources (Employee Affairs Director), Research and Development, Quality Management, Internal Audit
- Paint and Assembly Systems
- Measuring and Process Systems

▪ Carl Schenck AG, Darmstadt* (since February 3, 2010, Chairman)
▪ ThyssenKrupp Technologies AG, Essen (until October 12, 2009)

▫ Dürr, Inc., Plymouth, USA* (Chairman)
▫ Olpidürr S.p.A., Novegro di Segrate, Italy* (April 17, 2009 to January 1, 2010)

RALPH HEUWING

- Finance/Controlling, Investor Relations, Risk Management, Legal Affairs/Patents, Information Technology, Corporate Real Estate
- Dürr Consulting

▪ Carl Schenck AG, Darmstadt* (Chairman until February 3, 2010)
▪ MCH Management Capital Holding AG, Munich

▫ Dürr, Inc., Plymouth, USA*
▫ Dürr India Pvt. Ltd., Chennai, India* (since September 11, 2009)

The total remuneration of the Board of Management in the reporting period was € 1,602 thousand (prior period: € 2,374 thousand) and comprises the following: short-term employee benefits of € 1,382 thousand (prior period: € 2,211 thousand) as well as additions to the pension provisions for these persons of € 220 thousand (prior period: € 163 thousand).

The former members of the Board of Management received remuneration of € 803 thousand in the 2009 reporting period (prior period: € 792 thousand). Pension provisions for this group of persons amounted to € 12,861 thousand as of December 31, 2009 (prior period: € 12,305 thousand).

- Offices held by members of the Board of Management

▪ Membership in statutory supervisory boards
▫ Membership in comparable domestic and foreign control bodies (of business entities)
* Group boards

MEMBERS OF THE SUPERVISORY BOARD

DR.-ING. E.H. HEINZ DÜRR[1,4,5]
Entrepreneur, Berlin
Chairman

- Dürr Systems GmbH, Stuttgart (Chairman)
- Dussmann AG & Co. KGaA, Berlin (until April 29, 2009, Chairman)
- Dussmann Verwaltungs AG, Berlin (until April 29, 2009, Chairman)
- ADC Krone GmbH, Berlin (Chairman)

- ▫ Landesbank Baden-Württemberg, Stuttgart (Member of the supervisory board)

PROF. DR. NORBERT LOOS[1,2,4,5]
Managing partner of Loos Beteiligungs-GmbH, Stuttgart
Deputy chairman

- BHS tabletop AG, Selb (Chairman)
- Hans R. Schmid Holding AG, Offenburg (Chairman)
- LTS Lohmann Therapie-Systeme AG, Andernach (Chairman)
- MVV Energie AG, Mannheim

- ▫ LTS Corp., West Caldwell, New Jersey, USA (Chairman)
- ▫ Mannheimer Kongress- und Touristik GmbH, Mannheim
- ▫ Stadt Mannheim Beteiligungsgesellschaft mbH, Mannheim

HAYO RAICH[1,3,4]
Chairman of the Group Works Council of Dürr AG, Stuttgart
Deputy chairman

- Dürr Systems GmbH, Stuttgart (Deputy chairman)

MIRKO BECKER[3]
Deputy chairman of the Works Council of Dürr Systems GmbH, Stuttgart, at the Bietigheim-Bissingen site

DR. DR. ALEXANDRA DÜRR[5]
Senior physician at the Neurogenetic Clinic of Département de Génétique, Hôpital de la Salpêtrière, Paris, France

BENNO EBERL[1,3]
Trade Union Secretary of IG Metall administrative offices, Stuttgart

- ThyssenKrupp Elevator AG, Düsseldorf (Deputy chairman)
- Alcatel-Lucent AG, Stuttgart (Deputy chairman)
- Alcatel-Lucent Holding GmbH, Stuttgart

- ▫ ThyssenKrupp Aufzüge GmbH, Stuttgart (until September 30, 2009, Deputy chairman)

DR. GÜNTER FENNEBERG
(since October 27, 2009)
Chairman of the management board of Schmidt-Seeger GmbH, Beilngries

- ▫ Sommer Fassadensysteme – Stahlbau – Sicherheitstechnik GmbH & Co. KG, Döhlau

PROF. DR.-ING. HOLGER HANSELKA
(until October 17, 2009)
Professor for Systems Reliability and Machine Acoustics at the faculty of Mechanical and Process Engineering at Darmstadt Technical University

Head of the Fraunhofer-Institute for Structural Durability and System Reliability LBF in Darmstadt

- Harmonic Drive AG, Limburg

THOMAS HOHMANN[3]
Head of personnel at Dürr Systems GmbH, Stuttgart

ERICH HORST[2,3,4]
Chairman of the Works Council of Dürr Ecoclean GmbH, Filderstadt, at the Monschau site
Deputy chairman of the Group Works Council of Dürr AG, Stuttgart

GÜNTER LORENZ[2,3]
Principal Authorized Representative of IG Metall trade union, Darmstadt administrative offices (until December 31, 2009)

JOACHIM SCHIELKE[2]
Chairman of the management board of Baden-Württembergische Bank, Stuttgart
Member of the management board of Landesbank Baden-Württemberg, Stuttgart

- ■ Paul Hartmann AG, Heidenheim an der Brenz
- ■ ICS Informatik Consulting Systems AG, Stuttgart
- ■ Süd KB Unternehmensbeteiligungsgesellschaft GmbH & Co. KGaA, Stuttgart (until July 29, 2009, Deputy chairman)
- ■ Wüstenrot & Württembergische AG, Stuttgart

- □ Allgaier Werke GmbH, Uhingen
- □ Behr Verwaltung GmbH, Stuttgart
- □ Berthold Leibinger GmbH, Ditzingen (Member of the supervisory board since March 5, 2009, member of the administrative board since March 4, 2009)
- □ BWK GmbH Unternehmensbeteiligungsgesellschaft, Stuttgart (Chairman)
- □ Kaufland Stiftung & Co. KG, Neckarsulm (since March 1, 2009)
- □ LBBW Equity Partners GmbH & Co. KG, Munich
- □ LBBW Equity Partners Verwaltungs-GmbH, Munich
- □ LHI Leasing GmbH, Munich (Chairman)
- □ Lidl Stiftung & Co. KG, Neckarsulm (since March 1, 2009)
- □ MKB Mittelrheinische Bank GmbH, Koblenz (Chairman)
- □ MMV Leasing GmbH, Koblenz (Chairman of the advisory board)
- □ Trumpf GmbH & Co. KG, Ditzingen (Member of the administrative board since March 4, 2009)

DR. HANS MICHAEL SCHMIDT-DENCKER
(until October 21, 2009)
General manager of Süddeutsche Beteiligung GmbH, Stuttgart (until February 28, 2010); lawyer

- ■ Schuler AG, Göppingen
- ■ Südwestbank AG, Stuttgart
- □ Loba GmbH & Co. KG, Ditzingen (Chairman of the advisory board)
- □ Schwäbische Werkzeugmaschinen GmbH, Schramberg-Waldmössingen (until February 28, 2010, Chairman)

PROF. DR.-ING. DR.-ING. E.H. KLAUS WUCHERER
(since October 27, 2009)
General manager of Dr. Klaus Wucherer Innovations- und Technologieberatung GmbH, Erlangen

- ■ Infineon Technologies AG, Neubiberg (Chairman since February 11, 2010)
- ■ Leoni AG, Nuremberg
- ■ SAP AG, Walldorf

For transparency reasons, Dürr has decided to report the remuneration components by person starting with the 2009 reporting period.

[1] Member of the executive committee and personnel committee
[2] Member of the audit committee
[3] Employee representative
[4] Member of the mediation committee
[5] Member of the nomination committee
■ Membership in statutory supervisory boards
□ Membership in comparable domestic and foreign control bodies (of business entities)

REMUNERATION OF THE SUPERVISORY BOARD 2009 3.79

in €	Basic remuneration	Attendance fees	Remuneration for committee membership	Variable remuner-ation**	Total
Dr.-Ing. E.h. Heinz Dürr Chairman	49,300	3,100	11,250	5,443	69,093
Prof. Dr. Norbert Loos Deputy chairman	22,500	2,500	22,500	2,722	50,222
Hayo Raich* Deputy chairman	25,800	3,100	5,000	2,722	36,622
Mirko Becker*	15,000	2,500	–	1,814	19,314
Dr. Dr. Alexandra Dürr	15,000	2,500	2,500	1,814	21,814
Benno Eberl*	15,000	2,000	5,000	1,814	23,814
Dr. Günter Fenneberg (since October 27, 2009)	2,500	500	–	–	3,000
Prof. Dr.-Ing. Holger Hanselka (until October 17, 2009)	12,500	2,000	–	1,814	16,314
Thomas Hohmann*	15,000	2,500	–	1,814	19,314
Erich Horst*	15,000	2,000	7,500	1,814	26,314
Günter Lorenz*	15,000	2,000	7,500	1,814	26,314
Joachim Schielke	15,000	2,000	7,500	1,814	26,314
Dr. Hans Michael Schmidt-Dencker (until October 21, 2009)	12,500	2,000	–	1,814	16,314
Prof. Dr.-Ing. Dr.-Ing. E.h. Klaus Wucherer (since October 27, 2009)	2,500	500	–	–	3,000
Total	**232,600**	**29,200**	**68,750**	**27,213**	**357,763**

* Employee representative

** Portion of variable remuneration for 2008, which had not been reported in the 2008 reporting period, as the relevant provision had not been sufficiently equipped in 2008.

Total remuneration of the Supervisory Board amounted to € 545 thousand in the prior period.

42. Statement of changes in non-current assets

INTANGIBLE ASSETS 3.80

in € k	Goodwill	Franchises, industrial rights and similar rights	Capitalized development costs	Prepayments for intangible assets	Continuing operations
Accumulated cost as of January 1, 2008	**263,180**	**62,949**	**21,131**	**468**	**347,728**
Exchange difference	767	−152	300	−82	833
Changes in consolidated group	2,027	181	–	–	2,208
Additions	–	9,740	3,131	647	13,518
Disposals	–	−3,715	−451	–	−4,166
Reclassifications	–	850	–	−404	446
Accumulated cost as of December 31, 2008	**265,974**	**69,853**	**24,111**	**629**	**360,567**
Exchange difference	−26	253	−137	56	146
Changes in consolidated group	–	1,371	–	–	1,371
Additions	5,316	5,073	2,457	2,019	14,865
Disposals	–	−4,999	−548	−21	−5,568
Reclassifications	–	1,478	–	−469	1,009
Accumulated cost as of December 31, 2009	**271,264**	**73,029**	**25,883**	**2,214**	**372,390**
Accumulated amortization as of January 1, 2008	**–**	**46,614**	**6,268**	**–**	**52,882**
Exchange difference	–	−123	196	–	73
Changes in consolidated group	–	166	–	–	166
Amortization	–	5,968	2,922	–	8,890
Disposals	–	−3,702	−238	–	−3,940
Reclassifications	–	391	–	–	391
Accumulated amortization as of December 31, 2008	**–**	**49,314**	**9,148**	**–**	**58,462**
Exchange difference	–	215	−101	–	114
Amortization	–	7,116	3,257	–	10,373
Disposals	–	−4,990	−233	–	−5,223
Reclassifications	–	422	–	–	422
Accumulated amortization as of December 31, 2009	**–**	**52,077**	**12,071**	**–**	**64,148**
Net carrying amount as of December 31, 2009	**271,264**	**20,952**	**13,812**	**2,214**	**308,242**
Net carrying amount as of December 31, 2008	265,974	20,539	14,963	629	302,105
Net carrying amount as of January 1, 2008	263,180	16,335	14,863	468	294,846

PROPERTY, PLANT AND EQUIPMENT

3.81

in € k	Land, land rights and buildings including buildings on third-party land	Investment property	Technical equipment and machines	Other plant, furniture and fixtures	Prepayments and assets under construction	**Continuing operations**
Accumulated cost as of January 1, 2008	**116,501**	**30,057**	**35,383**	**68,888**	**3,343**	**254,172**
Exchange difference	−884	–	391	−473	−2	−968
Changes in consolidated group	4,761	–	336	568	–	5,665
Additions	2,004	657	2,201	5,267	679	10,808
Disposals	−1,184	−258	−2,127	−4,580	−638	−8,787
Reclassifications	−3,192	5,445	445	−435	−2,709	−446
Accumulated cost as of December 31, 2008	**118,006**	**35,901**	**36,629**	**69,235**	**673**	**260,444**
Exchange difference	765	–	95	215	−2	1,073
Changes in consolidated group	–	–	177	82	–	259
Additions	3,264	258	1,579	5,874	862	11,837
Disposals	−453	−20	−3,895	−14,724	–	−19,092
Reclassifications	490	–	−5,161	4,298	−636	−1,009
Accumulated cost as of December 31, 2009	**122,072**	**36,139**	**29,424**	**64,980**	**897**	**253,512**
Accumulated depreciation as of January 1, 2008	**50,841**	**16,482**	**28,297**	**55,175**	**–**	**150,795**
Exchange difference	−199	–	280	−250	–	−169
Changes in consolidated group	1,381	–	297	436	–	2,114
Depreciation	3,450	223	1,886	4,713	–	10,272
Impairment losses	112	–	–	33	–	145
Reversal of impairment losses	−562	−4,324	–	–	–	−4,886
Disposals	−973	−133	−1,878	−4,476	–	−7,460
Reclassifications	−2,634	2,634	104	−495	–	−391
Accumulated depreciation as of December 31, 2008	**51,416**	**14,882**	**28,986**	**55,136**	**–**	**150,420**
Exchange difference	87	–	81	109	–	277
Depreciation	3,603	800	1,872	4,552	–	10,827
Impairment losses	1,249	–	143	55	–	1,447
Disposals	−455	−18	−3,595	−14,295	–	−18,363
Reclassifications	75	–	−4,003	3,506	–	−422
Accumulated depreciation as of December 31, 2009	**55,975**	**15,664**	**23,484**	**49,063**	**–**	**144,186**
Net carrying amount as of December 31, 2009	**66,097**	**20,475**	**5,940**	**15,917**	**897**	**109,326**
Net carrying amount as of December 31, 2008	66,590	21,019	7,643	14,099	673	110,024
Net carrying amount as of January 1, 2008	65,660	13,575	7,086	13,713	3,343	103,377

FINANCIAL ASSETS

3.82

in € k	Shares in affiliates	Investments in entities accounted for using the equity method	Other investments	Long-term securities	Continuing operations
Accumulated cost as of January 1, 2008	**–**	**12,569**	**29**	**348**	**12,946**
Exchange difference	–	2,509	–	–6	2,503
Changes in consolidated group	–	–4,475	–	–	–4,475
Additions	–	2,941	–	–	2,941
Disposals	–	–504	–	–2	–506
Accumulated cost as of December 31, 2008	**–**	**13,040**	**29**	**340**	**13,409**
Exchange difference	–	–586	–	5	–581
Additions	4,156	1,111	–	7	5,274
Disposals	–	–3,929	–	–	–3,929
Accumulated cost as of December 31, 2009	**4,156**	**9,636**	**29**	**352**	**14,173**
Accumulated impairment as of January 1, 2008	**–**	**732**	**27**	**–**	**759**
Changes in consolidated group	–	–732	–	–	–732
Accumulated impairment as of December 31, 2008	**–**	**–**	**27**	**–**	**27**
Accumulated impairment as of December 31, 2009	**–**	**–**	**27**	**–**	**27**
Net carrying amount as of December 31, 2009	**4,156**	**9,636**	**2**	**352**	**14,146**
Net carrying amount as of December 31, 2008	–	13,040	2	340	13,382
Net carrying amount as of January 1, 2008	–	11,837	2	348	12,187

43. List of group shareholdings

LIST OF GROUP SHAREHOLDINGS 3.83

Name and location	Share of capital in %
Germany	
Dürr Systems GmbH, Stuttgart[1, 2]	100
Dürr Ecoclean GmbH, Filderstadt[1, 2]	100
Dürr International GmbH, Stuttgart[1, 2]	100
Dürr Somac GmbH, Stollberg[1, 2]	100
Carl Schenck AG, Darmstadt[1, 2]	100
Schenck RoTec GmbH, Darmstadt[1, 2]	100
Schenck Atis GmbH, Darmstadt[1, 2]	100
Schenck Technologie- und Industriepark GmbH, Darmstadt[1, 2]	100
Dürr Assembly Products GmbH, Püttlingen[1, 2]	100
Prime Contractor Consortium FAL China, Stuttgart[3]	50
Dürr GmbH & Co. Campus KG, Pöcking[3]	100
Fludicon GmbH, Darmstadt[4]	1
Unterstützungseinrichtung der Carl Schenck AG, Darmstadt, GmbH, Darmstadt[4]	100
Dürr EES GmbH, Stuttgart[4] (formerly Dürr Consulting GmbH)	100
Dürr EDAG Aircraft Systems GmbH, Fulda[3]	50
Other EU countries	
Dürr Anlagenbau Ges. m.b.H., Zistersdorf/Austria[2]	100
Dürr Ltd., Warwick/UK[2]	100
Schenck Ltd., Warwick/UK[2]	100
Schenck Test Automation Ltd., Warwick/UK[2]	100
Dürr Ecoclean S.A.S., Loué/France[2]	100
Dürr Systems S.A.S., Guyancourt/France[2]	100
Schenck S.A.S., Cergy-Pontoise/France[2]	100
Datatechnic S.A., Uxegney/France[2]	100
Dürr Systems Spain S.A., San Sebastian/Spain[2]	100
Olpidürr S.p.A., Novegro di Segrate/Italy[2]	65
Verind S.p.A., Rodano/Italy[2]	50
CPM S.p.A., Beinasco/Italy[2]	51
Schenck Italia S.r.l., Paderno Dugnano/Italy[2]	100
Stimas Engineering S.r.l., Turin/Italy[2]	51
Carl Schenck Machines en Installaties B.V., Rotterdam/The Netherlands[2]	100
Dürr Poland Sp. z o.o., Radom/Poland[2]	100
Dürr Ecoclean spol. s r.o., Oslavany/Czech Republic[2]	100
Dürr Systems Slovakia spol. s r.o., Bratislava/Slovakia[2]	100
Other European countries	
Schenck Industrie-Beteiligungen AG, Glarus/Switzerland[2]	100
UCM Holding AG, Rheineck/Switzerland[2]	100
UCM AG, Rheineck/Switzerland[4]	100
Dürr Systems Ltd. Şirketi, Istanbul/Turkey[2]	100
OOO Dürr Systems RUS, Moscow/Russia[2]	100

Name and location	Share of capital in %
North America/Central America	
Dürr, Inc., Plymouth, Michigan/USA [2]	100
Dürr Systems Inc., Plymouth, Michigan/USA [2]	100
Dürr Ecoclean Inc., Auburn Hills, Michigan/USA [2]	100
Schenck Corporation, Deer Park, New York/USA [2]	100
Schenck RoTec Corporation, Auburn Hills, Michigan/USA [2]	100
Schenck Trebel Corporation, Deer Park, New York/USA [2]	100
Dürr Canada Corp., Halifax, Nova Scotia/Canada [2]	100
Dürr Systems Canada Inc., Windsor, Ontario/Canada [2]	100
Dürr de México, S.A. de C.V., Querétaro/Mexico [2]	100
South America	
Dürr Brasil Ltda., São Paulo/Brazil [2]	100
Irigoyen 330 S.A., Cap. Fed. Buenos Aires/Argentina [2]	100
Africa/Asia/Australia	
Dürr Systems Maroc sarl au, Tangier/Morocco [2]	100
Dürr South Africa (Pty.) Ltd., Port Elizabeth/South Africa [2]	100
Dürr India Private Ltd., Chennai/India [2]	100
Schenck RoTec India Limited, Noida/India [2]	100
Dürr Korea Inc., Seoul/South Korea [2]	100
Schenck Shanghai Machinery Corporation Ltd., Shanghai/China [2]	99
Dürr Paintshop Systems Engineering (Shanghai) Co. Ltd., Shanghai/China [2]	100
Dürr Japan K.K., Yokohama/Japan [2]	100
Nagahama Seisakusho Ltd., Osaka/Japan [3]	50
Dürr Pty. Ltd., Adelaide/Australia [2]	100

[1] Profit and loss transfer agreement with the respective parent company
[2] Fully consolidated entity in the Dürr Group
[3] Entity accounted for using the equity method in the Dürr Group
[4] Non-consolidated entity in the Dürr Group

Bietigheim-Bissingen, March 3, 2010

Dürr Aktiengesellschaft

The Board of Management

RALF W. DIETER

RALPH HEUWING

Responsibility statement by management

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

RALF W. DIETER // CEO

RALPH HEUWING // CFO

Bietigheim-Bissingen, March 3, 2010

Six-year summary

(CONTINUING OPERATIONS)

4.1

		2009	2008	2007	2006	2005	2004
Incoming orders	in € million	1,184.7	1,464.0	1,781.5	1,459.8	1,216.9	1,387.4
Sales revenues	in € million	1,077.6	1,602.8	1,476.6	1,361.2	1,400.6	1,725.8
Gross profit on sales	in € million	221.1	285.2	240.0	220.2	220.2	240.6
EBITDA	in € million	25.6	87.1	73.5	52.7	−18.8	50.2
EBIT	in € million	5.7	72.7	55.7	33.1	−70.3	29.0
EBT	in € million	−12.2	46.4	34.8	14.8	−106.6	4.5
Net income / loss	in € million	−25.7	33.7	21.2	8.2	−104.5	−1.1
Earnings per share	in €	−1.55	1.81	1.33	0.50	−7.26	0.00
Dividend per share	in €	0.00[1]	0.70	0.40	0.00	0.00	0.00
Gross margin	in %	20.5	17.8	16.3	16.2	15.7	13.9
EBITDA margin	in %	2.4	5.4	5.0	3.9	−1.3	2.9
EBIT margin	in %	0.5	4.5	3.8	2.4	−5.0	1.7
EBT margin	in %	−1.1	2.9	2.4	1.1	−7.6	0.3
Cash flow from operating activities	in € million	95.4	30.9	85.9	−9.8	−147.6	−115.5
Free cash flow	in € million	63.7	−14.5	40.6	−46.5	−206.1	−150.9
Capital expenditure (property, plant & equipment and intangible assets)	in € million	26.7	24.3	26.5	18.0	26.0	27.4
Decrease (+)/increase (–) in net financial debt[2]	in € million	+37.4	+27.4	+34.7	−11.6	+157.9	−155.5
Non-current assets (Dec. 31)	in € million	452.6	443.5	424.2	447.1	484.9	560.9
Current assets (Dec. 31)	in € million	515.5	644.5	650.6	592.9	704.3	874.9
of which cash and cash equivalents (Dec. 31)	in € million	103.9	84.4	147.5	101.5	124.7	46.4
Equity (with minority interests) (Dec. 31)	in € million	301.4	341.4	257.1	245.7	248.1	222.7
Non-current liabilities (Dec. 31)	in € million	201.1	201.3	305.0	321.7	324.6	339.2
of which pension obligations (Dec. 31)	in € million	55.1	52.2	50.0	60.7	67.8	53.6
Current liabilities (Dec. 31)	in € million	465.6	545.4	512.7	472.7	616.5	873.8
Total assets (Dec. 31)	in € million	968.1	1,088.0	1,074.8	1,040.1	1,189.1	1,435.8
Net financial status (Dec. 31)[2]	in € million	3.0	−34.4	−61.8	−96.5	−84.9	−242.8
Net working capital (Dec. 31)	in € million	57.4	151.8	128.9	154.7	171.5	120.5
Days working capital	in days	19.2	34.1	31.4	40.9	44.1	25.1
Days sales outstanding	in days	108.9	100.3	99.5	108.5	123.2	117.5
Gearing (Dec. 31)	in %	−1.0	9.2	19.4	28.2	25.5	52.2
Cash ratio (Dec. 31)	in %	22.3	15.5	28.8	21.5	20.3	5.8
Equity ratio (Dec. 31)	in %	31.1	31.4	23.9	23.6	20.9	15.5
Return on equity (Dec. 31)	in %	−8.5	9.9	8.2	3.3	−42.1	−0.5
Capital employed (CE) (Dec. 31)	in € million	356.3	432.1	378.8	420.1	–	–
ROCE	in %	1.9	16.8	15.0	7.6	–	–
Weighted average cost of capital (WACC)	in %	8.08	7.58	7.41	6.66	–	–
Economic value added (EVA)	in € million	−24.8	20.0	5.9	−9.7	–	–
Employees (Dec. 31)		5,712	6,143	5,936	5,650	5,992	6,240
Cost per employee (year average)	in €	57,200	62,200	63,500	61,000	62,600	61,200
Sales per employee (year average)	in €	183,100	264,500	254,200	237,500	230,000	265,200
R&D ratio	in %	2.4	1.6	1.4	1.6	1.5	1.2
R&D employees (Dec. 31)		157	152	158	157	121	101

No information relating to the years prior to 2004 was given, as complete comparability can only be guaranteed from 2004 onwards due to changes in the consolidated group.

[1] Dividend proposal for the annual general meeting
[2] Without finance leases

Glossary

TECHNOLOGY AND PRODUCTS

A

Application technology
General term for all products related to the application of paint and high-viscosity materials, e.g. painting robots, paint atomizers, and color change systems.

B

Balancing and diagnostic systems
Rotating components such as wheels and turbines must be tested for imbalances. The imbalances are equalized because they result in vibrations or oscillations.

BRIC countries
Abbreviation for the emerging markets of Brazil, Russia, India and China.

C

Cathodic dip-coating
Process for applying the first prime coat that protects against corrosion. To coat the interior of the body as well, it is immersed. The coating is applied with the aid of an electronic field. The process is called "cathodic" as the car body serves as the cathode.

CAX system
Higher-level IT system which integrates different computer applications used in engineering and production. The letters CA stand for computer-aided; X is a placeholder for the various processes supported (e.g. design or manufacturing).

Claim management
Claim management deals with customers' departures from contractual specifications and provisions, e.g. technical changes and delays. The resulting additional expense is charged to the customer.

D

Downsizing
The development of economical combustion engines that have a smaller cubic capacity but deliver a similar performance as larger engines.

Drying oven
Tunnel-like systems for curing freshly applied coats of paint.

E

Electrical isolation
Electrical separation of two conductive objects by means of isolation.

End of line
The area at the end of vehicle final assembly where fully assembled vehicles are tuned, tested, and prepared for shipping.

Engineering
Development and design of machinery and plants. At Dürr, engineering often involves developing technical solutions that are geared to customers' specific production goals.

ERP System (Enterprise Resource Planning)
Software used to support resource planning within a company. ERP systems should cover all business processes.

F

Filling systems
Systems that dispense materials essential for vehicle operation (e.g. brake fluid, air-conditioning refrigerant) in the final assembly stage of production.

Filtration systems (coolant recycling)
Coolants are used in the machining of workpieces. They cool the workpieces and tools, reduce friction and wear, and bind metal shavings. The recycling or filtration systems cool the used coolant and remove the shavings so the coolant can be reused in the machining process.

G

Glueing technology
Manufacturing process, in which parts such as the metal sheets of a car are joined together by means of adhesives.

H

Handling robots
Robots that open, hold, and close hoods and car doors at the painting station.

I

Industrial cleaning systems
Cleaning systems remove contaminants from workpieces that arise during the machining process.

L

Light vehicles
Cars and light trucks.

M

Manufacturing depth
The value added (content) which the company actually contributes itself in the manufacture of a product or a plant.

Marriage
Joining and bolting together of power train, chassis, and body in vehicle final assembly.

P

Pretreatment
This is the first stage in the painting process. When it comes from the body shop, the bodyshell is first cleaned, degreased and in most cases phosphated in preparation for the next coating. The phosphating produces a corrosion-inhibiting conversion layer (nonmetallic crystalline structure) to which the subsequent paint layers bond better.

S

Sealing
Process for sealing welding seams created when car body parts are joined. Sealing also includes the application of an undercoating that protects against rock impact.

Supervisory control system
Centralized computer system for controlling and supervising control of a complete production plant.

T

Test systems
End-of-line systems test the functions of fully assembled vehicles, e.g. headlights and ABS.

Transfer line integrated cleaning systems
Cleaning systems (with a high throughput rate) where the workpieces pass through several treatment stations, such as cleaning and drying.

Turnkey
Complete construction of a plant by a single general contractor.

U

Ultrafine cleaning
Cleaning process that removes contamination on a single-digit μm (micron) scale.

V

VOC (Volatile Organic Compounds)
Volatile organic compounds are substances contained for instance in solvents that already evaporate at low temperatures and are harmful to the health.

FINANCIAL

F

Free cash flow
Free cash flow is the cash flow from operating activities remaining after deducting capital expenditures and net interest paid and received, and represents the amount of cash that is freely available to pay a dividend and to run off debt.

G

Gearing
This is the ratio of net financial debt to shareholders' equity. The higher the relative weight of net financial debt the higher the reliance on external lenders. However, a high gearing is not necessarily negative if the interest paid does not reduce profits excessively.

$$\frac{\text{net financial debt}}{(\text{net financial debt} + \text{shareholders' equity})} \times 100\ (\%)$$

L

Liquidity ratios: cash ratio and quick ratio
These two liquidity ratios show the degree to which current liabilities are covered by cash and cash equivalents (and other current assets). They serve to measure a company's solvency.

$$\frac{\text{cash and cash equivalents}}{\text{current liabilities}} \times 100\ (\%)$$

$$\frac{\text{cash and cash equivalents} + \text{short-term trade receivables}}{\text{current liabilities}} \times 100\ (\%)$$

N

Net financial status
This represents the balance of the financial liabilities reported in the balance sheet after deducting cash and cash equivalents. If a company's cash and cash equivalents exceed its financial liabilities it is de facto debt free.

$$\text{financial liabilities} - \text{cash and cash equivalents}$$

Net working capital (NWC)
This is a measure of the net funding required to finance current assets. Negative NWC is beneficial since it implies that sales are prefinanced by suppliers and customers. At Dürr, the prepayments received from customers are an important factor affecting NWC. The formula shows a simplified calculation.

$$\text{inventories} + \text{trade receivables} - \text{trade payables}$$

NOPAT
(Net Operating Profit After Taxes)
NOPAT is operating profit (EBIT) less the company´s typical taxes. It is used to calculate other performance indicators such as "Economic Value Added" (see page 73).

$$\text{EBIT} - \text{company´s typical taxes}$$

R

Return on Capital employed (ROCE)
This measures the rate of return on the capital tied up in a company's operating assets (for instance in machinery and equipment, inventories, accounts receivable) and is the ratio of earnings before interest and taxes (EBIT) to capital employed.

$$\frac{\text{EBIT}}{\text{capital employed}} \times 100\ (\%)$$

Return on Equity (ROE)
This is the rate of return earned on shareholders' equity. It should exceed the rate of return on a comparable investment.

$$\frac{\text{earnings after taxes}}{\text{shareholders' equity}} \times 100\ (\%)$$

Return on Investment (ROI)
This ratio serves to measure how efficiently a company employs the total resources at its disposal.

$$\frac{\text{earnings after taxes} + \text{interest expense}}{\text{total assets}} \times 100\ (\%)$$

W

WACC
(Weighted Average Cost of Capital)
The weighted average cost of capital reflects the opportunity cost of the capital invested taking the company's financing structure into account, in other words what minimum rate of return the company has to earn to justify an investment.

$$\left(\frac{\text{equity}}{\text{total capital}} \times \text{cost of equity in \%}\right) + \left(1 - \text{tax rate}\right) \times \left(\frac{\text{debt}}{\text{total capital}} \times \text{cost of debt in \%}\right)$$

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FORWARD-LOOKING STATEMENTS

This annual 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), 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.

Financial calendar 2010

04/28/2010	Interim report on the first quarter of 2010
04/30/2010	Annual general meeting, Bietigheim-Bissingen
08/05/2010	Interim financial report on the first half of 2010
11/03/2010	Interim report on the first nine months of 2010

CONTACT

Please contact us for further information

Dürr AG
Corporate Communications & Investor Relations
Carl-Benz-Strasse 34
74321 Bietigheim-Bissingen
Germany
Phone +49 7142 78-1785
Fax +49 7142 78-1716
corpcom@durr.com

www.durr.com

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Milestones 2009

// 1

March // Large order from Airbus
Airbus places an order with us for the supply of 57 paint booths for seven European plants – our biggest order in aircraft painting and a milestone in the expansion of our aircraft business. Picture // 1

January // Japan business strengthened
Dürr and Japanese paint systems manufacturer Parker Engineering sign a cooperation agreement, improving our access to Japan's automobile industry.

June // Award for IR activities
Dürr is ranked first among the 50 SDAX companies in German business magazine Capital's Investor Relations Award 2009.

April // Balancing technology for a growth market
Our technology portfolio is broadened with the acquisition of the French company Datatechnic S.A., a niche specialist in balancing technology for the growth market of turbocharger production.

June // Order with landmark effect
VW is the first automobile manufacturer to opt for Dürr's ***Eco*DryScrubber**. The innovative paint booth system will reduce energy consumption at VW's new US plant in Chattanooga. The ***Eco*DryScrubber** wins two environmental awards in Germany and France.

February // Less energy and emissions
Dürr presents the new TARCOM 5 burner for exhaust air cleaning systems, which optimizes the temperature distribution within the combustion chamber. This significantly reduces energy consumption and emissions. Picture // 2

// 2

February // Heinz Dürr Innovation Award
Supervisory Board Chairman Heinz Dürr honors employee teams for outstanding innovations for the eighth year – among the award winners are the ***Eco*DryScrubber** paint booth system and the VIRIO vertical balancing machine.

July // Renault confides in our international execution competence
Renault places an order with us for the construction of a large-series paint shop at its plant in Tangier, Morocco.

August // ATON increases its stake
Our second largest shareholder, ATON GmbH, increases its stake in Dürr to 25.5%.

October // "Top address for innovation"
The Dürr Campus in Bietigheim-Bissingen is officially inaugurated. The Minister President of the State of Baden-Württemberg, Günther Oettinger, congratulates Dürr and calls the new headquarters a "top address for innovation".

October // New structure for paint systems business
Paint and Final Assembly Systems is reorganized with a lean structure. This enables Dürr's biggest business unit to respond faster and more flexibly in the market.


// 4

September // Order successes in China's boom market
Dürr profits from the upturn in automobile demand in China: within a few weeks we receive three large paint systems orders worth € 140 million.
Picture // 3

October // New Supervisory Board members
Dr. Günter Fenneberg and Professor Dr. Klaus Wucherer join the Supervisory Board of Dürr AG. They both represent the shareholders' side.

November // New universal paint atomizer
The principle and benefits of our new *Eco*Bell3 universal atomizer are presented at a specialist conference for the first time. The product was officially introduced in the market in March 2010.
Picture // 4

September // Modernization in Brazil
The Brazilian market also picks up. Volkswagen places an order with us for the modernization of its paint shop in Anchieta.


// 3

September // Hyundai highly satisfied with Dürr
Dürr wins an excellence award from Hyundai for its outstanding achievements in the construction of the plant in Nošovice in the Czech Republic. Despite the tight deadline, we managed to hand over the paint shop to the client ahead of schedule.

December // Cleaning technology strengthened
Dürr acquires the Swiss company UCM AG, a specialist in precision cleaning equipment, thereby gaining access to a business segment that addresses growth industries such as medical engineering and precision optics.

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