Interim report January 1 to September 30, 2010

Technologies · Systems · Solutions

Contents

Cover photo:

The new *Eco*Bell3 atomizer generation is ideal for all painting applications – whether body exterior or interior, or fittings. The photo shows the *Eco*Bell3 painting a bumper.

Key figures for the Dürr Group (IFRS)

		9 M/2010	9 M/2009	Q3/2010	Q3/2009
Incoming orders	in € m	1,100.7	845.8	363.6	339.0
Orders on hand (September 30)	in € m	1,257.3	927.2	1,257.3	927.2
Sales revenues	in € m	854.5	813.0	336.6	241.5
EBITDA	in € m	28.1	23.3	17.7	6.9
EBIT	in € m	14.3	7.7	13.2	1.5
Earnings after tax	in € m	-9.9	-14.5	3.4	-7.9
Cash flow from operating activities	in € m	-33.4	1.3	-31.2	39.1
Cash flow from investing activities	in € m	-13.4	-17.8	-6.6	-4.5
Cash flow from financing activities	in € m	131.4	10.8	135.2	-19.5
Free cash flow	in € m	-55.1	-24.2	-40.3	27.7
Total assets (September 30)	in € m	1,153.5	979.2	1,153.5	979.2
Equity (with non-controlling interests) (September 30)	in € m	294.4	315.4	294.4	315.4
Equity ratio (September 30)	%	25.5[1)]	32.2	25.5[1)]	32.2
Net financial status (September 30)	in € m	-57.5	-81.3	-57.5	-81.3
Net working capital (September 30)	in € m	98.0	141.4	98.0	141.4
Employees (September 30)		5,825	5,783	5,825	5,783
Dürr share ISIN: DE0005565204					
High[2)]	€	23.50	14.85	23.50	13.50
Low[2)]	€	14.17	7.14	16.50	9.51
Close[2)]	€	22.88	12.90	22.88	12.90
Number of shares (weighted average)	k	17,301	17,301	17,301	17,301
Earnings per share (diluted / undiluted)	€	-0.60	-0.90	0.18	-0.48

1) The adjusted equity ratio is 27.9%. This figure already takes account of the redemption at the end of October of the corporate bond issued in 2004.

2) XETRA

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

Highlights

- New € 150 million corporate bond successfully placed in Q3; old bond prematurely redeemed
- New bond to be reopened in Q4 with a second tranche of up to € 75 million to finance growth
- Order intake on high level of the preceding quarters; strong upturn in the more standard machinery business
- Sales revenues up 39% in Q3 2010 (versus Q3 2009)
- Marked recovery in service business
- Earnings improvement continues: after-tax result also positive in Q3
- Growth in net working capital squeezes cash flow
- Outlook for 2010 raised: sales revenues +9 to +12%; incoming orders +15 to +20%

Group management report

Summary: Earnings after tax positive in the third quarter

Dürr Group's positive development accelerated in the third quarter of 2010. Incoming orders rose to € 1,100.7 million in the first nine months, an increase of 30.1% year over year. Stimulus came from the strong recovery in balancing and cleaning equipment business on the mechanical engineering side, with order intake almost doubling versus the first nine months of 2009. Order backlog as of September 30, 2010 was up € 330.1 million year over year to € 1,257.3 million. That is equivalent to about one year's worth of sales revenues.

Geographically, the marked growth in new orders was driven by the emerging markets. China continues to be our most important market. So far this year we have received orders there worth € 376 million, representing more than one third of the Group's total order intake. Demand also developed well in India and Brazil. Building on our strong local presence and convincing product innovations we have been able to expand our market share more than proportionally in all the emerging markets over the past quarters.

The sales trend gathered pace in the third quarter, as predicted. Revenues rose to € 336.6 million, an increase of 17% on the second quarter of 2010 and up 39% on the same quarter last year. Earnings are also on a clear upward trend: EBIT grew much faster than sales revenues in the third quarter to € 13.2 million (Q3/2009: € 1.5 million) and the bottom line was clearly back into positive territory again, with earnings after tax of € 3.4 million (Q3/2009: € -7.9 million).

In light of the good development in the third quarter of 2010 we have raised our full-year forecast for sales revenues and incoming orders in 2010, especially as the positive trend should continue in the fourth quarter. For the full year 2010 we now expect growth of 9 to 12% in sales revenues, while incoming orders are likely to be up 15 to 20%. Our target for earnings is still a slightly positive net result after tax.

Bond successfully placed

We successfully issued a € 150 million unsubordinated corporate bond in September 2010. The bond, issued at par, carries a coupon of 7.25% and has a life of five years. We used two-thirds of the proceeds to redeem the old bond issued in 2004 on October 29, 2010. The bond was redeemed at par plus pro rata accrued interest. The rest of the proceeds from the new issue are being used to finance the strongly expanded volume of business and the resulting growth in net working capital.

The bond issued in September was almost four times oversubscribed. A contributing factor here was our innovative placement concept directed especially at private investors as well as asset managers and smaller institutional investors. The issue has enabled us to lower our financing costs significantly: Compared to the old bond, which cost us almost 11% p.a. including placing fees and incidental charges, the cost of the new bond is only 7.6% p.a. for the volume outstanding.

Thanks to strong demand, the new bond has performed very positively since it was admitted to trading on September 21. The bond was trading at 105.6% at the end of September, and by October 28 the price had risen to 107.6%. Against this backdrop, we want to reopen the bond and issue a second tranche of € 50 to 75 million already in the fourth quarter of 2010. With this procedure, the conditions of the original volume issued apply virtually without exception for the additional tranche (e.g. due date, coupon, securities identification code); only the issue price differs. In light of the bond’s performance to date, the second tranche will probably be issued at a higher price than the original volume, which was issued at par. Consequently, our costs for the additional tranche should be lower still than for the original placement in September 2010.

The additional tranche will enable investors who were only allotted a part of their orders when the first tranche was placed in September to add to their holdings accordingly. We intend to use the proceeds from the second tranche primarily for expanding the environmental and energy technology business. We see attractive growth opportunities in this area, as technologies for improving the environmental impact and energy efficiency of production processes are acquiring ever greater importance. In this way, we also aim to penetrate new customer groups. Our Environmental and Energy Systems business unit, which, among other things, develops processes for the recovery of energy from waste heat, will serve as the basis for expanding the environmental and energy technology activities. We have sound technological expertise and an international sales and service network. We are also reviewing various possibilities for acquisitions.

With the new bond, we have placed a large part of our debt financing on a long-term basis. We are currently in negotiations with the banking syndicate to arrange a renewal of the syndicated loan, or a follow-on agreement, before it expires in mid-2011.

Operating environment

Economy
The economic trend continued on a nice upward path in the third quarter of 2010; however, the pace of growth slowed. This was mainly due to the fact that the restocking process at many firms was completed. The expiry of government economic support programs also made itself felt – firstly in the USA, then in China and Japan, and finally in Europe. The moderate recovery in the mature industrial countries is likely to continue in the fourth quarter, while the economic development in the emerging markets should remain dynamic. Against this backdrop, economists forecast world economic growth of over 4% for the full year.

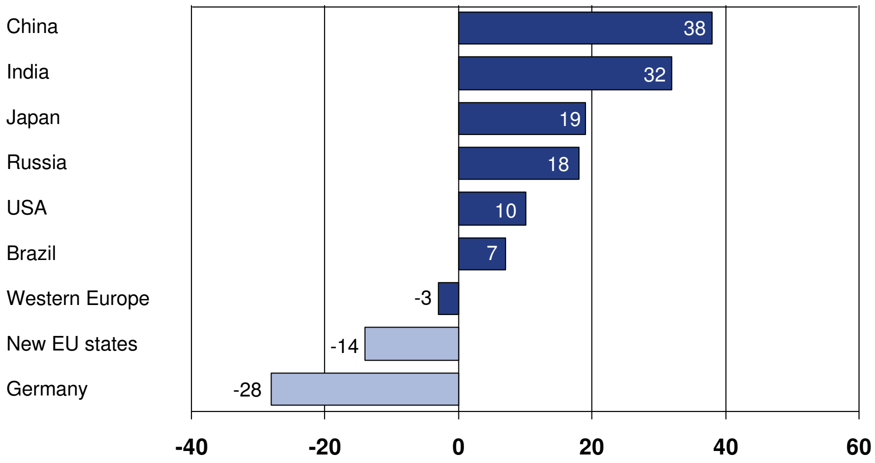
The growth of the world economy is likely to slacken to around 3.5% in 2011; however, that will still be in line with the long-term trend. Despite risks in the USA (falling house prices, weaker consumption due to household deleveraging, budget consolidation), in Europe (sovereign debt), and potentially in China (inflation threat), the upward forces should prevail in 2011.

Automobile industry
After the sharp slump in 2008 and 2009, the upswing in the automobile industry is stronger than expected. The industry is growing faster than the economy as a whole and is profiting from higher capacity utilization and the cost reductions undertaken in the past years. Against this backdrop, earnings at some auto manufacturers are set to reach new record levels already in the 2010 financial year.

In China, automobile sales in the months from January to September 2010 were up 38% on the same period last year; in September the growth on this, the world's largest automobile market was still as much as 22%. The Indian market grew strongly in the autumn months after witnessing a temporary consolidation in the second quarter; here, the growth for the first nine months is 32%. Automobile sales in the USA have been recovering steadily at double-digit rates since the beginning of the year. In Japan, sales turned down in September with the expiry of the "cash for clunkers" incentive scheme. The Russian market, on the other hand, is growing strongly on the back of government support programs for the automobile industry. The European markets tended weaker in the third quarter; the sales figures in Germany especially have been affected by the expiry of the "cash for clunkers" scheme.

Car sales development January – September 2010

Change year-over-year in %



Source: VDA (German car makers´ association)

The automobile industry's actual production and sales figures and targets, and the development of the liquidity and earnings situation at the OEMs are important indicators for future investment and capital spending activity in the industry. This is the driver not only for our new plant and machinery business; it also affects our service business. As automobile sales are expected to continue rising over the longer term now the economic crisis is over, the positive trend in incoming orders should persist.

The aircraft industry is also benefiting from the general economic recovery and rising traffic volumes. The major aircraft manufacturers are already witnessing growing demand. This should have a positive influence on their spending and investment activity in the mid term.

In general industry, too, the positive trend visible since the end of 2009 is continuing. According to figures published by the German plant and mechanical engineering industry association, the Verband des Deutschen Maschinen- und Anlagenbaus (VDMA), new orders at its member firms were up by a good third in the first eight months of 2010. The industry is benefiting not least from its expertise in the areas of environmental technology and regenerative energy production. Apart from the holiday month of August, there has been no slowdown in incoming orders.

Business development*

Incoming orders stabilize at the high level of the previous quarters
In the first nine months of 2010 our incoming orders were up 30.1% year over year to € 1,100.7 million. New orders worth € 363.6 million were booked in the third quarter, which was on a par with the high level of the preceding quarters; compared to the third quarter of 2009 they were up 7.2%.

The Paint and Assembly Systems division increased its order intake in the first nine months of 2010 by 14% to € 748.1 million. The growth was buoyed by large paint systems orders from China, Brazil, and India. Orders were also well up at Application Technology and Aircraft and Technology Systems. In the third quarter, the booked order intake was down versus the same quarter last year; however, during this period we received a number of letters of intent. These are written order commitments which were not yet booked as orders.

In our mechanical engineering division, Measuring and Process Systems, the positive trend witnessed in the first two quarters gathered pace. For the first nine months of 2010 there was a strong increase of 85% in new orders. Cleaning and Filtration Systems almost trebled its order intake versus the weak level in the same period last year. Balancing and Assembly Products (balancing, testing, and filling equipment) also did a lot better, with orders up 60% over the first nine months of 2009.

There were no changes in the geographical distribution of incoming orders in the third quarter. The emerging markets again accounted for about 60% of the total. The BRIC countries contributed 47%. This will feed through in a similar picture for sales revenues after a time lag of four to five quarters. China alone accounted for over one-third (€ 376 million) of the Group's total order intake. Demand in Europe (including Germany) has stabilized; it accounted for 38% of incoming orders. In North America, reviving automobile sales led to a slight upturn in demand; however, this was from a very low base in the previous year. Brazil, the most important market in South America, picked up appreciably.

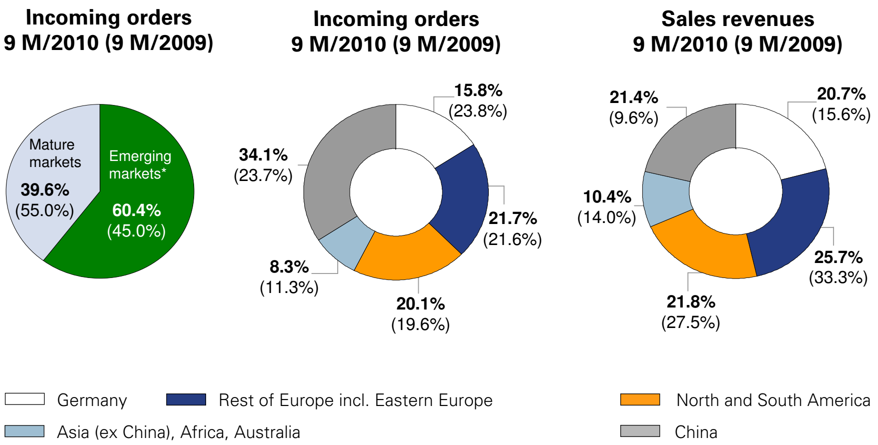
Sales revenues up 39% in the third quarter of 2010
As expected, the recovery in sales revenues is gathering pace, reflecting the development of incoming orders with a time lag: after reaching a low point of € 230.3 million in the first quarter, sales revenues rose to € 287.6 million in the second quarter and to € 336.6 million in the third quarter. The high order backlog suggests further growth in the fourth quarter. For the first nine months from January to September 2010 sales revenues were up 5.1% versus the same period last year.

*The interim financial statements have been prepared according to the International Financial Reporting Standards (IFRS).

There has been a strong improvement especially in the service business, which had suffered a sharp downturn last year. Here, rising levels of production and capacity utilization in the automobile industry led to growth of 37% in revenues in the first nine months of 2010. The service business accounted for about 30% of Group sales revenues.

New orders comfortably exceeded sales revenues also in the first nine months, with the book-to-bill ratio again at a high level of 1.3. Order backlog reached € 1,257.3 million at the end of September 2010, an increase of € 330.1 million versus a year earlier. That is equivalent to about one year's worth of sales revenues, so our orders on hand reach well into the year 2011.

The balanced distribution of sales revenues reflects our broad international positioning. 20.7% of our sales revenues in the first nine months of 2010 came from Germany, while the rest of Europe contributed 25.7%. Asia (including Africa and Australia) accounted for 31.8%, which is a marked increase versus the same period last year. North and South America contributed 21.8%. The emerging markets, especially the BRIC countries, accounted for 50.7%.



*Asia (ex Japan), Mexico, Brazil, Eastern Europe

Marked earnings improvement in the third quarter

As expected, the gross margin sank to 17.9% in the third quarter of 2010. This was due to increased settlements of low-margin orders taken on in 2009. On the other hand, earnings benefited from the strong growth in service business and the much higher capacity utilization at the mechanical engineering business units.

The cost of sales rose by 7%, and thus slightly more strongly than sales revenues, in the first nine months of 2010. As a result, the gross margin narrowed to 18.9%, after 20.4% in the same period last year. Gross profit came to € 161.8 million, which was still down € 4.4 million year over year; however, in the third quarter it reached € 60.3 million, which was up € 8.8 million on the same quarter last year.

Overhead cost ratio lowered

Selling and administrative costs declined by 2.7% in the first nine months of 2010, while R&D spending remained constant at € 19.0 million.

The balance of other operating income and expense was low at € -0.4 million after net expense of € 2.9 million in the same period last year. The main factors were expenses and income from currency conversion, which more or less balanced each other out.

The net restructuring costs for capacity adjustments include extraordinary income of € 2.9 million from write-backs for expenses that were no longer required, while restructuring costs of € 2.6 million were incurred. This resulted in a positive balance of € 0.3 million in the first nine months of 2010 after net expense of € 4.7 million in the same period last year.

Positive result after tax in the third quarter

EBIT came to € 14.3 million in the first nine months; that is 86% more than in the same period last year. We earned 92%, or € 13.2 million, of the EBIT in the third quarter (Q3/2009: € 1.5 million) – this shows that the earnings trend has accelerated as predicted. EBITDA was up € 4.8 million to € 28.1 million in the first nine months of 2010.

Despite lower average net financial debt, the financial result deteriorated in the first nine months of 2010 by € 4.6 million year over year to € -17.6 million. A major factor was higher commitment fees and the costs for adjusting our syndicated loan agreement in 2009 which have been spread over the life of the loan. Other factors were lower investment income and one-off expense of € 0.7 million for the early redemption of our old bond.

Tax expense came to € 6.6 million in the first nine months of 2010 (9M/2009: € 9.3 million), resulting in earnings after tax of € -9.9 million (9M/2009: € -14.5 million). However, a positive after-tax result of € 3.4 million was posted in the third quarter (Q3/2009: € -7.9 million).

Financial position

Cash flow from operating activities reduced

Cash flow from operating activities was appreciably lower in the third quarter than in the first two quarters of 2010. Owing to the unexpectedly rapid and strong growth in the volume of business we have had to increase our net working capital (NWC); by September 30 it had risen by € 39.2 million versus the end of 2009 after a reduction of € 11.7 million a year earlier. The strong increase in income tax payments is due to payments for last year, for which provisions were created in 2009. There were also payments incurred within the Group for 2010 which will be partly refunded next year.

Cash flow statement*

in € million	9 M/2010	9 M/2009
Earnings before income taxes	-3.3	-5.3
Depreciation and amortization	13.8	15.7
Interest result	17.7	13.9
Income tax payments	-14.3	-9.4
Change in provisions	1.3	-9.1
Change in net working capital	-39.2	11.7
Other items	-9.4	-16.2
Cash flow from operating activities	**-33.4**	**1.3**
Interest payments (net)	-13.8	-13.1
Capital expenditure	-7.9	-12.4
Free cash flow	**-55.1**	**-24.2**
Other cash flows (incl. dividends)	-5.4	-22.7
Decrease (+), increase (-) in net financial debt	**-60.5**	**-46.9**

*Currency translation effects have been eliminated from the cash flow statement. As such, the cash flow statement does not fully reflect all changes in balance sheet positions as shown in the statement of financial position.

Forfaiting and factoring transactions have to be taken into account in a period comparison of cash flows, although their influence has become marginal in recent quarters. In the first nine months of 2009 and 2010 their volume sank by € 67.0 million and € 0.9 million, respectively. Without this reduction in the forfaiting and factoring portfolio, cash flow would have turned our correspondingly higher. On a comparable basis, cash flow from operating activities would have been € 68.3 million for the first nine months of 2009 and € -32.5 million for the first nine months of 2010.

in € million	Dec. 31, 2008	Sept. 30, 2009	Dec. 31, 2009	Sept. 30, 2010
Factoring	15.0	13.6	11.9	7.5
Forfaiting	67.6	2.0	0.0	3.5
Total	**82.6**	**15.6**	**11.9**	**11.0**

Cash flow from investing activities amounted to € -13.4 million in the first nine months of 2010 (9M/2009: € -17.8 million). The acquisition of the glueing technology specialists Kleinmichel and Rickert led to cash outflows of € 2.5 million and € 4.3 million, respectively. At € 5.3 million, capital expenditure on property, plant and equipment remained below the year-earlier level (€ 9.0 million). The same applies for capital expenditure on intangible assets, which – excluding the goodwill arising from the acquisitions – amounted to € 2.5 million (9M/2009: € 3.4 million).

Cash flow from financing activities was well into positive territory at € 131.4 million (9M/2009: € 10.8 million). This was due to the bond issue which generated net proceeds (that is after deducting fees) of € 147.5 million. Interest payments and finance lease installments had a negative effect.

Free cash flow indicates what resources are left for paying dividends, buying back shares and reducing net financial debt. As the volume of business expanded more strongly than expected, free cash flow was clearly negative to the tune of € -54.9 million in the first nine months of 2010. The other cash flows shown in the table on page 12 also include the translation of foreign subsidiaries' cash positions into euro.

Rising business volume and bond issue cause balance sheet to expand

The higher volume of business and the bond issue (net proceeds of € 147.5 million) led to growth of € 185.4 million in the balance sheet (unadjusted) versus the end of 2009. Adjusted for the redemption of the old bond in a nominal value of € 100 million, which took effect at the end of October 2010, and thus not until the fourth quarter, the growth in the balance sheet was only € 85.4 million, with corresponding impact on the financial ratios.

On the current assets side, inventories and trade receivables were up € 81.4 million in aggregate versus December 31, 2009, while cash and cash equivalents increased by € 89.4 million. As we already pointed out in the cash flow discussion, net working capital (NWC) has grown. At constant exchange rates, the increase was € 39.2 million.

On the equity and liabilities side, equity declined slightly by € 7.0 million to € 294.4 million as of September 30, 2010, with the reduction due to the after-tax loss being partly offset by currency translation gains that are recognized directly in equity. The strong expansion of the balance sheet caused the equity ratio to sink to 25.5% (September 30, 2009: 32.2%). On an adjusted basis, in other words after stripping out the old bond that has since been redeemed, the equity ratio would be 27.9%. We aim to raise the equity ratio to the target level of 30% again in the mid term.

Net financial debt amounted to € 57.5 million at the end of the third quarter, which was lower than a year earlier (€ 81.3 million). We have met our financing needs this year from cash and cash equivalents and the bond issue. Dürr's financing requirements are usually higher during the year than at the end of the year.

The biggest changes by far on the equity and liabilities side were attributable to the bond issue and the growth in trade payables. The increase of € 40.9 million in trade payables is partly due to higher prepayments received from customers (up € 21.9 million to € 222.3 million).

Current and non-current liabilities

in € million	Sept. 30, 2010	Dec. 31, 2009
Financial liabilities (incl. bond)	272.9	125.9
Provisions (incl. pensions)	116.3	107.5
Trade payables	371.8	330.8
of which: prepayments received	222.3	200.5
Income tax liabilities	4.6	7.9
Other liabilities (incl. deferred taxes, deferred income)	93.6	94.6
Total	**859.2**	**666.7**

Since 2008 we include the financial liabilities and receivables due to and from associated companies accounted for using the equity method in the calculation of net financial debt.

R&D and capital expenditures

At € 19.0 million, R&D spending in the first nine months of 2010 was exactly level with the figure for the same period last year. Owing to the growth in sales revenues, the R&D ratio dipped slightly from 2.3% to 2.2%. Including additional development costs arising from customer projects and expensed as cost of sales, both R&D expense and the R&D ratio were significantly higher. € 1.7 million of R&D expense was capitalized (9M/2009: € 1.4 million).

We presented several innovations in the third quarter of 2010. With the new *Eco*RP L swing arm robots we offer an even more flexible solution for the interior painting of light commercial vehicles. The new robots allow easy access to all surfaces and can coat bodies of different length on one line.

In environmental technology, we have brought a completely revamped version of our thermal exhaust air purification system TAR to the market. In combination with the new Tarcom V burner generation, the new TAR is much more energy efficient than its predecessor.

Schenck RoTec has launched the new CENTRIO spin test stand for the material and strength testing of rotors. Noise-optimized components, a highly effective isolation and the encapsulation of noise sources provide optimum sound protection. CENTRIO is also highly energy efficient: the use of special servomotors enables the energy required to accelerate the test specimen to be fed back into the grid during the braking operation. Further advantages are a clear visualization of the process on the control terminal, good accessibility, and simple rotor handling.

In cleaning technology, we have developed an innovative process for the underwater cleaning of workpieces. The so-called Blade Jet process uses a novel slit nozzle which ensures that the workpiece is cleaned over its entire surface. Blade Jet improves the cleaning effect by a factor of 10 compared to conventional methods and at the same time reduces energy consumption by 30%.

Capital expenditure

Capital expenditure on property, plant and equipment and on intangible assets sank by € 4.9 million to € 15.0 million in the first nine months of 2010. The third quarter included the acquisition and first-time consolidation of the glueing technology specialist Rickert. Together, the Kleinmichel and Rickert acquisitions resulted in asset additions of € 5.0 million in the first nine months of 2010, € 5.0 million of which represents intangible assets in the form of goodwill. In the same period last year, the acquisition of Datatechnic S.A.S., a specialist in turbocharger balancing technology, had resulted in goodwill of € 5.3 million.

We limited the capital expenditure on property, plant and equipment to € 7.0 million in the period from January to September 2010; with the IT rollout investments in the previous years completed, the expenditure was mainly on smallish IT investments, maintenance and replacements. At € 8.0 million, capital spending on intangible assets was also lower; in the same period last year we invested € 10.9 million.

Capital expenditure*

in € million	9 M/2010	9 M/2009
Paint and Assembly Systems	9.0	9.5
Measuring and Process Systems	5.7	8.2
Corporate Center	0.3	2.2
Total	**15.0**	**19.9**

* on property, plant and equipment and on intangible assets

Employees

Strong growth in China

The number of employees within the Group has been increased to 5,825 as of September 30, 2010. That is 113 more than at the end of 2009. The first-time consolidation of UCM AG, which was acquired at the end of 2009, and the Rickert and Kleinmichel acquisitions added 77 new employees. We have reduced the number of employees in the established markets, especially in France and the USA, by 133 on a comparable basis. In the emerging markets the number of employees was increased to 1,552, which is 168 more than at the end of 2009. The bulk of this growth was in China, where the number of employees was increased by 130. The emerging markets meanwhile account for 26.6% of the Group's total workforce.

Employees

	Sept. 30, 2010	Sept. 30, 2009	Dec. 31, 2009
Paint and Assembly Systems	3,379	3,315	3,283
Measuring and Process Systems	2,402	2,418	2,381
Corporate Center	44	50	48
Total	**5,825**	**5,783**	**5,712**

Personnel changes

Guido Lesch was appointed by court order as employee representative on the Supervisory Board of Dürr AG with effect as from May 9, 2010. Mr. Lesch is Second Authorized Representative of the IG Metall trade union administrative office in Völklingen; he succeeds Günther Lorenz, former First Authorized Representative of the IG Metall trade union administrative office in Darmstadt, who has stepped down from the Supervisory Board after reaching retirement age.

Overview of the divisions

Paint and Assembly Systems

		9 M/2010	9 M/2009
Incoming orders	in € million	748.1	655.6
Sales revenues	in € million	620.2	565.7
EBITDA	in € million	23.7	18.3
EBIT	in € million	15.5	9.9
Employees (September 30)		3,379	3,315

The positive development witnessed at the Paint and Assembly Systems division in the second quarter continued without break in the third quarter of 2010. Incoming orders were slightly lower than in the same quarter last year but we received a number of order commitments – so-called letters of intent – towards the end of the quarter which we will be able to book as orders in the foreseeable future. New orders in the period from January to September 2010 were up 14.1% year over year. Large paint systems orders were received from China, Brazil, and India; customers included local manufacturers as well as foreign automakers.

Business in application technology and robot systems picked up strongly, as did the aircraft systems activities, with orders received for assembly systems for instance from Airbus, Embraer, and Spirit. The positive trend in new orders witnessed at Environmental and Energy Systems in the second quarter also continued.

Sales revenues at Paint and Assembly Systems improved strongly in the third quarter of 2010. After € 167.1 million in the first quarter and € 208.3 million in the second quarter, revenues reached € 244.8 million in the third quarter, an increase of 54.4% over the same period last year. The service business picked up strongly both in the spare parts segment and in revamps and modernizations. EBIT reached € 11.3 million in the third quarter after € 4.2 million for the whole of the first half of the year. The strong earnings improvement was driven by both higher sales revenues and better capacity utilization.

Measuring and Process Systems

		9 M/2010	9 M/2009
Incoming orders	in € million	352.7	190.2
Sales revenues	in € million	234.3	247.3
EBITDA	in € million	6.5	5.8
EBIT	in € million	1.2	0.6
Employees (September 30)		2,402	2,418

The recovery in the Measuring and Process Systems division was even more dynamic than at Paint and Assembly Systems. New orders booked by the mechanical engineering division were up 85.4% in the first nine months of 2010, with growth of 155% in the third quarter. Order intake at Cleaning and Filtration Systems almost trebled in the first nine months. This was partly due to the low base in the previous year. However, a more important factor is that the downsizing trend in engine manufacture is placing new demands on cleaning technology and thus boosting demand for our machines. Strong growth was also witnessed at Balancing and Assembly Products.

After order intake at Measuring and Process Systems had averaged only € 63.4 million in the first three quarters of 2009, this figure almost doubled in the same period this year. Capacity utilization has therefore improved appreciably. However, Cleaning and Filtration Systems and Balancing and Assembly Products both started off the year 2010 with low orders on hand and declining sales revenues. As a result, the earnings situation at Measuring and Process Systems is improving comparatively slowly. However, with sales revenues of € 91.7 million, positive EBIT of € 4.4 million was achieved in the third quarter, after a loss of € 3.2 million still in the first half of the year.

At Balancing and Assembly Products, EBIT was clearly positive in the first nine months and was more or less on a par with the previous year's level. The earnings situation at Cleaning and Filtration Systems, on the other hand, was burdened by the capacity utilization problems still persisting in the first half of the year, especially in France and the USA. However, the measures undertaken to remedy the situation are increasingly taking effect.

Schenck Technologie- und Industriepark GmbH, which is part of the Measuring and Process Systems division, continued its positive performance. EBIT was again clearly positive on the back of a sustained high occupancy level.

Corporate Center

Corporate Center (Dürr AG) EBIT came to € -2.5 million in the first nine months (9M/2009: € -1.7 million). The Corporate Center incurred expense of € 2.4 million in the third quarter due to the reduction of Group cost contributions. In addition to the earnings contributions from the two divisions (€ 16.6 million) and the Corporate Center (€ -2.5 million) Group EBIT also includes earnings of € 0.1 million (9M/2009: € 0.4 million) from the elimination of consolidation effects. For further details please see the reconciliation statement on page 41.

Opportunities and risks

For a detailed presentation of the opportunities and risks of our business please refer to the 2009 annual report. There you will also find a description of our risk and opportunity management systems.

Risks

There are still a number of risk factors that could impede the recovery of the world economy. The crisis has not yet been overcome in the USA, as indicated not least by the problems on the US housing market and the persistently high unemployment rate. In China, there are inflation risks and the threat of property prices overheating. In Europe, the sovereign debt crisis is not yet over in some countries. At the same time, the budget consolidation measures taken to reduce debt are depressing domestic demand in these countries.

Risks for world trade could arise if the currency conflict, especially between the USA and China, escalates and individual countries resort to protectionist measures. Such import restrictions could also hurt Dürr, although to a far lesser extent than other companies. This is mainly because of our high local value added abroad and resulting low export exposure.

The Dürr Group's overall risk position improved further in the third quarter of 2010. With the continued growth in incoming orders, capacity utilization at all the locations is good to very good. In the USA, where the reviving automobile sales have not yet led to a lasting upturn in demand at auto manufacturers and their suppliers, we have made further reductions in the number of employees in the course of the year.

We are currently in the process of executing various orders that we took on at low margins in 2009 to keep our skilled personnel employed during the economic crisis. We are countering the higher earnings risk presented by these orders by seeking to reduce our sourcing costs, for instance by collaborating with low-cost suppliers in the emerging markets. Moreover, we are pursuing tight project management in order to avoid additional costs and to realize cost-cutting potential.

Opportunities

While other companies are just starting to build up their infrastructure in the emerging markets, we have already had a strong presence in countries such as China, India, Brazil and Mexico for many years. This places us in a very good position when bidding for customer orders, firstly, because we can benefit from local cost advantages and, secondly, because we have already demonstrated our competence in order execution and after-sales service locally in numerous projects.

In North America, the reviving demand on the automobile market should cause investment in production technology to pick up in the mid term. Production capacities have been reduced by the closure of a number of automobile plants in the past two years. Additional capacities will be needed in North America should the market reach a level of 14 million units or more again in the mid term. The production of light vehicles in the USA, Mexico and Canada is expected to reach a level of between 11 and 12 million units again already in 2010 after falling to a low of 8.5 million units in 2009.

Through selective acquisitions in the past two years we have created a good basis for profitable growth outside the core business. With the acquisition of the firms Datatechnic, UCM, Kleinmichel, and Rickert we have secured attractive market and technology positions in the new business areas of turbocharger balancing technology, precision cleaning, and glueing technology which we aim to translate into growth in the coming years through our global sales and service platform. Technologies for improving the energy efficiency of production processes are another area of expansion for Dürr. In this area we plan to supplement our existing expertise in exhaust air purification through the acquisition of technologically strong specialist companies.

The successful bond issue in September 2010 provides us with secure long-term financing until 2015. The proceeds serve as the basis for financing our growing operative business. With the plans to issue a second tranche (see page 6) we want to raise additional funding for growth and acquisitions in the area of energy-efficient process technologies.

We did not cut our R&D spending even in the difficult year 2009. We therefore have several new products with an excellent market acceptance. One example is the *Eco*Bell3 paint atomizer that we presented at the beginning of 2010. Further innovations can be found in the R&D section on page 15.

Transactions with related parties

These disclosures can be found in the notes to the consolidated financial statements on page 42.

Outlook

The economic parameters remained stable on the whole in the third quarter of 2010, although the leading indicators weakened appreciably. The euro has regained strength, which tends to dampen European companies' competitiveness. On the other hand, the continued low interest rate level is supportive, especially as further economic stimulus measures of central banks and governments are likely. Economic experts therefore forecast robust global GDP growth of 3.5% for 2011 despite the existing risks (high sovereign debt, unemployment); growth of 4% is meanwhile estimated for 2010.

The automobile industry fared better than expected in the first three quarters of 2010 and was able to improve its earnings situation strongly in some cases. Against this backdrop, investment activity has also picked up appreciably, from which we are benefiting as a supplier of plant and equipment. Given the slightly more skeptical view of the further economic development, some estimates regarding the continued recovery on the automobile markets are now more reserved, too. Base effects also play a role. However, if global GDP does grow by 3.5% or more, then there is a good chance that the strong upward trend in world automobile sales will continue.

Forecasts for sales revenues and incoming orders raised
We now expect growth of between 9% and 12% in Group sales revenues this year; our previous guidance had been growth of at least 7%. Our high order backlog allows good visibility regarding the sales revenues we expect to realize over the coming quarters. In addition, we assume that the recovery of demand in the mechanical engineering business will continue. With regard to new orders, we now expect growth of between 15% and 20% versus 2009.

EBIT will improve significantly in 2010 versus 2009, the main drivers being our successful optimization and cost-cutting measures as well as the service and machinery businesses, which are recovering more strongly than expected. However, set against this there are the lower margins on projects we took on in the highly competitive environment last year. The financial result is likely to deteriorate mostly due to higher costs for the adjustment of the syndicated loan agreement in 2009. Tax expense in 2010 will probably be lower than last year but still comparatively high relative to our expected pre-tax result. This is due to the international distribution of earnings within the Group. While we have been able to reduce the losses in France and the USA, they will not have been eliminated entirely for the full year. Consequently, we aim to achieve a slightly positive net result after tax.

The Paint and Assembly Systems division should benefit from the improved order situation and increase its result in 2010. The earnings situation at Measuring and Process Systems improved markedly in the third quarter; this trend should continue in the final quarter.

On the plant engineering side, a number of projects are at an advanced stage of completion, which is usually associated with growth in net working capital. Furthermore, as a result of the strong demand, we are currently working on more projects than planned. This creates higher net working capital requirements, which tends to squeeze our operating cash flow. However, we are countering this through tight net working capital management so that, from today's vantage point, we believe we can still achieve a positive operating cash flow in 2010.

We will be increasing our capital spending on property, plant and equipment and intangible assets slightly in the coming quarters after having limited it to the bare necessities in the past quarters. We expect capital expenditure in 2010 to be in the region of € 20 million, mostly for replacements. We want furthermore to continue our successful strategy of small technology-oriented acquisitions to round out our portfolio.

At the end of 2010 our net financial debt will probably be higher than it was as of December 31, 2009 due to the expected growth in net working capital. Equity will probably not change much in 2010; the equity ratio could sink below 30% temporarily due to the growth of the balance sheet.

We expect a stable to slightly rising trend in the number of employees on a comparable basis through to the end of 2010. Depending on order development, project distribution and capacity utilization within the Group, we would not rule out further capacity reductions in individual segments and markets. However, we will increase our headcount in the emerging markets.

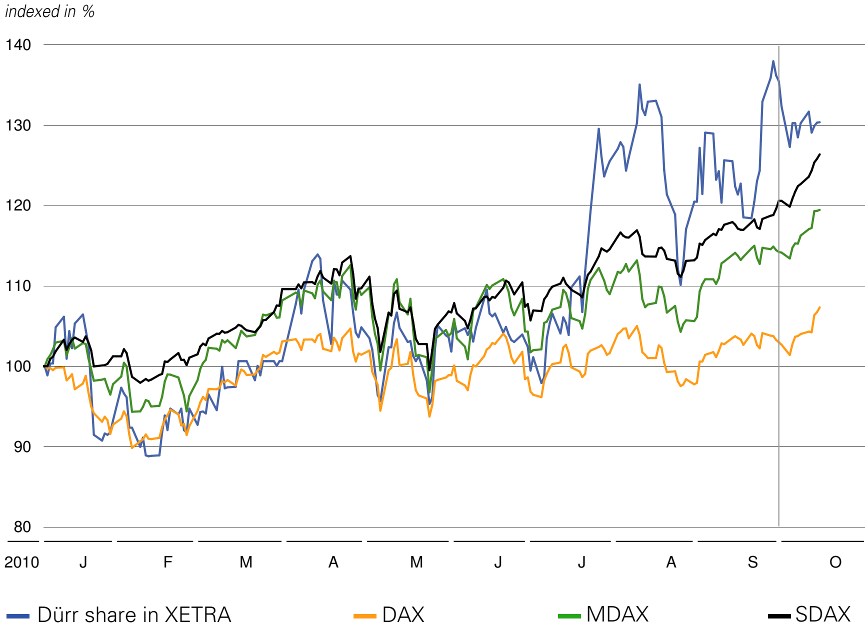
As announced, we plan to reopen the bond placed in September 2010 and issue a second tranche of € 50 to 75 million by the end of the year. The additional tranche will differ from the original bond only in its issue price; all the other criteria such as life and coupon are to remain the same. We intend to use the fresh funds to step up our energy and environmental technology activities.

In the negotiations on a renewal of, or follow-on financing for, the syndicated loan that is due to expire in mid-2011 we expect an agreement to be concluded in the new year. We are under no time pressure as our financing situation is very solid thanks to the bond issue and the additional funds expected from the second tranche that is planned.

Treasury stock and capital changes

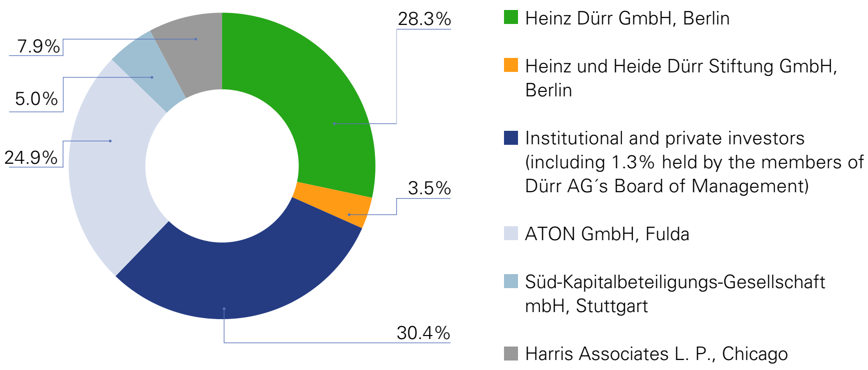
Dürr AG does not hold any of its own stock. Our capital stock of € 44.3 million, which is divided into 17.3 million shares, did not change in the period under review.

Dürr share performance



The equity markets have been in quite buoyant shape so far this year. A positive start was followed by a consolidation in the second quarter as doubts arose – also against the backdrop of the sovereign debt crisis in Europe – over the further economic recovery. The upward forces then predominated in the third quarter; driving factors were good company results and abundant liquidity; the bond markets witnessed a veritable boom. In this environment, the Dürr share fared better than many other engineering stocks. The discount at which our share was trading to the sector was completely caught up. The DAX advanced only slightly, while the MDAX and SDAX stocks posted much stronger gains.

Ownership structure
Our ownership structure changed only marginally in the third quarter. However, Aton GmbH notified us that its shareholding had fallen below the statutory reporting threshold of 25%. The free float is 38.3% according to Deutsche Börse calculations.



Events after the reporting date

As announced, we prematurely redeemed our € 100 million corporate bond issued in 2004 on October 29, 2010 at par plus accrued interest. No other events that may materially impact the Group's asset, financial or income positions occurred between the end of the reporting period and the publication of this report.

Bietigheim-Bissingen, November 3, 2010

Dürr Aktiengesellschaft

The Board of Management

Consolidated statement of income

of Dürr Aktiengesellschaft, Stuttgart, for the period from January 1 to September 30, 2010

in € k	9 M/2010	9 M/2009	Q3/2010	Q3/2009
Sales revenues	854,514	813,034	336,586	241,526
Cost of sales	-692,698	-646,854	-276,333	-190,074
Gross profit on sales	**161,816**	**166,180**	**60,253**	**51,452**
Selling expenses	-71,202	-72,073	-23,964	-21,979
General and administrative expenses	-57,319	-59,915	-18,623	-18,129
Research and development costs	-18,960	-18,963	-6,256	-6,254
Other operating income	21,149	46,727	7,293	29,659
Other operating expenses	-21,553	-49,603	-6,977	-31,296
	13,931	**12,353**	**11,726**	**3,453**
Gain or loss on restructuring / onerous contracts	302	-4,687	1,455	-1,922
Impairment losses / reversal of impairment losses	21	-	-	-
Earnings before investment income, interest and similar income, interest and similar expenses, and income taxes	**14,254**	**7,666**	**13,181**	**1,531**
Profit / loss from entities accounted for using the equity method	108	985	-29	184
Interest and similar income	854	1,154	15	226
Interest and similar expenses	-18,532	-15,087	-7,219	-5,513
Earnings before income taxes	**-3,316**	**-5,282**	**5,948**	**-3,572**
Income taxes	-6,621	-9,256	-2,519	-4,322
Loss / profit of the Dürr Group	**-9,937**	**-14,538**	**3,429**	**-7,894**
of which attributable to				
Non-controlling interests	422	1,048	238	467
Shareholders of Dürr Aktiengesellschaft	**-10,359**	**-15,586**	**3,191**	**-8,361**
Earnings per share in € (basic and diluted)	-0.60	-0.90	0.18	-0.48

Consolidated statement of comprehensive income

of Dürr Aktiengesellschaft, Stuttgart, for the period from January 1 to September 30, 2010

in € k	9 M/2010	9 M/2009	Q3/2010	Q3/2009
Loss / profit of the Dürr Group	**-9,937**	**-14,538**	**3,429**	**-7,894**
Other comprehensive income				
Changes in fair value of financial instruments used for hedging purposes recognized in equity	-638	2,493	2,498	1,358
Gains / losses from changes in the fair value of available-for-sale securities	-21	-	-21	-
Currency translation reserve of foreign subsidiaries	7,775	-1	-11,409	-3,002
Currency translation reserve of foreign entities accounted for using the equity method	1,497	-433	-563	408
Actuarial gains / losses from defined benefit obligations and similar obligations	-5,471	490	-2,533	-490
Deferred taxes recognized on other comprehensive income	1,555	-868	-82	-249
Other comprehensive income after tax	**4,697**	**1,681**	**-12,110**	**-1,975**
Total comprehensive income after tax	**-5,240**	**-12,857**	**-8,681**	**-9,869**
of which attributable to				
Non-controlling interests	422	1,048	238	467
Shareholders of Dürr Aktiengesellschaft	**-5,662**	**-13,905**	**-8,919**	**-10,336**

Consolidated statement of financial position

of Dürr Aktiengesellschaft, Stuttgart, as of September 30, 2010

in € k	Sept. 30, 2010	Dec. 31, 2009
Assets		
Goodwill	280,278	271,264
Other intangible assets	34,096	36,978
Property, plant and equipment	90,667	88,851
Investment property	21,154	20,475
Investments in entities accounted for using the equity method	11,312	9,636
Other financial assets	452	4,510
Trade receivables	2,489	2,592
Income tax receivables	90	101
Sundry financial assets	6,058	5,214
Other assets	58	74
Deferred taxes	6,366	5,336
Prepaid expenses	7,393	7,625
Non-current assets	**460,413**	**452,656**
Inventories and prepayments	87,981	62,511
Trade receivables	379,312	323,277
Income tax receivables	7,853	4,562
Sundry financial assets	9,949	9,641
Other assets	10,508	8,669
Cash and cash equivalents	193,337	103,897
Prepaid expenses	4,186	2,932
Current assets	**693,126**	**515,489**
Total assets Dürr Group	**1,153,539**	**968,145**
Equity and liabilities		
Subscribed capital	44,289	44,289
Capital reserve	200,186	200,186
Revenue reserves	80,941	92,237
Other comprehensive income	-37,116	-41,797
Total equity of shareholders of Dürr Aktiengesellschaft	**288,300**	**294,915**
Non-controlling interests	6,066	6,488
Total equity	**294,366**	**301,403**
Provisions for post-employment benefit obligations	60,018	55,144
Other provisions	6,515	6,295
Bond	147,506	98,141
Other financial liabilities	5,846	4,483
Sundry financial liabilities	7,175	5,875
Income tax liabilities	183	126
Other liabilities	6,249	7,440
Deferred taxes	21,840	22,880
Deferred income	627	748
Non-current liabilities	**255,959**	**201,132**
Other provisions	49,785	46,063
Trade payables	371,794	330,850
Bond	99,782	-
Other financial liabilities	1,381	1,333
Sundry financial liabilities	18,438	21,878
Income tax liabilities	4,420	7,733
Other liabilities	57,098	57,052
Deferred income	516	701
Current liabilities	**603,214**	**465,610**
Total equity and liabilities Dürr Group	**1,153,539**	**968,145**

Consolidated statement of cash flows

of Dürr Aktiengesellschaft, Stuttgart, for the period
from January 1 to September 30, 2010

in € k	9 M/2010	9 M/2009
Earnings before income taxes	-3,316	-5,282
Income taxes paid	-14,289	-9,427
Net interest	17,678	13,933
Profit / loss from entities accounted for using the equity method	-108	-985
Amortization and depreciation of non-current assets	13,845	15,667
Net loss / gain on the disposal of non-current assets	-25	-97
Other non-cash income and expenses	-18	-22
Changes in operating assets and liabilities		
Inventories	-22,833	9,545
Trade receivables	-43,310	99,019
Other receivables and assets	-2,719	8,700
Provisions	1,258	-9,102
Trade payables	26,987	-96,867
Other liabilities (other than bank)	-5,408	-18,699
Other assets and liabilities	-1,122	-5,043
Cash flow from operating activities	**-33,380**	**1,340**
Purchase of intangible assets	-2,490	-3,426
Purchase of property, plant and equipment	-5,269	-8,994
Purchase of entities accounted for using the equity method	-	-13
Purchase of other financial assets	-100	-
Proceeds from the sale of non-current assets	465	402
Acquisitions, net of cash acquired	-6,840	-6,832
Interest received	831	1,077
Cash flow from investing activities	**-13,403**	**-17,786**
Change in current bank liabilities	483	39,503
Repayment of non-current financial liabilities	-203	-334
Bond issue	147,506	-
Payment of finance lease liabilities	-1,157	-689
Borrowing / repayment of financial liabilities due to entities accounted for using the equity method	8	1
Dividends paid to shareholders of Dürr Aktiengesellschaft	-	-12,110
Dividends paid to shareholders of non-controlling interests	-639	-1,317
Interest paid	-14,645	-14,209
Cash flow from financing activities	**131,353**	**10,845**
Effects of exchange rate changes	4,812	-411
Changes in cash and cash equivalents related to changes in the consolidated group	58	-
Changes in cash and cash equivalents	89,440	-6,012
Cash and cash equivalents		
At the beginning of the period	103,897	84,385
At the end of the period	193,337	78,373

Consolidated statement of changes in equity

of Dürr Aktiengesellschaft, Stuttgart, for the period from January 1 to September 30, 2010

in € k	Subscribed capital	Capital reserve	Revenue reserve	Other comprehensive income: Unrealized gains/losses from cash flow hedges	Other comprehensive income: Unrealized gains/losses from available-for-sale securities	Other comprehensive income: Changes related to the consolidated group/reclassifications	Other comprehensive income: Unrealized actuarial gains/losses	Other comprehensive income: Currency translation	Other comprehensive income	Total equity of shareholders of Dürr Aktiengesellschaft	Non-controlling interests	Total equity
January 1, 2009	**44,289**	**200,186**	**130,557**	**-805**	**-18**	**822**	**-6,668**	**-34,113**	**-40,782**	**334,250**	**7,119**	**341,369**
Loss for the period	-	-	-15,586	-	-	-	-	-	-	-15,586	1,048	-14,538
Other comprehensive income	-	-	-	1,772	-	-	343	-434	1,681	1,681	-	1,681
Total comprehensive income	**-**	**-**	**-15,586**	**1,772**	**-**	**-**	**343**	**-434**	**1,681**	**-13,905**	**1,048**	**-12,857**
Dividends	-	-	-12,110	-	-	-	-	-	-	-12,110	-1,317	-13,427
Put option of shareholders of non-controlling interests	-	-	757	-	-	-	-	-	-	757	-448	309
Other changes	-	-	25	-	-	-25	-	-	-25	-	-	-
September 30, 2009	**44,289**	**200,186**	**103,643**	**967**	**-18**	**797**	**-6,325**	**-34,547**	**-39,126**	**308,992**	**6,402**	**315,394**
January 1, 2010	**44,289**	**200,186**	**92,237**	**-304**	**-11**	**801**	**-11,085**	**-31,198**	**-41,797**	**294,915**	**6,488**	**301,403**
Loss for the period	-	-	-10,359	-	-	-	-	-	-	-10,359	422	-9,937
Other comprehensive income	-	-	-	-428	-16	-	-4,131	9,272	4,697	4,697	-	4,697
Total comprehensive income	**-**	**-**	**-10,359**	**-428**	**-16**	**-**	**-4,131**	**9,272**	**4,697**	**-5,662**	**422**	**-5,240**
Dividends	-	-	-	-	-	-	-	-	-	-	-639	-639
Put option of shareholders of non-controlling interests	-	-	-953	-	-	-	-	-	-	-953	-205	-1,158
Other changes	-	-	16	-	-	-16	-	-	-16	-	-	-
September 30, 2010	**44,289**	**200,186**	**80,941**	**-732**	**-27**	**785**	**-15,216**	**-21,926**	**-37,116**	**288,300**	**6,066**	**294,366**

Notes to the consolidated financial statements January 1 to September 30, 2010

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 80% 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 mainly used in engine and drive construction as well as in final assembly.

Accounting policies

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

The accompanying consolidated statements of income and comprehensive income for the first nine months and the third quarter of 2010 and 2009, the consolidated statement of financial position as of September 30, 2010, the consolidated statement of cash flows and the consolidated statements of changes in equity for the first nine months of 2010 and 2009 and the explanatory notes to the consolidated financial statements have been prepared for interim financial information. These interim consolidated financial statements are condensed and were prepared in compliance with International Accounting Standard (IAS) 34 „Interim Financial Reporting".

The interim consolidated financial statements as of September 30, 2010 are not subject to any review or audit pursuant to Sec. 317 HGB.

The preparation of the consolidated financial statements for interim reporting pursuant to IAS 34 requires management to make estimates and judgements that affect the application of accounting policies in the Group as well as the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual figures may diverge from these estimates.

The accounting policies used generally correspond to the methods applied in the consolidated financial statements as of December 31, 2009; we refer to our 2009 annual report. Changes in the accounting policies during the first nine months of fiscal year 2010 mainly arose from the following new or amended standards, for which application is mandatory since January 1, 2010:

Changes in IAS 27 "Consolidated and Separate Financial Statements" and IFRS 3 "Business Combinations": The revised standards are applicable for reporting periods beginning on or after July 1, 2009. The standards change the accounting for business combinations thus affecting the amount of goodwill recognized, the result of the reporting period in which the acquisition took place and future results. Pursuant to the revised standards the costs of the acquisitions were recorded in profit or loss as incurred. Accordingly, the amount of goodwill recognized is lower.

Expenses that incurred irregularly during the reporting period have been cut off in those cases where they would also be cut off at year-end.

The income taxes for the interim reporting periods are determined on the basis of an estimated annual effective income tax rate for each individual entity.

The consolidated financial statements are prepared in euro; all amounts are reported in thousands of euro (€ k), unless stated otherwise.

2. Consolidated group

Besides Dürr AG, the consolidated financial statements as of September 30, 2010 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, start to exist.

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

	Sept. 30, 2010	Dec. 31, 2009
Number of fully consolidated entities		
Germany	10	9
Other countries	42	42
	52	**51**

	Sept. 30, 2010	Dec. 31, 2009
Number of entities accounted for using the equity method		
Germany	3	3
Other countries	1	1
	4	**4**

The consolidated financial statements contain four entities (Dec. 31, 2009: four) with shareholders of non-controlling interests.

Effective as of January 1, 2010, Dürr first consolidated UCM AG, Rheineck, Switzerland. As of June 21, 2010, UCM Holding AG, Rheineck, Switzerland, was merged with UCM AG.

On July 30, 2010 the purchase of Helmuth Rickert GmbH, Wolfsburg, Germany, was carried out and the company was first consolidated.

3. Company acquisitions

UCM AG

As of January 1, 2010, the entity UCM AG, registered in Rheineck, Switzerland, was first consolidated. In line with the purchase contract dated December 9, 2009, Dürr acquired 100% of UCM's shares. UCM AG specializes in equipment for the precision cleaning of workpieces. With this move, Dürr is rounding out its portfolio in a business segment that addresses growth industries such as medical engineering and precision optics.

UCM AG was first consolidated pursuant to IFRS 3 "Business Combinations" under application of the acquisition method. The results of the acquired company were included in the consolidated financial statements starting with the date of first consolidation.

The purchase price of € 4,156 thousand for UCM AG consists of a base price of € 2,240 thousand and of two base rates dependent on company results (earnings before interest, taxes, depreciation and amortization – EBITDA) for fiscal years 2010 and 2011. At the date of acquisition the contingent portion of the purchase price of € 1,916 thousand was recognized as a liability. The two base rates increase or decrease in proportion to the difference between the expected EBITDA and the EBITDA as shown in the annual financial statements. The change of the two base rates together must not exceed € 672 thousand (cap). The maximum purchase price amounts to € 4,635 thousand; the minimum purchase price is € 3,291 thousand. In case that the actual EBITDAs for the fiscal years 2010 and 2011 together add up to at least € 1,441 thousand, the second base rate will be raised by another € 269 thousand. The goodwill of € 1,525 thousand reflects technology and cost synergies in precision cleaning technology as well as the positive earnings expectations of UCM AG.

Kleinmichel

On January 25, 2010, Dürr acquired in an asset deal assets of Klaus Kleinmichel GmbH, Bernried, Germany, from the bankruptcy estate. The company specializes in glueing equipment for automobile manufacture and general industry. The acquired assets were first consolidated pursuant to IFRS 3 "Business Combinations" under application of the acquisition method. The purchase price for the assets amounts to € 2,500 thousand. The goodwill of € 1,603 thousand reflects technology and cost synergies in glueing equipment.

In 2010, until its bankruptcy in January, Klaus Kleinmichel GmbH has not generated sales revenues. Due to the fact that the acquired assets are completely merged into the accounts of the acquiring company Dürr Systems GmbH, Stuttgart, Germany, a separate presentation of the results and sales revenues since the date of acquisition is not feasible.

Helmuth Rickert GmbH

In line with the purchase contract dated May 27, 2010, Dürr acquired 100% of the shares of Helmuth Rickert GmbH, Wolfsburg, Germany, on July, 30, 2010. Before carrying out the purchase contract its subsidiary I.N.T-Rickert GmbH, with its registered office also in Wolfsburg, was merged into Helmuth Rickert GmbH. Rickert develops and supplies mainly glueing systems especially for the body in white process. Rickert is a leading supplier of products for glueing body shell components in Germany. Owing to the Rickert acquisition Dürr expands its activities in the area of glueing technology.

Helmuth Rickert GmbH (after the purchase renamed in Dürr Systems Wolfsburg GmbH) was first consolidated pursuant to IFRS 3 "Business Combinations" under application of the acquisition method. The results of the acquired company were included in the consolidated financial statements starting with the date of first consolidation.

The purchase price of Helmuth Rickert GmbH of € 5,400 thousand consists of a portion of € 5,400 thousand that was paid in cash and another results-based portion (average earnings before interest and taxes – EBIT – based on the accounting principles of the German Commercial Code) for fiscal years 2010 to 2014, that is € 1,200 thousand at most. At the date of acquisition no liability was recognized for the contingent portion of the purchase price. The maximum purchase price amounts to € 6,600 thousand; the minimum purchase price is € 5,400 thousand. The goodwill of € 3,370 thousand reflects technology and cost synergies in glueing technology as well as synergies in sales and distribution and the earnings expectations of Helmuth Rickert GmbH.

The contribution of UCM AG and Dürr Systems Wolfsburg GmbH (formerly Helmuth Rickert GmbH) to the net result of the period from the dates of first consolidation to September 30, 2010, amounted to € -428 thousand, the sales revenues with external parties included in this period amounted to € 2,893 thousand.

If Dürr Systems Wolfsburg GmbH (formerly Helmuth Rickert GmbH) had been included in the consolidated group as of January 1, 2010, sales revenues with external parties for the first nine months of 2010 would have amounted to € 858,767 thousand and the Group's net result of the period would have been € -11,395 thousand.

The acquired net assets and goodwill of UCM AG, Helmuth Rickert GmbH and Kleinmichel are determined as follows:

Amounts in € k	
Acquisition price	12,056
Fair value of net assets	-5,558
Goodwill	**6,498**

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

Amounts in € k	Carrying amount before acquisition	Adjustment	Carrying amount after acquisition
Intangible assets	8	2,997	3,005
Property, plant and equipment	2,420	-55	2,365
Deferred tax assets	-	234	234
Inventories	1,460	-425	1,035
Receivables and other assets	4,389	-518	3,871
Cash and cash equivalents	1,119	-1	1,118
Non-current liabilities	869	43	912
Deferred tax liabilities	255	638	893
Current liabilities	4,976	-711	4,265
Net assets	**3,296**	**2,262**	**5,558**

The carrying amounts after acquisition correspond to fair values as of the date of acquisition. The gross contractual amounts of receivables and other assets are nearly identical to their fair value. The adjustments mainly relate to intangible assets, where technological know-how and customer relationships were recognized in the course of the purchase price allocation. Land and buildings and a building on third-party land owned by Helmuth Rickert GmbH as well as a building owned by UCM AG were measured at market value. 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". In addition, the acquired inventories were written-down.

The useful lives of intangible assets acquired are presented in the following.

	Fair value (in € k)	Useful life (in years)
Technological know-how	1,557	8
Customer relationship	1,440	10
	2,997	

The goodwill was allocated to the Cleaning and Filtration Systems and Application Technology business units and is tax deductible at the amount of € 1,603 thousand.

4. 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. In the reporting periods from January 1 to September 30, 2010 and 2009, there were no dilutive effects.

		9 M/2010	9 M/2009
Loss / profit attributable to the shareholders of Dürr AG	in € k	-10,359	-15,586
Number of shares issued in thousand (weighted average)	in k	17,300.5	17,300.5
Earnings per share (basic and diluted)	€	-0.60	-0.90

5. Other operating income and expenses

In the reporting period other operating income and expenses mainly comprised currency exchange rate gains and losses. The considerably higher income and expenses in the prior period resulted from the expenses for the Campus relocation project and the income from reimbursements of these expenses.

In the prior period other operating income and expenses were reclassified.

6. Interest result

The following table shows the interest result and the one-time-effects resulting from premature repayment of the bond issued in 2004.

Amounts in € k	9 M/2010	9 M/2009
Interest and similar income	854	1,154
Interest and similar expenses	-18,532	-15,087
of which from:		
Scheduled amortization of transaction costs/debt discount from a bond issue and from a syndicated loan	-3,870	-2,670
Non-recurring effects from premature repayment of the bond	-723	-
Interest expenses from finance leases	-269	-229
Other interest expenses	-13,670	-12,188
Net interest	**-17,678**	**-13,933**

7. Income tax effects relating to other comprehensive income

The following table shows the components of other comprehensive income and the associated tax effects, taking into account the changes of the item "Non-controlling interests".

	9 M/2010			9 M/2009		
Amounts in € k	Before tax	Tax effect	Net	Before tax	Tax effect	Net
Net gains/losses (-) from derivatives used to hedge cash flows	-638	210	-428	2,493	-721	1,772
Gains/losses (-) from changes in the fair value of available-for-sale securities	-21	5	-16	-	-	-
Difference arising from foreign currency translation	7,775	-	7,775	-1	-	-1
Difference arising from foreign currency translation of entities accounted for using the equity method	1,497	-	1,497	-433	-	-433
Change in net actuarial gains and losses from benefit obligations	-5,471	1,340	-4,131	490	-147	343
Change in other comprehensive income	**3,142**	**1,555**	**4,697**	**2,549**	**-868**	**1,681**

The increase of the components of other comprehensive income that were recognized directly in equity and that depend on currency exchange rates is mainly due to the fluctuations of the euro in comparison to US-dollar, Chinese renminbi yuan, Brazilian real and Japanese yen.

8. Bond

On September 28, 2010, Dürr AG issued a fixed-interest bond with a total volume of € 150,000 thousand. The bond was issued with a coupon of 7.25% and a term of five years. The new bond serves the long-term financing of the Group. Part of its proceeds was used to redeem early the old bond issued in 2004 with a volume of € 100.000 thousand and a coupon of 9.75%. The transaction costs related to the public issue have been set off against the nominal value of the bond and are amortized over the term.

The remaining time to maturity of the previous bond was reduced because of the premature redemption on October 29, 2010. The residual term of transaction costs still to be amortized was adjusted accordingly. Thus, the resulting non-recurring effect of € 723 thousand was recognized as interest expense in the income statement (see note 6).

9. Liabilities from restructuring measures

Liabilities from restructuring measures decreased by € 6,194 thousand to € 7,877 thousand compared to December 31, 2009. This was mainly due to the utilization of € 4,420 thousand and the release of € 2,928 thousand of liabilities formed in prior periods. An addition of € 1,136 thousand was recorded in the first nine months of fiscal year 2010 with opposite effect.

10. 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 (Dürr AG) 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.

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 cost and finance income) and income taxes are managed on a Group basis and are not allocated to the operating segments.

9 M/2010		Paint and Assembly Systems	Measuring and Process Systems	Total segments	Reconciliation	Total Dürr Group
External sales revenues	in € k	620,225	234,289	**854,514**	-	**854,514**
Sales revenues with other divisions	in € k	765	5,510	**6,275**	-6,275	**-**
Total sales revenues	**in € k**	**620,990**	**239,799**	**860,789**	**-6,275**	**854,514**
EBIT	in € k	15,453	1,169	**16,622**	-2,368	**14,254**
Assets (as of September 30)	in € k	576,074	391,062	**967,136**	-32,555	**934,581**
Employees (as of September 30)		3,379	2,402	**5,781**	44	**5,825**

9 M/2009		Paint and Assembly Systems	Measuring and Process Systems	Total segments	Reconciliation	Total Dürr Group
External sales revenues	in € k	565,729	247,305	**813,034**	-	**813,034**
Sales revenues with other divisions	in € k	450	10,770	**11,220**	-11,220	**-**
Total sales revenues	**in € k**	**566,179**	**258,075**	**824,254**	**-11,220**	**813,034**
EBIT	in € k	9,851	588	**10,439**	-2,773	**7,666**
Assets (as of December 31)	in € k	492,902	373,480	**866,382**	-21,769	**844,613**
Employees (as of September 30)		3,315	2,418	**5,733**	50	**5,783**

Group figures are derived as follows from the segment figures:

Amounts in € k	9 M/2010	9 M/2009
EBIT of the segments	16,622	10,439
EBIT of the Corporate Center	-2,419	-1,745
Borrowing costs recognized pursuant to IAS 23	-85	-584
Elimination from consolidation entries	136	-444
EBIT of the Dürr Group	**14,254**	**7,666**

Amounts in € k	Sept. 30, 2010	Dec. 31, 2009
Segment assets	967,136	866,382
Assets of the Corporate Center	500,784	499,971
Elimination from consolidation entries	-533,339	-521,740
Cash and cash equivalents	193,337	103,897
Tax receivables	7,943	4,663
Investments in entities accounted for using the equity method	11,312	9,636
Deferred tax assets	6,366	5,336
Gross assets of the Dürr Group	**1,153,539**	**968,145**

The employees reported in the reconciliation column relate to the Corporate Center.

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. Borrowing costs pursuant to IAS 23 at the amount of € -85 thousand were recognized in the first nine months of fiscal year 2010 (prior period: € -584 thousand).

11. Related-party transactions

Dr.-Ing. E. h. Heinz Dürr is chairman of the supervisory board of Dürr AG and was chairman of the supervisory board of Dürr Systems GmbH until March 15, 2010. He received remuneration of € 38 thousand (prior period: € 52 thousand) for these duties. Dr.-Ing. E. h. Heinz Dürr is also a member of the supervisory board of Landesbank Baden-Württemberg. Expenses of € 168 thousand (prior period: € 199 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, for cost reimbursements for the Dürr office in the German capital, Berlin, and for other cost reimbursements. 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 € 180 thousand (prior period: € 284 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 € 5,424 thousand (Dec. 31, 2009: € 5,397 thousand) and liability from utilization of the cash line of the syndicated loan of € 0 thousand (Dec. 31, 2009: € 0 thousand) were held at Baden-Württembergische Bank at the end of the reporting period. Transactions with Baden-Württembergische Bank resulted in interest expenses of € 1,364 thousand (prior period: € 1,171 thousand) in the reporting period. The warranties and guarantees issued by Baden-Württembergische Bank on behalf of Dürr amounted to € 18,078 thousand at the end of the reporting period (Dec. 31, 2009: € 13,869 thousand).

The Board of Management confirms that all the related-party transactions described above were carried out at arm's length conditions.

12. Contingent liabilities and other financial obligations

Amounts in € k	Sept. 30, 2010	Dec. 31, 2009
Contingent liabilities from guarantees, notes and check guarantees	509	1,961
Other	24,598	15,288
Contingent liabilities	**25,107**	**17,249**

Amounts in € k	Sept. 30, 2010	Dec. 31, 2009
Rent and lease agreements (operating leases)	119,704	127,863
Liabilities from other continuous obligations	11,242	16,440
Other financial obligations	**130,946**	**144,303**

The increase of other contingent liabilities is mainly due to contingent liabilities related to pending tax proceedings in Brazil.

The Company assumes that these contingent liabilities will not lead to any liabilities and thus to cash outflows.

Shares in subsidiaries were pledged as collateral for the bond issued in 2004 and the syndicated loan facility at the end of the reporting period. In connection with the adjustment of the financial covenants in 2009, collateral was provided in the form of current and non-current assets with a carrying amount of € 162,916 thousand as of September 30, 2010 (Dec. 31, 2009: € 181,132 thousand).

The following table shows the contingent liabilities for joint ventures.

Amounts in € k	Sept. 30, 2010	Dec. 31, 2009
Guarantees for joint ventures	3,069	3,069
Accession of joint and several liability by the venturer	-1,705	-1,705
	1,364	**1,364**

13. Subsequent events

The bond issued in 2004 was called on September 29, 2010. On October 29, 2010 the bond's nominal value of € 100,000 thousand was repaid to the bondholders at par and plus accrued interest of € 2,817 thousand. To redeem the bond, Dürr was using part of the proceeds of € 150,000 thousand the company received on September 28, 2010 from the issuance of the new bond due in 2015.

Responsibility statement by management

To the best of our knowledge, and in accordance with the applicable principles for interim financial reporting, these interim consolidated financial statements give a true and fair view of the assets, liabilities, financial, and income position of the Group and the interim consolidated management report includes a fair review of the Group's business development, performance, and position together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bietigheim-Bissingen, November 3, 2010

Dürr Aktiengesellschaft

The Board of Management

Ralf Dieter
Chairman of the Board
of Management

Ralph Heuwing
Chief Financial Officer

Financial calendar

November 23, 2010	German Equity Forum, Frankfurt/Main
December 01, 2010	Berenberg Conference, London
December 03, 2010	LBBW Conference, Zurich

Contact

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This interim report is the English translation of the German original. The German version shall prevail.