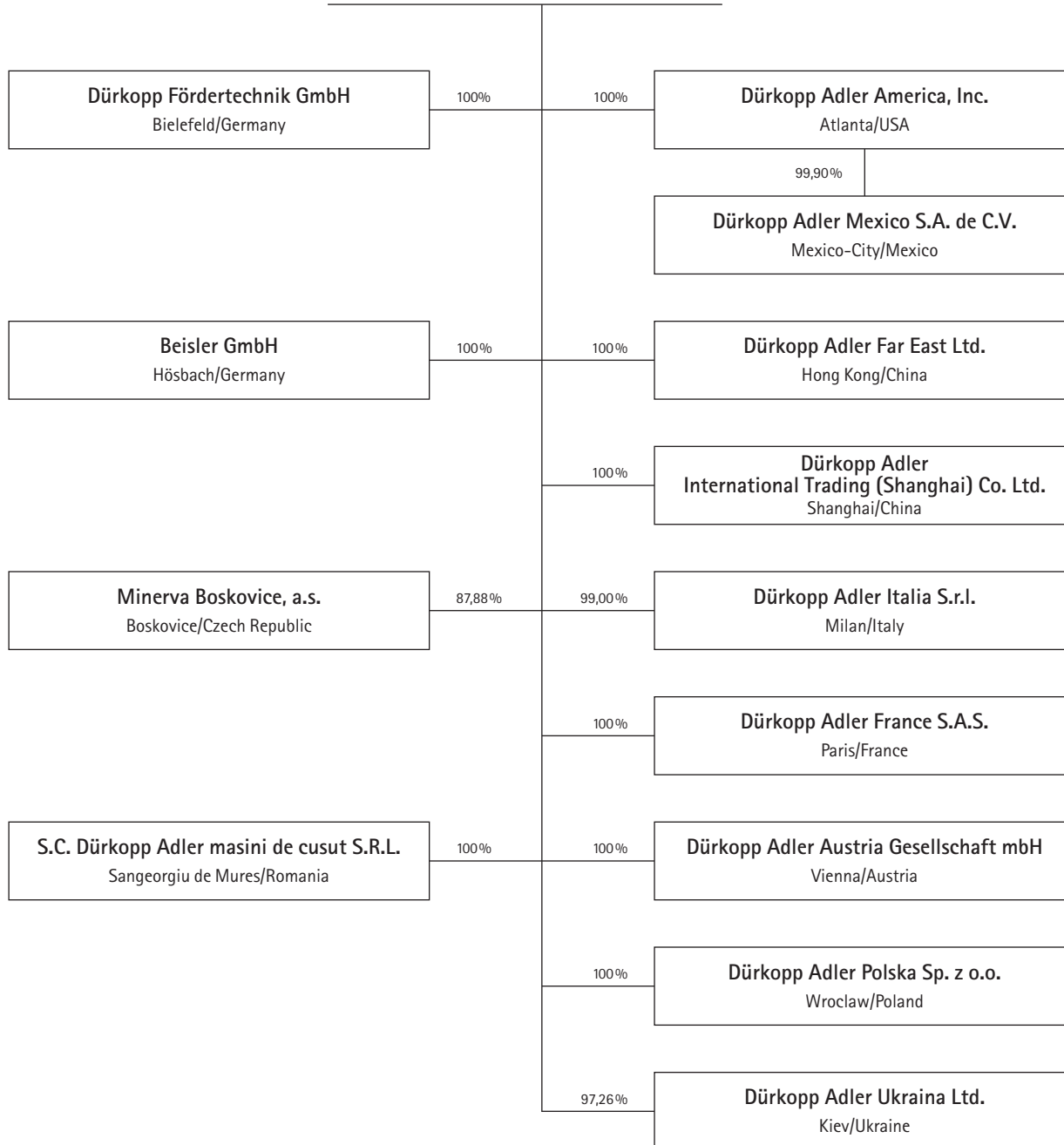




# Equity Holdings

**DÜRKOPP ADLER AG**



# Content

Management Report	4
Outlook	15
Balance Sheet	16
Income Statement	17
Development of Equity	18
Development of Fixed Assets	20
Cash Flow Statement	22
Principles and Methods of consolidated accounting	23
Notes on the consolidated balance sheet	27
Notes on the consolidated income statement	33
Segment Reporting	35
Supplementary Notes	38
Auditor's opinion	42
Equity Holdings	43

# Management Report

Dürkopp Adler Group

## Market Trend

As anticipated, the economic situation in the sewing technology industry did not significantly improve in the past year. As before, the market was characterized by customer reticence in undertaking capital investment. While this development particularly affected the clothing industry, the automotive and upholstery segments reported a clear upturn in the European and American market against last year.

In the main growth market of the Asian clothing industry, expectations were not fulfilled. This was due in part to adverse currency developments between the euro and the US dollar, in part also to increased competitive pressure from Chinese manufacturers of sewing technology.

Customer investment in material handling was also restrained. In particular this hit the German market, whereas Europe generally saw demand somewhat stimulated.

## Orders and Sales

Orders received grew in both business units. In the Sewing Technology unit, orders received totaled EUR 110.4 million by year's end (2003: EUR 103.5 million). The Material Handling unit registered a 32% growth in orders to EUR 25.3 million (2003: EUR 19.1 million). The volume of orders on hand for the Group as of December 31, 2004 stood at EUR 16.5 million (2003: EUR 14.2 million).

Dürkopp Adler Group sales of EUR 133.2 million was below that of EUR 145.7 million recorded for the previous year. While Sewing Technology sales of EUR 111.8 million matched the EUR 111.5 million sales figure from the previous year, Material Handling witnessed a drop in sales from EUR 34.2 million in 2003 to EUR 21.4 million for the year under review. The proportion of international sales (84%) was consistent with last year's figure (83.8%). Regionally, Europe still leads the way with 57.8% of consolidated Group sales (2003: 64.5%) totaling EUR 77.0 million (2003: EUR 94.0 million). In the Americas, Asia and Africa, sales rose from EUR 51.7 million to EUR 56.2 million.

### Sales trend over the last 5 years

(in million EUR)	2000	2001	2002	2003	2004
Group	198.3	173.5	154.8	145.7	133.2
Sewing Technology Unit	166.0	148.1	117.9	111.5	111.8
Material Handling Unit	32.3	25.4	36.9	34.2	21.4

### Regional Sales

(in million EUR)	2004	%	2003	%
Germany	21.3	16.0	23.6	16.2
Europe (without Germany)	55.7	41.8	70.4	48.3
Americas	22.1	16.6	21.2	14.6
Africa	5.7	4.3	3.8	2.6
Asia/Australia	28.4	21.3	26.7	18.3
<b>Total</b>	<b>133.2</b>	<b>100.0</b>	<b>145.7</b>	<b>100.0</b>

### Employees

The number of employees in the Dürkopp Adler Group effective December 31, 2004 totaled 1,841 (2003: 2,009 employees). Averaged across the year, employee figures stood at 1,929 (2003: 2,160).

In adapting the workforce in Bielefeld to meet capacities, measures were introduced in 2004 to cut staffing both in the Sewing Technology as well as in the Material Handling unit. While cutbacks of 78 employees were agreed for Dürkopp Adler AG (to be implemented in 2005), the Material Handling unit agreed cutbacks of 34 employees in line with the reconciliation of interests and the social plan. These staffing measures drew on the options for partial early retirement as provided for in the wage agreement.

By reducing the vertical range of manufacture at Minerva Boskovice a.s., the workforce at this location was reduced by 87.

As a result of the reconciliation of interests and the social plans agreed upon, net profit in the year-end accounts included a EUR 3.0 million component for severance payments and expenses in line with the partial early retirement program.

Personnel expenses for the Group dropped from EUR 60.6 million in 2003 to EUR 54.3 million for the year under review.

### Development and Innovation

Expenses for Research & Development itemized in the income statement amounted to EUR 6.6 million. This corresponds to 5.0% of sales. The goal of our R&D activities is to strengthen our market and competitive position by continually improving our range of products and services.

As part of our development, we are striving to reduce the variety of parts we use and to establish new products quickly on the market. The close collaboration of corporate units and the use of similar parts, modules and procedures guarantee that our single solutions are perfectly harmonized and can be easily connected to make complete systems.

In Material Handling, with the introduction of a new control concept further improvements and a rationalization of project procedures are planned for 2005. In respect of hanging garments, we are working on an innovative conveyor concept which will be introduced on the market in 2005.

### Development of Operating Profits

Rigorous competition in terms of price and conditions – particularly in the clothing industry – led to considerable concessions on price being made in some markets compared to the previous year. The strength of the euro against the dollar only served to exacerbate the situation. Savings in production costs could not fully compensate for this deterioration in price, and the resulting gross operating result for 2004 fell to 32.5% of sales compared to 33.9% the previous year.

Savings of EUR 7.2 million were attained in the costs for R&D, sales and administration, as well as in other expenses.

A review of goodwill carried out within the framework of these financial statements resulted in a write-down (non-scheduled depreciation) of EUR 1.2 million in the goodwill of Beisler GmbH. This depreciation is itemized in other operating expenses.

EBIT for the year was EUR –0.8 million compared to EUR –3.3 million for the previous year.

The result from net interest improved from EUR –1.6 million for the previous year to EUR –1.2 million for the year under review.

Given the prevailing conditions as described above, the Group recorded a loss from ordinary activities of EUR 2.0 million (2003: EUR –4.9 million)

The result is strongly encumbered by the one-off expenditure for social plans and severancy payments in the previous financial year. A sum of EUR –3.0 million is presented in the extraordinary result. In 2003, EUR 4.5 million was allocated for this. The Group's net loss for the year narrowed from EUR 10.1 million in 2003 to EUR 5.2 million for the year under review.

**Development of Operating Profits**

(in million EUR)	2004	%	2003	%	Change %
Sales	133.2	100.0	145.7	100.0	-8.6
Cost of sales	-89.9	-67.5	-96.3	-66.1	-6.6
<b>Gross profit on sales</b>	<b>43.3</b>	<b>32.5</b>	<b>49.4</b>	<b>33.9</b>	<b>-12.3</b>
Selling expenses	-25.4	-19.0	-28.2	-19.4	-9.9
General administration expenses	-7.5	-5.6	-8.5	-5.8	-11.8
R&D expenses	-6.6	-5.0	-7.2	-4.9	-8.3
Other expenses	-8.1	-6.1	-10.9	-7.5	-25.7
Other income	3.5	2.6	2.1	1.4	66.7
<b>Earnings before interest and taxes (EBIT)</b>	<b>-0.8</b>	<b>-0.6</b>	<b>-3.3</b>	<b>-2.3</b>	<b>-75.8</b>
Interest balance	-1.2	-0.9	-1.6	-1.1	-25.0
<b>Result from ordinary operations</b>	<b>-2.0</b>	<b>-1.5</b>	<b>-4.9</b>	<b>-3.4</b>	<b>-59.2</b>
Extraordinary expenses	-3.0	-2.3	-4.5	-3.1	-33.3
Taxes on profit	-0.2	-0.2	-0.7	-0.5	-71.4
<b>Net income</b>	<b>-5.2</b>	<b>-4.0</b>	<b>-10.1</b>	<b>-7.0</b>	<b>-48.5</b>

**Result according to DVFA/SG**

The consolidated result adjusted according to the DVFA/SG method improved from EUR -5.7 million in the previous year to EUR -3.1 million, resulting in a loss per share of EUR 0.39 (2003: EUR -0.70). In calculations, extraordinary expenses of EUR 3.0 million were not eliminated as a special effect.

**Added Value**

Due to the drop in business performance, added value also decreased to EUR 50.6 million (2003: EUR 52.8 million).

**Added value**

Origin (in million EUR)	2004	2003	Application (in million EUR)	2004	%	2003	%
Sales	133.2	145.7	Shareholders	-	-	-	-
Other earnings	4.4	3.6	Minority				
<b>Consolidated income</b>	<b>137.6</b>	<b>149.3</b>	shareholdings	0.1	0.2	-0.1	-0.2
Material expenses	48.7	50.1	Employees	54.3	107.3	60.6	114.8
Depreciation	6.6	5.7	Public sector	0.2	0.4	0.7	1.3
Other expenses	31.7	40.7	Creditors	1.2	2.4	1.6	3.0
Advance payments	87.0	96.5	Group companies	-5.2	-10.3	-10.0	-18.9
<b>Added value</b>	<b>50.6</b>	<b>52.8</b>	<b>Added value</b>	<b>50.6</b>	<b>100.0</b>	<b>52.8</b>	<b>100.0</b>

### Cash flow statement and cash flow

The cash flow statement highlights flows of payment for the Dürkopp Adler Group. The detailed cash flow statement is included in the Group's financial statements.

The cash flow from operating activities for the financial year 2004 of EUR 11.8 million was EUR 15.2 million up on last year. This led to net levels of debt being significantly pegged back at the end of the year.

#### **Cash flow statement of the Dürkopp Adler Group**

(in million EUR)	2004	2003	Change
Cash earnings according to DVFA/SG	2.8	-1.8	4.6
Cash flow from operating activities	11.8	-3.4	15.2
Cash flow from investment activities	-2.5	-3.4	0.9
Cash flow from financing activities	-9.4	7.0	-16.4
Changes in cash and cash equivalents	-0.1	0.2	-0.3

### Assets and capital structure

The value of fixed assets amounted to EUR 39.3 million (2003: EUR 42.5 million). This corresponds to 36.1% of total assets (2003: 33.8%).

Changes in intangible assets were largely due to the write-down of EUR 1.2 million in the goodwill of Beisler GmbH.

In the financial year 2004, investment in intangible and tangible assets for the Dürkopp Adler Group was restricted to necessary replacement investments. Investment totaled EUR 3.3 million with depreciation of EUR 6.6 million. The largest single investment comprised a 5-axle CNC processing station with an investment volume of EUR 269,000.

#### **Investment/Depreciation over the last five years**

(in million EUR)	2000	2001	2002	2003	2004
Investment	5.3	7.9	4.5	3.7	3.3
Depreciation	8.5	7.6	6.5	5.7	6.6

In terms of financial investments, shares in money market funds to cover obligations in partial retirement programs were reduced by EUR 0.6 million.

Inventories were reduced from EUR 40.5 million to EUR 32.0 million. Accounts receivable were pulled back from EUR 39.3 million to EUR 34.2 million. The intensification of our inventory and receivables management was therefore able to book further successes.

With a net loss for the year, equity capital dropped to EUR 15.7 million (2003: EUR 20.9 million). This corresponds to a capital ratio of 14.4% (2003: 16.6%).



Provisions totaling EUR 51.8 million are made up of EUR 38.2 million for pensions, EUR 1.3 million for taxes and EUR 12.3 million for other provisions. These other provisions include EUR 4.9 million for social plan payments and partial early retirement.

#### Assets and capital structure

(in million EUR)	Dec. 31, 2004	%	Dec. 31, 2003	%	Change
Intangible and tangible assets	37.5	34.5	40.1	31.9	-2.6
Financial assets	1.8	1.6	2.4	1.9	-0.6
Inventory	32.0	29.4	40.5	32.2	-8.5
Other current assets, accruals and deferrals	37.5	34.5	42.8	34.0	-5.3
<b>Total assets</b>	<b>108.8</b>	<b>100.0</b>	<b>125.8</b>	<b>100.0</b>	<b>-17.0</b>
Equity capital	15.7	14.4	20.9	16.6	-5.2
Pension reserves, other long-term loan capital	38.2	35.1	39.7	31.6	-1.5
Short-term loan capital	54.9	50.5	65.2	51.8	-10.3
<b>Total capital</b>	<b>108.8</b>	<b>100.0</b>	<b>125.8</b>	<b>100.0</b>	<b>-17.0</b>

#### Liabilities to Banks/Funding

Dürkopp Adler Group financial obligations primarily comprise loans and overdrafts from banks and affiliated companies. These were reduced to EUR 29.6 million at year's end, 23.5% below the figure of EUR 38.7 million for the previous year.

In addition to bank loans of EUR 6.2 million, Dürkopp Adler has also secured a Group loan from FAG Kugelfischer AG. This loan has been reduced to EUR 22.5 million (2003: EUR 24.4 million). As collateral for bank loans, FAG Kugelfischer AG has provided the money-lending banks with a letter of guarantee.

#### Situation of Dürkopp Adler AG

Market developments in Sewing Technology were reflected in the general course of business of Dürkopp Adler AG. Sales of EUR 90.0 million were EUR 1.0 million up on the previous year. While sales in Germany and western Europe declined, sales in East Europe, Africa and Asia recorded slight growth. Thanks to brisk demand from the automobile supplies industry sales spurted, gaining 27.8% on the previous year. The proportion of sales secured outside Germany rose from 85.8% to 88.7%.

An upward trend was noted in orders received which rose from EUR 81.7 million last year to EUR 87.1 million for the year under review.

Through the measures introduced in 2003 adapting employee numbers to capacity, the permanent workforce was reduced to 438 (2002: 510). At the end of 2004, further staff cutbacks were agreed with a loss of 78 employees at Dürkopp Adler AG.

The result from the past financial year was very strongly encumbered by one-off expenditures. Write-downs totaling EUR 3.5 million were recorded on the investment book value of Beisler GmbH and Dürkopp Adler Austria GmbH. The subsidiary Dürkopp Fördertechnik GmbH with whom there is a profit and loss transfer agreement, closed the year with a loss of EUR 1.2 million. Agreed staffing measures negatively affected by the year's result by EUR 2.1 million. In connection with the decision to disincorporate manufacturing sectors, a write-down of EUR 0.6 million on facilities in these departments was necessary. These one-off expenditures totaling EUR 7.4 million led to a net loss for the year of EUR 8.4 million (2003: EUR 8.7 million).

Investment in intangible and tangible assets of Dürkopp Adler AG was restricted to replacement investments. These investments amounted to EUR 1.0 million with depreciation of EUR 3.1 million.

In addition to depreciation on shareholdings, changes in financial assets included the addition of EUR 0.1 million from the purchase of further shares in Minerva Boskovice, a.s. Moreover, shares in money market funds to cover obligations accruing through the Company's partial early retirement program were reduced by EUR 0.6 million.

By rigorously readjusting production in line with order-related manufacture principles and improved logistics in procurement, inventories were reduced by EUR 4.4 million to EUR 17.3 million. Accounts receivable were also pegged back from EUR 43.6 million to EUR 37.7 million. This significant drop in current assets led to a 23.4% reduction of financial obligations for Dürkopp Adler AG from EUR 32.9 million for the previous year to EUR 25.2 million at the end of the year under review.

### Results of subsidiary companies

In the group of production locations, our international production companies Minerva Boskovice and Dürkopp Adler Romania make a significant contribution in the manufacture of competitive products.

Minerva Boskovice a.s. is specialized on the machine program for the automotive, furniture and leather industries. In Romania, parts and components are manufactured for production facilities in Bielefeld, Hösbach and Boskovice and for spare and wear part sales through Dürkopp Adler AG and its trading companies.

Production at Minerva Boskovice was running at capacity in the financial year thanks to strong demand from the automotive industry. Sales revenues rose by 12.8% to EUR 23.2 million. Earnings before interest and tax EBIT amounted to EUR 1.1 million. The net profit on the year was EUR 0.5 million (2003: EUR -0.8 million).

Dürkopp Adler Romania closed the financial year with a net loss of EUR 0.4 million.

Following two loss-making years, Beisler GmbH in Hösbach, Germany, which manufactures highly specialized sewing systems for the clothing industry, returned to the profit zone despite declining sales and generated a net income of EUR 0.1 million.

Brisk demand, in particular from the automotive industry, led to Dürkopp Adler America, Inc. registering a significant increase in sales compared to the previous year. Despite the effects of the restructuring steps taken in the last few years becoming fully effective in this financial year, the company could still post a profit from operating activities of EUR 1.0 million.

The migration of the clothing and leather industries from Italy to eastern Europe and Asia led to continued downturn in sales at Dürkopp Adler Italia S.r.l. In view of this, the company reacted in good time with measures aimed at restructuring and at sinking costs. These have not yet had a sustainable effect. The net loss on the year amounted to EUR 0.2 million.

On the other hand, Dürkopp Adler France S.A.S. was able to report positive developments to its business. Sales of EUR 6.5 million were 4.6% up on the previous year. Net profit for the year was EUR 0.1 million.

The two trading companies in Hong Kong and Poland generated a positive contribution to the result of the Dürkopp Adler Group.

The financial year under review saw the liquidation of Dürkopp Adler (UK) Ltd. Trading companies in Brazil and Mexico have discontinued their operating business.

Dürkopp Fördertechnik GmbH reported sales of EUR 21.4 million for 2004, considerably below the previous year's figure of EUR 34.0 million. Because of long run times for projects in conveyor technology, this negative development was already envisaged in the previous year and reflected the minimal number of orders received in 2003 and the low order level at the beginning of 2004. Due to the current situation, structural adjustments to developments in the market will be carried out. This includes staff cuts of 34 employees. Because of the considerable costs involved in personnel measures and as a consequence of low sales levels, the result was under significant pressure. Net loss for the year amounted to EUR 1.2 million. In line with the profit and loss transfer agreement, the loss will be balanced by Dürkopp Adler AG.

### Risk management report

The increasing complexity of the worldwide markets we serve calls for an effective system of risk-oriented corporate supervision. For this, we make use of our own risk management system. An element of this risk management system is a catalog of risks, drawn up for all major companies in the Dürkopp Adler Group. This catalog of risks is updated annually for Dürkopp Adler AG, Dürkopp Fördertechnik GmbH, Minerva Boskovice, a.s. and for Dürkopp Adler America, Inc. as part of an estimate and inventory of risks. Risks and their threshold values are assessed and documented by Group financial controlling and adapted to meet current conditions in coordination with the operative unit.

Special measures introduced for specific risks are subject to regular control. The Executive Board was kept regularly informed of changes in order to react without delay should the need arise.

As an internationally operative company, Dürkopp Adler is exposed to currency risks. Since we generate a large part of our sales in the USA and in the dollar-reliant countries of Asia, we are very much focused on the exchange rate between the US dollar and the euro. We hope to reduce risks brought about by currency fluctuations by using financial derivatives and a centralized currency management. Major transactions in international currencies are secured by currency futures trading. The financial derivatives are listed in detail in the Notes.

In worldwide trade, corporate risks arise simply from the inherent nature of the product. We are able to counter such risks with product audits at all locations. This enables us to recognize risks immediately as they emerge and to stem them as required.

### Risks of future development

Negative market trend for sewing technology products which has characterized developments over the last few years represents a risk. We are assuming that this negative trend – and the associated risk – will remain with us through 2005. We are facing up to this risk by carrying out targeted adaptations and structural measures.

Thanks to personnel measures agreed upon and the related improved structures in sales and production, we have created a good foundation for minimizing the risk.

In addition, the relationship of dollar to euro also represents a risk for our company since this exchange rate development not only affects the American market, it also has a considerable influence on business in Asia.

From our point of view, we do not see any risks to Dürkopp Adler AG and the Dürkopp Adler Group which will affect its existence. Thanks to lines of credit from our companies' banks and a credit line of EUR 40.9 million provided by FAG Kugelfischer AG, the liquidity of Dürkopp Adler AG is guaranteed.

### Subordinate status report

Pursuant to the regulations of Section 312 of the German Companies Act, we have drawn up a report on the relationship to affiliated companies, which concludes with the following declaration: "Our company received appropriate compensation for the legal transactions listed in the report on the relations to affiliated companies according to the conditions which were known to us at the time such legal transactions were undertaken. Our company did not take or omit to take any measures at the behest or in the interest of a major shareholder or of an affiliated company."



### Significant events following the balance sheet date

On October 29, 2004, the principal shareholder of Dürkopp Adler AG, FAG Kugelfischer AG, Schweinfurt formally signed a contract of sale with a large Chinese manufacturer of industrial sewing machines, the ShangGong Group in Shanghai to sell 94.98% of Dürkopp Adler shares. In the contract, the transfer of the shares, and therefore, the transfer of ownership to the ShangGong Group was planned for January 29, 2005. In the meantime, both parties have agreed to postpone the date of transfer.

Since the end of the 2004 financial year, no further events of significance for the Dürkopp Adler Group have occurred which could lead to an amended assessment of the asset, financial and revenue situation for the company.

# Outlook

Thanks to a divisional organization of sales activities and an improvement in our sales structure in China, the main growth market of the sewing industry, we are optimistic of our chances to build on our sales. In particular, we are looking to strengthen our sales activities in the 'Industrial' division (automotive, upholstery, shoes, technical textiles).

Growth potential could be dampened if the value of the euro against the dollar were to remain stable at its current level, or were to gain in value.

Given that the abolition of restrictive quotas for Asian textile exporting nations will be completed at the beginning of the year, we have to assume that this will lead to a greater concentration on China's textile industry.

Restructuring and cost-saving measures introduced at the end of 2003 and the financial year 2004 will have a positive influence on the result for 2005. By targeting the continued exploitation of core competencies at our domestic and international production locations we will be able to achieve further cost savings, creating the foundation for better results. Procurement management will play a key role in cost-savings due simply to the high number of materials we use.

In the light of the planned collaboration with the Chinese ShangGong Group – Dürkopp Adler's possible new principal shareholder – new sales openings will result in China, the most dominant market in the textile industry. Supplementing our product range with sewing machines from the ShangGong Group will certainly open up new sales options for the Sewing Technology unit of the Dürkopp Adler Group. Collaboration in production with ShangGong provides very good opportunities for us to sink production costs still further.

For the Material Handling unit, the financial year 2005 will witness a slight recovery in the market. The pressure on price and competition will continue. But, given the restructuring and cost-saving measures planned, this unit will also become more competitive and more profitable again.

In total, we anticipate a slight improvement in sales revenue for the new financial year. In respect of the result, we expect to return to the profit zone, since no more one-off expenses have been planned, which so negatively affected the result in 2004.

# Balance Sheet

of the Dürkopp Adler Group for the year ending December 31, 2004

(in thousand EUR)	Appendix	Dec. 31, 2004	Dec. 31, 2003
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	(1)	3,290	4,413
Tangible fixed assets	(2)	34,233	35,742
Financial assets	(3)	1,787	2,431
		<b>39,310</b>	<b>42,586</b>
<b>Current assets</b>			
Inventories	(4)	31,952	40,464
Receivables and other assets	(5)		
Trade receivables		32,396	36,504
Other receivables and sundry assets		1,850	2,819
		<b>66,198</b>	<b>79,787</b>
Cash and cash equivalents		976	1,052
		<b>67,174</b>	<b>80,839</b>
Deferred taxes		2,143	2,157
Prepaid expenses		147	261
		<b>108,774</b>	<b>125,843</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Equity</b>			
Subscribed capital	(6)	20,963	20,963
Capital reserves	(7)	8,112	8,112
Retained earnings	(8)	10,291	7,003
Balance sheet loss	(9)	-24,636	-16,223
Minority interests	(10)	958	1,080
		<b>15,688</b>	<b>20,935</b>
<b>Provisions</b>			
Provisions for pensions	(11)	38,206	39,683
Tax provisions		1,287	1,500
Other provisions	(12)	12,312	13,419
		<b>51,805</b>	<b>54,602</b>
<b>Liabilities</b>			
Financial liabilities	(13)	29,604	38,654
Trade payables		6,415	6,068
Other liabilities		4,687	5,021
		<b>40,706</b>	<b>49,743</b>
Deferred income		575	563
		<b>108,774</b>	<b>125,843</b>



# Income Statement

## of the Dürkopp Adler Group for the financial year 2004

(in thousand EUR)	Appendix	2004	2003
<b>Sales</b>	(14)	<b>133,182</b>	<b>145,671</b>
Costs of sales	(15)	-89,888	-96,252
<b>Gross profit on sales</b>		<b>43,294</b>	<b>49,420</b>
Selling expenses		-25,389	-28,219
Expenses of research and development		-6,558	-7,188
General administration costs		-7,505	-8,448
Other operating income	(16)	3,456	2,059
Other operating expenses	(17)	-8,068	-10,930
Income from shareholdings		2	0
<b>EBIT</b>		<b>-768</b>	<b>-3,307</b>
Interest balance	(18)	-1,205	-1,549
<b>Result from ordinary operations</b>		<b>-1,973</b>	<b>-4,856</b>
Extraordinary expenses	(19)	-2,986	-4,538
<b>Extraordinary result</b>		<b>-2,986</b>	<b>-4,538</b>
Taxes on profit	(20)	-228	-668
<b>Net income</b>		<b>-5,187</b>	<b>-10,062</b>
Minority interests		-62	133
<b>Consolidated net income</b>		<b>-5,249</b>	<b>-9,929</b>
Loss carried forward from previous year		-16,223	-7,572
Allocations/Withdrawals from retained earnings		-3,164	1,278
<b>Balance sheet loss</b>		<b>-24,636</b>	<b>-16,223</b>

# Development of Equity

of the Dürkopp Adler Group from Jan. 1, 2003 to Dec. 31 2004

	Subscribed capital	Capital reserves	Earned Group capital	Accumulated other consolidated result	Parent company	Equity according to balance sheet
				Balancing item from the foreign currency translation	Other neutral transactions	
<b>As of Jan. 1, 2003</b>	<b>20,963</b>	<b>8,112</b>	<b>-2,011</b>	<b>1,470</b>	<b>-2,120</b>	<b>26,414</b>
Transferring special reserves with an equity portion	-	-	-	-	3,497	3,497
Other Group result	-	-	-	- 744	617	-127
Consolidated net loss for the year	-	-	- 9,929	-	-	-9,929
<b>As of Dec. 31, 2003</b>	<b>20,963</b>	<b>8,112</b>	<b>-11,940</b>	<b>726</b>	<b>1,994</b>	<b>19,855</b>
Changes in the basis of consolidation	-	-	250	-15	-	235
Effect of acquisitions and dispositions	-	-	-	371	-482	-111
Consolidated net loss for the year	-	-	-5,249	-	-	-5,249
<b>As of Dec. 31, 2004</b>	<b>20,963</b>	<b>8,112</b>	<b>-16,939</b>	<b>1,082</b>	<b>1,512</b>	<b>14,730</b>

**Minority shareholders**

Minority Capital	Accumulated other consolidated result		Equity	Group Equity
	Balancing item from the foreign currency translation	Other neutral transactions		
1,134	147	-10	1,271	27,685
-	-	-	-	3,497
-	-41	-17	-58	-185
-133	-	-	-133	-10,062
1,001	106	-27	1,080	20,935
-250	15	-	-235	-
-	52	-1	51	-60
62	-	-	62	-5,187
813	173	-28	958	15,688

# Development of Fixed Assets

## of the Dürkopp Adler Group

(in thousand EUR)	Acquisition and production costs						As of Dec. 31, 2004
	As of Jan 1, 2004	Currency adjusted	Additions	Disposals	Differences		
<b>I. Intangible fixed assets</b>							
1. With limited useful life							
a) Industrial property rights and similar rights	497	7	31	223	1	313	
b) Acquired software	1,013	17	178	178	-12	1,018	
c) Payments made on account	4	0	8	0	0	12	
2. Goodwill	5,832	0	0	0	0	5,832	
	<b>7,346</b>	<b>24</b>	<b>217</b>	<b>401</b>	<b>-11</b>	<b>7,175</b>	
<b>II. Tangible fixed assets</b>							
1. Land and building including buildings on land owned by others	37,325	429	473	22	346	38,551	
2. Technical plant and machinery	34,469	1,047	99	2,752	404	33,267	
3. Other equipment, operating and office equipment	31,225	413	1,442	2,149	286	31,217	
4. Payments made on account and assets in course of construction	681	30	1,059	25	-1,025	720	
	<b>103,700</b>	<b>1,919</b>	<b>3,073</b>	<b>4,948</b>	<b>11</b>	<b>103,755</b>	
<b>III. Financial assets</b>							
1. Shareholdings	287	0	0	0	0	287	
2. Non-current securities	2,150	0	0	644	0	1,506	
	<b>2,437</b>	<b>0</b>	<b>0</b>	<b>644</b>	<b>0</b>	<b>1,793</b>	
	<b>113,483</b>	<b>1,943</b>	<b>3,290</b>	<b>5,993</b>	<b>0</b>	<b>112,723</b>	

As of Jan. 1, 2004	Currency adjusted	Accumulated Write-downs			Net book value	
		Additions	Disposals	As of Dec. 31, 2004	As of Dec. 31, 2004	As of Dec. 31, 2003
433	6	40	223	256	57	64
750	12	127	178	711	307	263
0	0	0	0	0	12	4
1,750	0	1,168	0	2,918	2,914	4,082
2,933	18	1,335	401	3,885	3,290	4,413
17,496	145	910	22	18,529	20,022	19,829
23,675	712	2,447	2,725	24,109	9,158	10,794
26,787	369	1,871	2,143	26,884	4,333	4,438
0	0	0	0	0	720	681
67,958	1,226	5,228	4,890	69,522	34,233	35,742
0	0	0	0	0	287	287
6	0	0	0	6	1,500	2,144
6	0	0	0	6	1,787	2,431
70,897	1,244	6,563	5,291	73,413	39,310	42,586

# Cash Flow Statement

## of the Dürkopp Adler Group

(in million EUR)	2004	2003
Net loss on year	-5.2	-10.1
Depreciation on fixed assets	6.6	5.7
Decrease in deferred taxes	0.2	0.7
Decrease in long-term provisions	-1.5	-0.8
Non-payment-related expenses	2.7	2.7
<b>Cash earnings according to DVFA/SG</b>	<b>2.8</b>	<b>-1.8</b>
Increase (+) /decrease (-) in short- and medium-term provisions	-4.2	0.5
Profit on the disposal of fixed assets	-0.1	-0.2
Decrease in inventories, trade receivables and other assets not attributable to investment or financing activities	13.7	8.0
Decrease in trade payables and other liabilities not attributable to investment or financing activities	-0.4	-9.9
<b>Cash flow from operating activities</b>	<b>11.8</b>	<b>-3.4</b>
Payments received from the disposal of fixed assets	0.1	0.3
Payments received from the disposal of financial assets	0.7	0.0
Payments made on investments in intangible fixed assets	-0.2	-0.1
Payments made on investments in tangible fixed assets	-3.1	-2.9
Payments made on investments in financial assets	0.0	-0.7
<b>Cash flow from investment activities</b>	<b>-2.5</b>	<b>-3.4</b>
Payments received from the take-up of loans	0.0	8.8
Payments made on amortizing loans	-9.4	-1.8
<b>Cash flow from financing activities</b>	<b>-9.4</b>	<b>7.0</b>
Change in cash and cash equivalents	-0.1	0.2
Exchange rate adjustments and other changes in cash and cash equivalents	0.0	-0.1
Cash and cash equivalents at beginning of year	1.1	1.0
<b>Cash and cash equivalents at year end</b>	<b>1.0</b>	<b>1.1</b>

# Principles and Methods

## of consolidated accounting

### Principles of itemization

The consolidated financial statements of Dürkopp Adler AG have been prepared in 2004 according to the German Commercial Code and the German Stock Corporation Act.

Individual items in the balance sheet and of the income statement have been combined to create more clarity. These items have been presented and explained separately in the Notes.

The consolidated financial statement and the annual financial statement of the parent company, Dürkopp Adler AG have been filed with the Commercial Register of the Amtsgericht (District Court) in Bielefeld, Germany under HRB 7042. The financial statements together with the management reports are published in the Federal Gazette.

### Consolidated companies

At the date of the balance sheet, the consolidated financial statement comprises the annual financial statements of the parent company and the following subsidiary companies which also reported on the same day:

	Equity share in %
Dürkopp Fördertechnik GmbH, Bielefeld, Germany	100.00
Adler Industrienähmaschinen Verkauf GmbH, Bielefeld, Germany	100.00
Beisler GmbH, Hösbach, Germany	100.00
Dürkopp Adler France S.A.S., Paris, France	100.00
Dürkopp Adler Italia S.r.l., Milan, Italy	99.00
Dürkopp Adler Austria GmbH, Vienna, Austria	100.00
Dürkopp Adler Polska Sp. z o.o., Wroclaw, Poland	100.00
S.C. Dürkopp Adler masini de cusut S.R.L., Sangeorgiu de Mures, Romania	100.00
Minerva Boskovice, a.s., Boskovice, Czech Republic	87.88
Dürkopp Adler Ukraina Ltd., Kiev, Ukraine	97.26
Dürkopp Adler Tecnologia de Costura Ltda., Sao Paulo, Brazil	100.00
Dürkopp Adler Mexico S.A. de C.V., Mexico City, Mexico	99.90
Dürkopp Adler America, Inc., Atlanta, USA	100.00
Dürkopp Adler Far East Ltd., Hong Kong, China	100.00
Dürkopp Adler International Trading (Shanghai) Co. Ltd., Shanghai, China.	100.00

All companies are fully included in the consolidated financial statements. Dürkopp Adler (UK) Ltd., Rugby, UK was removed from the list of consolidated companies.

Shareholdings show the national results after taxes for the individual companies. The listing of shareholdings is filed with the Commercial Register at the Amtsgericht (District Court) in Bielefeld under HRB 7042.

### Currency translation

In the individual financial statements of the companies, non-hedged monetary items are listed at the exchange rate valid at the balance sheet date, taking into consideration the realization principle. With hedged items, the underlying transactions of a hedging activity are combined for each currency in to valuation units. The underlying transactions are then included in the balance sheet on the basis of the hedging rate.

Assets and liabilities of international subsidiary companies whose functional currency is not the euro are converted using the closing rate method. Items in the income statement are converted to euro using the relevant average exchange rate for the month.

The difference between the result for the year at average rates and the result for the year at the closing rate which appears in the income statement and in the balance sheet is posted to other operating expenses or other operating income.

The exchange rate for the main currencies used in the consolidated financial statements are developed as follows:

Currency to euro	Dec. 31, 2004 Exchange rate at balance sheet date	Dec. 31, 2003 Exchange rate at balance sheet date	2004 Annual average exchange rate	2003 Annual average exchange rate
1 USD	0.73	0.79	0.80	0.88
100 CZK	3.28	3.09	3.14	3.15
100 HKD	9.44	10.20	10.32	11.35

### Consolidation principles

Capital consolidation is carried out in accordance with the book value method by offsetting the acquisition costs of the shareholding against the proportionate amount of the equity capital of the consolidated subsidiary companies at the time of acquisition. Goodwill resulting from including a subsidiary company for the first time in a consolidation is entered on the assets side and depreciated over an estimated useful life charged to income.

Group-internal sales and other revenues are offset against relevant group-internal costs. Receivables and liabilities between Group companies are offset against each other. Interim results in inventories of all companies are eliminated. Balance sheet date for all companies included in the Group is December 31, 2004.

### Deferred Taxes

Deferred taxes included in the balance sheets of individual international financial statements are transferred to the consolidated accounts. Further, deferred taxes build on adjustments to the individual company statements and on other temporary consolidation processes charged to income. Deferred taxes entered on the assets side are balanced against deferred taxes on the liabilities side in as far they deal with matching maturities in the same fiscal sovereignty.



The regulations provided for in DRS (German Accounting Standards) 10, 'Deferred Taxes in Consolidated Accounts' are not applied: the overriding opinion being that the relevant deferred taxes for Dürkopp Adler on losses carried forward would mean that the German Commercial Code would prohibit their inclusion as assets.

### Accounting and Valuation Principles

The consolidated financial statement is prepared on the basis on Group-wide accounting and valuation principles.

Intangible assets acquired against payment are capitalized at acquisition costs and depreciated over a scheduled useful life of 3 or 4 years. Goodwill from equity consolidation is capitalized and is subject to straight-line depreciation over an estimated useful life of 20 years.

Property, plant and equipment are valued at cost of acquisition or manufacture and are subject to scheduled straight-line depreciation in accordance with their expected useful life. Manufacturing costs of internally produced equipment comprise material and direct labor costs, appropriate proportions of material and manufacturing overheads – by normal use of production equipment – and manufacture-related administration costs. Interest on borrowings is not included in manufacturing costs.

#### Useful life of property, plant and equipment

Production and administration buildings	20 to 50 years
Technical equipment and machines	10 to 14 years
Other equipment, operating and office equipment	3 to 14 years

Low-cost assets are depreciated fully in the year of acquisition.

Depreciation in the year of acquisition is applied proportionally. For international subsidiary companies, simplified regulations apply. In principle, the straight-line method of depreciation applies.

Write-downs (non-scheduled depreciation) are posted when a decrease in value ensues which is not covered by scheduled depreciation and when this decrease in value is likely to be permanent.

Other investments are to be assessed at acquisition costs or at a lower value.

Securities in fixed assets are to be assessed at acquisition cost or at a lower value and provide international subsidiary companies with cover for pension provisions and Dürkopp Adler AG and Dürkopp Fördertechnik GmbH with cover for employee funds from partial early retirement.

Raw materials and supplies are to be valued at average acquisition costs or at lower values on the balance sheet date.

The finished and unfinished goods are valued at production cost. At the same time, regulations under fiscal law are observed in determining capitalized production costs of a product.

Merchandise is assessed at average acquisition cost.

Inventory risks that result from diminished usability and storage life are taken into account with appropriate value allowances. Loss-free assessment was carried out, i.e. discounts were made from the anticipated sales prices for costs still to be incurred. Account receivables and other assets are assessed at their nominal value less value adjustments. Value adjustments are carried out when the account receivables are wholly, or partially, irrecoverable or when it is unlikely to be recovered.

The provisions for pension obligations are formed as result of commitments to retirement and invalidity pensions and provisions for surviving dependents. For German companies, pension provisions and similar liabilities are assessed according to Article 6a of the German Income Tax Act at their discounted value on the basis of actuarial principles and additional calculations at an interest rate of 6% p.a. For international subsidiary companies, a method of calculation is applied which corresponds, or comes close, to the domestic German method.

For other reserves, appropriate and sufficient individual provision is made for possible obligations that may arise from tentative liabilities and for pending losses. The assessment of provisions for tentative liabilities is carried out case-by-case on the basis of careful commercial evaluation of the expenses anticipated to settle the tentative liabilities. The assessment of provisions for pending losses is carried out on a full-cost basis. Discounting is only carried out when the obligations which form the basis for the provisions from tentative obligations contain an element of interest. Liabilities are entered in line with their redemption amount.

The other financial liabilities are subject to their relevant amounts to be paid.

#### Financial derivatives

To cover currency risks Dürkopp Adler makes use of derivative financial instruments not traded on stock markets. These hedging activities are undertaken in view of existing, pending and planned incoming and outgoing payments for goods. The following nominal volumes and market values were posted as of December 31, 2004.

(in thousand EUR)	Nominal Volumes	Dec. 31, 2004 Market value	Nominal Volumes	Dec. 31, 2003 Market value
Forward exchange operations	15,633	1,117	16,584	941

The market value of forward exchange operations is based on the mean foreign exchange spot rate for the balance sheet date, taking into account the forward surcharges and reductions for the remaining term of the contract in comparison to the contracted forward exchange rate. Foreign exchange management is partially carried out by the parent company, FAG Kugelfischer AG. Forward exchange dealings are also carried out with the company's own banks.

# Notes

## on the consolidated balance sheet

### Fixed assets

The breakdown and development of the individual items are shown in the analysis of fixed assets.

#### (1) Intangible assets

Intangible assets primarily consist of licenses purchased and similar rights as well as software purchased.

Goodwill amounting to EUR 2.9 million resulted from the acquisition of Beisler GmbH in Hösbach undertaken in 1998. The write-down on this goodwill was carried out in view of the expected permanent decrease in value and amounts to EUR 1.2 million in the year under review. The remaining period of depreciation amounts to 13 years.

#### (2) Property, plant and equipment

Write-downs on property plant and equipment amounts to EUR 0.7 million (2003: EUR 0.1 million).

#### (3) Financial assets

In the year under review, the shares in money market funds were reduced by EUR 0.6 million to cover employee funds from the partial early retirement program. These shares in funds have been pledged in favor of the employees participating in the partial early retirement program in the case of involuntary insolvency.

### Current assets

#### (4) Inventories

(in thousand EUR)	2004	2003
Raw material and supplies	11,941	11,731
Unfinished goods and services	9,777	12,625
Finished goods and merchandise	10,223	16,078
Payments in advance	11	30
<b>Total</b>	<b>31,952</b>	<b>40,464</b>

If the replacement costs and/or the viable disposal value, less costs still to be incurred, are below acquisition and production costs, the lower values are shown in the balance sheet.

#### (5) Accounts receivable and other assets

(in thousand EUR)	2004 Totals	2004 of which more than 1 year to maturity	2003 Totals	2003 of which more than 1 year to maturity
Accounts receivable, trade	32,396	–	36,504	114
Amounts due from affiliated companies	336	–	146	–
Other assets	1,514	75	2,673	7
<b>Total</b>	<b>34,246</b>	<b>75</b>	<b>39,323</b>	<b>121</b>

Value adjustments for bad debts are contained in the receivables listed. Value adjustments for accounts receivable amount to EUR 2.1 million (2003: EUR 2.7 million).

Other assets includes an item of EUR 1.0 million (2003: EUR 1.2 million) for receivables due from tax authorities. Value adjustments amounting to EUR 0.2 million have been carried out (2003: EUR 0.2 million).

### Equity

The breakdown and development of equity is shown in the statement of changes in equity.

#### (6) Subscribed capital

Subscribed capital amounting to EUR 20,962,967.13 comprises 8.2 million notional no-par-value shares which are weighted equally in the capital stock of the company. FAG Kugelfischer AG, Schweinfurt holds a majority stake of 94.98% of the voting stock.

With a term until June 17, 2008, Dürkopp Adler AG holds Authorized Capital I of EUR 7,669,378.22 for stock issue against cash, and Authorized Capital II of EUR 2,045,167.52 for stock issue against cash or investment in kind. Given the approval of the Supervisory Board, the Executive Board can exclude the subscription rights of shareholders in respect of Authorized Capital II, in a bid to issue new stock at a price which does not significantly exceed the stock market price.

Moreover, the Executive Board of Dürkopp Adler AG is also authorized to increase stock capital by June 17, 2008 through a stock issue of EUR 511,291.88 by issuing employee stock to employees of the company and the Group. Subscription rights of shareholder has been excluded.

**(7) Capital reserves**

These capital reserves concern the payment made in 1999 to the principal shareholder, FAG Kugelfischer AG, Schweinfurt as part of a 'give out, pay back' procedure in accordance with Article 272, para. 2, No. 4 of the German Commercial Code.

**(8) Retained earnings**

Retained earnings concern the legal retained earnings of Dürkopp Adler AG of EUR 2.1 million (2003: EUR 2.1 million) and other retained earnings of EUR 8.2 million. It also contains the results of consolidation processes as far as they allotted to minority interests and additions/withdrawals to adjust the balance sheet loss of the parent company.

(in thousand EUR)

Dec. 31 2003	7,003
Allocations to surplus	3,164
Change in the basis of consolidation	235
Effect of acquisitions and dispositions	-111
<b>Dec. 31, 2004</b>	<b>10,291</b>

**(9) Loss carried forward**

The loss carried forward is shown as the balance sheet loss of the parent company.

**(10) Minority interests**

Minority interest in equity principally concerns stock held by external shareholders at Minerva Boskovice, a.s., Boskovice, Czech Republic, of EUR 0.9 million (2003: EUR 1.0 million).

Profit allotted to other shareholders in the Group amounted to EUR 0.1 million (2003: a loss of EUR 0.1 million).

**Provisions****(11) Pension provisions and similar liabilities**

Appropriate reserves has been set aside to fulfil our commitments to provide the workforce with retirement and invalidity pensions and provisions for surviving dependents. The extent of benefits granted is commensurate with income and job tenure.

Retirement pension obligations are owed to those entitled to pension benefits in Germany. Pension commitments are not covered by funds.

The non-forfeitable pension claims of German active and former employees and those of pensioners are secured under the Pensions-Sicherungs-Verein (the Pension Security Association).

**(12) Other provisions**

(in thousand EUR)	2004	2003
Employee obligations	3,980	3,419
Obligations in respect of partial early retirement	2,998	2,785
Social plan payments	1,922	2,751
Single guarantee	490	1,271
Bonus vouchers	811	645
Outstanding accounts	325	310
Other provisions	1,786	2,238
<b>Total</b>	<b>12,312</b>	<b>13,419</b>

Provisions for employee obligations primarily concern provisions for vacation entitlement, credits from the flexible time program, expenses for anniversaries and performance based pay.

Provisions for the partial early retirement program comprise obligations from existing and intended partial early retirement agreements. Of these provisions, EUR 2.1 million has a remaining term of more than one year (2003: EUR 1.9 million).

In 2004, personnel measures were agreed at Dürkopp Adler AG and Dürkopp Fördertechnik GmbH to carry out capacity adaptations to meet market requirements. To meet the obligations arising from the social plans agreed and the reconciliation of interests which were not paid out in the course of the financial year, provisions were set aside amounting to EUR 1.9 million.

**(13) Obligations**

(in thousand EUR)	2004 Total	2004 of which up to 1 year to maturity	2004 of which between 1 to 5 years to maturity	2004 of which more than 5 years to maturity	2003 Total	2003 of which up to 1 year to maturity	2003 of which between 1 to 5 years to maturity	2003 of which more than 5 years to maturity
Liabilities to banks	6,179	6,108	71	–	13,204	12,727	477	–
Financial liabilities due to affiliated companies	22,500	22,500	–	–	24,400	24,400	–	–
Other financial liabilities	925	80	322	523	1,050	86	344	620
<b>Financial liabilities</b>	<b>29,604</b>	<b>28,688</b>	<b>393</b>	<b>523</b>	<b>38,654</b>	<b>37,213</b>	<b>821</b>	<b>620</b>
Liabilities from accounts payable	5,411	5,411	–	–	3,444	3,444	–	–
Bills payable	187	187	–	–	105	105	–	–
Advance payments received for orders	790	790	–	–	2,505	2,505	–	–
Liabilities due to affiliated companies	27	27	–	–	14	14	–	–
<b>Liabilities from transactions in commodities</b>	<b>6,415</b>	<b>6,415</b>	<b>–</b>	<b>–</b>	<b>6,068</b>	<b>6,068</b>	<b>–</b>	<b>–</b>
Other liabilities	4,687	4,687	–	–	5,021	5,021	–	–
<b>Total</b>	<b>40,706</b>	<b>39,790</b>	<b>393</b>	<b>523</b>	<b>49,743</b>	<b>48,302</b>	<b>821</b>	<b>620</b>

Bank loans and overdrafts attributable to Beisler GmbH are covered by collateral assignments of fixed assets and transferring accounts receivable. Further, bank loans and overdrafts attributable to some international companies have been covered by collateral securities.

Financial obligations to affiliated companies contains a loan take out from the FAG Kugelfischer AG that amounted to EUR 22.5 million at December 31, 2004 compared to EUR 24.4 million the previous year.

The legally independent support facility Dürkopp Adler e. v., a membership corporation, grants support for employees who become disabled. It has provided Dürkopp Adler AG its cash assets as an interest-bearing loan. At the balance sheet date, the loan amounted to EUR 0.9 million (2003: 1.1 million). This is recorded in other financial obligations.

**Other obligations**

(in thousand EUR)	2004	2003
Liabilities to employees (wages and salaries)	2,210	2,336
Tax liabilities	918	1,050
Social security contributions	1,184	1,176
Other	375	459
<b>Total</b>	<b>4,687</b>	<b>5,021</b>

**Contingent liabilities**

(in thousand EUR)	2004	2003
Liabilities from negotiating and transferring bills	187	130
Liabilities from bonds	880	1,336

Liability on bonds concerns issuer's liability for drawn bills.

**Other financial obligations**

At December 31, 2004, financial obligations were due as follows:

**Sale-and-lease-back agreements**

(in thousand EUR)	2004	2003
less than 1 year	305	327
1 to 5 years	1,108	1,184
over 5 years	1,943	2,347

For property in Atlanta, USA, Dürkopp Adler America, Inc. has concluded a sale-and-lease-back agreement. The leasing rate amounted to EUR 305,000 in financial year 2004. The agreement runs to September 30, 2015.

**Rents and Leases**

(in thousand EUR)	2004	2003
less than 1 year	421	326
1 to 5 years	192	367
over 5 years	0	85

In addition there are liabilities from long-term leasing contracts amounting to EUR 1.2 million (2003: EUR 1.8 million).

Liabilities from orders of fixed assets amount to EUR 0.1 million (2003: EUR 0.2 million).



# Notes

## on the consolidated income statement

### (14) Sales

The breakdown of sales into corporate units and geographical region is provided in the segment report.

### (15) Cost of sales

(in thousand EUR)	2004	2003
Costs of materials and services	47,314	48,475
Wages related to production	28,794	31,716
Reduction in inventories	8,029	10,967
Depreciation on production equipment and machines	4,543	3,958
Other	1,208	1,136
<b>Total</b>	<b>89,888</b>	<b>96,252</b>

### (16) Other operating income

(in thousand EUR)	2004	2003
Income from disposals of fixed assets	99	232
Income from releasing provisions and value adjustments	715	526
Exchange rate gains	1,398	430
Other income	1,244	871
<b>Total</b>	<b>3,456</b>	<b>2,059</b>

Of other operating income, EUR 0.8 million is not related to the period under review (2003: EUR 0.7 million).

### (17) Other operating expenses

(in thousand EUR)	2004	2003
Severance payments	51	15
Pension payments/changes to pension provisions	2,193	2,956
Performance-related payments	787	608
Write-down on goodwill	1,169	292
Value adjustments on receivables and bad debt losses	690	609
Exchange rate losses	1,169	1,898
Allocation of provisions for anticipated losses	-	729
Other	2,009	3,823
<b>Total</b>	<b>8,068</b>	<b>10,930</b>

Of other operating expenses EUR 0.7 million is not related to the period under review (2003: EUR 0.8 million).

Other operating expenses contain expenses not allocated to other functional areas.

**(18) Net interest income**

(in thousand EUR)	2004	2003
Income from other securities and loans on financial assets	2	2
Interest received and similar income	206	538
Interest paid and similar expenses	-1,413	-2,089
<b>Total</b>	<b>-1,205</b>	<b>-1,549</b>

Of interest paid, EUR 0.717 million is allotted to affiliated companies. This relates specifically to interest payments to FAG Kugelfischer AG.

**(19) Extraordinary expenses**

Extraordinary expenses concern the social plans and reconciliation of interests agreed in 2004 at Dürkopp Adler AG and Dürkopp Fördertechnik GmbH. The one-off expenses for these personnel measures amounted to EUR 2.986 million.

**(20) Taxes on earnings**

Taxes on earnings include deferred taxes amounting to EUR 0.1 million (2003: EUR 0.4 million).

# Segment Reporting

The Dürkopp Adler Group is organized into the two corporate units Sewing Technology and Material Handling. The Sewing Technology unit develops, produces and sells industrial sewing machines, automats and equipment for the target groups clothing, shoes, automotive, upholstery and processors of technical textiles. Products are sold globally and are given in-company support through training, service and the provision of spare parts. The unit has positioned itself in the middle and upper segments of the markets it exploits. As a system supplier, Material Handling develops, produces and sales – primarily in Europe – materials flow turnkey solutions for the logistics chain, exploiting the target groups clothing manufacturers, clothing trade and distribution as well as laundries.

## Segment information by units:

(in million EUR)	2004 Sewing Technology	2003 Sewing Technology	2004 Material Handling	2003 Material Handling	2004 Consolidation	2003 Consolidation	2004 Group	2003 Group
Orders received	110.4	103.5	25.3	19.1	–	–	135.7	122.6
Orders on hand	7.9	9.6	8.6	4.6	–	–	16.5	14.2
Sales	111.8	111.5	21.4	34.2	–	–	133.2	145.7
Operational result	1.5	–2.4	–0.5	2.8	–	–	1.0	0.4
EBIT	–0.2	–6.0	–0.6	2.7	–	–	–0.8	–3.3
Interest income	–1.2	–1.8	–	0.2	–	–	–1.2	–1.6
Extraordinary result	–2.3	–4.5	–0.7	–	–	–	–3.0	–4.5
Unit result (before tax on profit)	–3.7	–12.3	–1.3	2.9	–	–	–5.0	–9.4
Assets	103.0	118.1	7.3	13.2	–1.5	–5.5	108.8	125.8
Borrowed capital, including Group financing	89.4	103.2	5.2	7.2	–1.5	–5.5	93.1	104.9
Investment	3.2	3.2	0.1	0.5	–	–	3.3	3.7
Depreciation	6.2	5.2	0.4	0.5	–	–	6.6	5.7
Operational net profit ratio in %	1.4	–2.2	–2.3	8.2	–	–	0.8	0.3
Operational ROCE in %	1.6	–2.2	–11.9	130.1	–	–	1.0	0.4
Cash flow from current business activities	8.0	2.5	3.8	–5.9	–	–	11.8	–3.4
Employees (Dec. 31)	1,684	1,822	157	187	n. a.	n. a.	1,841	2,009

**Segment reporting by regions:**

Corporate units (in million EUR)		Germany	Europe (w/o Germany)	Americas	Africa, Asia, Australia	Consolidated	2004 Total	2003 Total	Change %
Sewing Technology	Sales	10.8	45.5	21.7	33.8	–	111.8	111.5	0.3
Material Handling		10.5	10.2	0.4	0.3	–	21.4	34.2	–37.4
<b>Total</b>		<b>21.3</b>	<b>55.7</b>	<b>22.1</b>	<b>34.1</b>	<b>–</b>	<b>133.2</b>	<b>145.7</b>	<b>–8.6</b>
Sewing Technology	Assets	104.3	36.3	10.7	2.8	–51.1	103.0	118.1	–12.8
Material Handling		6.1	1.3	–	–	–0.1	7.3	13.2	–44.7
Consolidation		–	–	–	–	–1.5	–1.5	–5.5	–72.7
<b>Total</b>		<b>110.4</b>	<b>37.6</b>	<b>10.7</b>	<b>2.8</b>	<b>–52.7</b>	<b>108.8</b>	<b>125.8</b>	<b>–13.5</b>
Sewing Technology	Investment	1.0	2.2	–	–	–	3.2	3.2	0.0
Material Handling		0.1	–	–	–	–	0.1	0.5	–80.0
<b>Total</b>		<b>1.1</b>	<b>2.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3.3</b>	<b>3.7</b>	<b>–10.8</b>

Segment numbers are based on the accounting principles and the accounting and valuation principles presented in these Notes.

Assets and borrowed capital – including Group financing – are the items in the balance sheet linked to operations in each unit.

Investment includes additions to intangible assets and to property, plant and equipment.

Depreciation refers to fixed assets linked to the relevant unit. In Sewing Technology, it also contains the write-down in goodwill for Beisler GmbH.

The operational result is comprised of EBIT adjusted for income from participations, interest on pension provisions, exchange rate differences as well as for losses/profits from disposals of fixed assets.

The operational net profit ration is calculated using the operational unit result in relation to total sales.

The Return on Capital Employed (ROCE) assesses the relationship between the operational result and the average operational capital employed.

Despite the large number of customers and the variety of business activities, with the exception of one exclusive trader in Hong Kong – with whom our sales amounting to 9% of total sales – there is no other customer whose volumes are significant in terms of the total Group volume of business.

### Notes on the cash flow statement

The cash flow statement was prepared on the basis of German Accounting Standards No. 2.

When calculating cash earning in accordance with DVFA/SG, extraordinary expenses of EUR 2.7 million from the social plan of Dürkopp Adler AG and Dürkopp Fördertechnik GmbH were treated as a non-cash item.

Cash and cash equivalents comprise cash in hand, and cash at banks. There are no restraints on disposal.

# Supplementary Notes

## Personnel expenses

(in thousand EUR)	2004	2003
Wages and salaries	40,599	47,381
Payroll deductions	11,530	10,274
Expenses for pension provision and for support	2,193	2,957
<b>Total</b>	<b>54,322</b>	<b>60,612</b>

## Employees – annual average

	2004	2003
Wage labor	1,222	1,401
Salaried employees	707	759
<b>Total</b>	<b>1,929</b>	<b>2,160</b>

## Material expenses

(in thousand EUR)	2004	2003
Expenses for raw material and supplies and for goods purchased	41,799	40,585
Expenses for services	6,865	9,520
<b>Total</b>	<b>48,664</b>	<b>50,105</b>

### Total remuneration for the Supervisory Board and the Executive Board

Total remuneration for the Supervisory Board in the financial year 2004 amounted to EUR 18,000 for the Group (2003: EUR 22,000)

Total remuneration for the Executive Board amounted to EUR 460,000 for the Group (2003: EUR 418,000). A total of EUR 336,000 was paid to former members of the Executive Board of Dürkopp Adler AG and their surviving dependents (2003: EUR 321,000). For pension and retirement plans of former members of the Executive Board of Dürkopp Adler AG and their surviving dependents, a sum of EUR 3.8 million (2003: EUR 3.8 million) has been laid aside.

### Declaration of conformity with the German Corporate Governance Code

The declaration of the Executive Board and the Supervisory Board of Dürkopp Adler AG in respect of the recommendations of the Government Commission on German Corporate Governance Code issued in accordance with Article 161 of the German Stock Corporation Act for the financial year 2004 was made permanently accessible to all shareholders on the company's website on November 10, 2004. After publication in the Federal Gazette, it was also filed with the Commercial Register at the Amtsgericht (District Court) Bielefeld under HRB 7042.

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**Offices held by members of the Supervisory Board and the Executive Board****Supervisory Board****Dr. Gerhard Vogel**

Chairman (until June 17, 2004)

Vice-chairman of FAG Kugelfischer AG, Schweinfurt, Germany  
(until March 31, 2004)

Other positions:

a) twin-gears AG, Schweinfurt, Germany (Chairman)\* (until March 31, 2004)

b) FAG Austria AG, Austria, (Chairman)\* (until March 31, 2004)

FAG Automotive, Inc., USA\* (until March 31, 2004)

FAG Bearings Limited, Canada\* (until March 31, 2004)

FAG Bearings Sales Corporation, USA\* (until March 31, 2004)

FAG Holding Corporation, USA, (Chairman)\* (until March 31, 2004)

Lacey Manufacturing Company, Inc., USA\* (until March 31, 2004)

The Barden Corporation, USA\* (until March 31, 2004)

**Frank Huber**

Chairman (from June 17, 2004)

Senior Legal Affairs Manager at FAG Kugelfischer AG & Co. OHG,  
Schweinfurt, Germany

Other positions:

a) twin-gears AG, Schweinfurt\*, Germany

Gemeinnützige Wohnungsbaugesellschaft Schweinfurt GmbH,  
Schweinfurt, Germany

b) FAG Automotive Bearings (Shanghai) Co. Ltd.\*

FAG Bearings Corporation, USA\*

FAG Bearings India Limited, India\*

FAG China Company Limited, Hong Kong\*

**Prof. Dr.-Ing. Peter-Jürgen Kreher**

Vice-Chairman

Consultant, Munich, Germany

Other positions:

a) Itelligence AG, Bielefeld, (Chairman)

b) Albert Ziegler GmbH & Co. KG, Giengen/Brenz

**Dr.-Ing. Raimund Klinkner (until June 17, 2004)**

Vice-Chairman of the Executive Board at Gildemeister AG, Bielefeld, Germany

Other positions:

b) Deckel Maho Gildemeister (Shanghai) Machine Tools Co., Ltd. (Chairman)

**Thomas Schaefer (until June 17, 2004)**

Managing partner at René Lezard Mode GmbH, Schwarzach, Germany

Other positions:

a) HK Holding AG, Neustadt/Aisch (Chairman)

**Klaus Widmaier (from June 17, 2004)**

Member of the Executive Board at FAG Kugelfischer AG, Schweinfurt, Germany

Other positions:

a) twin-gears AG, Schweinfurt, Germany (Chairman)\* (from April 1, 2004)

**Hans-Jürgen Goslar (from June 17, 2004)**

Member of the Executive Board at FAG Kugelfischer AG, Schweinfurt, Germany

Other positions:

b) FAG Austria AG, Austria, (Chairman)\* (from June 9, 2004)

FAG Bearings India Limited, India\* (from February 3, 2005)

**Werner Horst\*\***

Chairman of the Works' Committee of Dürkopp Adler AG, Bielefeld, Germany

No other positions

**Gerd Engelbrecht\*\***

Vice-Chairman of the Works' Committee of Dürkopp Adler AG, Bielefeld, Germany

No other positions

**Executive Board****Jürgen Dittert (until February 29, 2004)**

Director of Finances

Head of Core Division Personnel and Facility Management at

FAG Kugelfischer AG, Schweinfurt, Germany (until February 29, 2004)

Other positions:

b) Dürkopp Adler Italia S.r.l. (Chairman)\* (until February 29, 2004)

Dürkopp Adler America, Inc.\* (until February 29, 2004)



**Wolfgang Saß (until March 31, 2004)**  
Director of Technology

Other positions:

- b) Minerva Boskovice, a.s. (Chairman)\* (until June 30, 2004)  
Dürkopp Adler America, Inc.\* (until March 31, 2004)

**Werner Heer, Chairman of the Executive Board**

Other positions:

- b) Minerva Boskovice, a.s., (Chairman)\* (from June 30, 2004)  
Dürkopp Adler America, Inc., (Chairman)\*  
Dürkopp Adler Italia S.r.l., (Chairman)\*  
Dürkopp Adler Far East Ltd., (Chairman)\*  
Dürkopp Adler (Shanghai) International Trading Ltd., (Chairman)\*

**Dirk Fellermann (from April 1, 2004)**

Member of the Executive Board of FAG Kugelfischer AG, Schweinfurt, Germany

Other positions:

- b) FAG (Thailand) Co., Ltd., Thailand\* (until March 31, 2005)  
FAG (UK) Limited, Great Britain\*  
FAG Australia Pty. Ltd., Australia\* (until March 31, 2005)  
FAG Austria AG, Austria\* (from June 9, 2004)  
FAG Automotive Bearings (Shanghai) Co., Ltd., China\* (until January 31, 2005)  
FAG Bearings (Malaysia) Sdn. Bhd., Malaysia\* (until January 31, 2005)  
FAG Belgium S.A. N.V., Belgium\*  
FAG Holding (Thailand) Co., Ltd., Thailand\* (until January 31, 2005)  
FAG Japan Co., Ltd., Japan\* (until January 31, 2005)  
Profiteam, S.A., Spain\*

\*\* Employee representative

\* Group position

a) Membership in legally required supervisory committees


b) Membership in comparable and international supervisory committees

#### **Non-disclosure option in accordance with Article 264 para. 3 of the German Commercial Code**

Dürkopp Fördertechnik GmbH, Bielefeld has made use of the exemption regulations in line with Article 264, para. 3 of the German Commercial Code and was included in the Group financial statements.

Bielefeld, February 11, 2005

Dürkopp Adler Aktiengesellschaft

  
Werner Heer

  
Dirk Fellermann

# Auditor's opinion

We have audited the consolidated financial statements and the management report prepared by Dürkopp Adler AG, Bielefeld for the financial year January 1 to December 31 2004. The company's Executive Board is responsible for the preparation of the consolidated financial statements and management report in compliance with German commercial law. It is our responsibility to express an opinion, based on our audit, on the consolidated financial statements and management report.

We conducted our audit of the consolidated financial statements pursuant to Article 317 of the German Commercial Code and in compliance with the generally accepted auditing principles laid down by the Institut der Wirtschaftsprüfer (the Auditors' Association). These standards require that we plan and perform the audit to obtain reasonable assurances that inaccuracies and violations are identified which significantly affect the presentation of the assets, liabilities, financial position and the results of the company as conveyed by the consolidated financial statements, observing the generally accepted principles of accounting, and management report. The scope of the audit was planned taking into account our understanding of Group business operations, of its economic and legal environment and any potential errors anticipated. In the course of the audit, the effectiveness of the internal control system, the truth of the disclosures made in the consolidated financial statements and the management report were verified, mainly on the basis of spot checks. The audit comprised the assessment of the annual accounts included in the consolidated financial statements, the cut-off of the consolidation scope, the accounting and consolidation principles and significant estimates made by the Board, as well as evaluating the overall presentation of the consolidated financial statements and the management report. We hold the view that our audit forms an adequately secure basis for our assessment.

Our audit did not cause to any qualification.

In our opinion, the consolidated financial statements are in compliance with generally accepted accounting principles and present a true and fair view of the assets, liabilities, financial position and the results of the Group. In all material respects the joint management report accurately presents the situation of the Group and the risks arising from future developments.

Frankfurt am Main, February 22, 2005

Deloitte & Touche GmbH  
Wirtschaftsprüfungsgesellschaft



Fröhlich  
Auditor



Brandt  
Auditor

# Equity Holdings

at December 31, 2004 for Dürkopp Adler Aktiengesellschaft and the Group

Number	Name and based in	Equity interest AG in %	Equity interest Group in %	Equity capital* (in thousand EUR)	Result after Taxes* (in thousand EUR)
<b>Germany</b>					
1	Dürkopp Fördertechnik GmbH, Bielefeld	100.00	100.00	2,045	-1,199 **
2	Adler Industrienähmaschinen Verkauf GmbH, Bielefeld	100.00	100.00	101	1
3	Beisler GmbH, Hösbach	100.00	100.00	950	128
<b>Europe</b>					
4	Dürkopp Adler France S.A.S., Paris, France	100.00	100.00	2,895	98
5	Dürkopp Adler Italia S.r.l., Milan, Italy	99.00	99.00	2,859	-242
6	Dürkopp Adler Austria GmbH, Vienna, Austria	100.00	100.00	77	10
7	Dürkopp Adler Polska Sp. z o.o., Wroclaw, Poland	100.00	100.00	-178	100
8	S.C. Dürkopp Adler masini de cusut S.R.L., Sangeorgiu de Mures, Romania	100.00	100.00	1,877	-329
9	Minerva Boskovice, a.s., Boskovice, Czech Republic	87.88	87.88	7,983	477
10	Dürkopp Adler Ukraina Ltd., Kiev, Ukraine	97.26	97.26	90	2
<b>America</b>					
11	Dürkopp Adler Tecnologia de Costura Ltda., Sao Paulo, Brazil	100.00	100.00	-2,697	-6
12	Dürkopp Adler Mexico S.A. de C.V., Mexico City, Mexico	0.00	99.90	-1,777	-521
13	Dürkopp Adler America, Inc., Atlanta, USA	100.00	100.00	2,133	669
<b>Asien</b>					
14	Dürkopp Adler Far East Ltd., Hong Kong, China	100.00	100.00	301	65
15	Dürkopp Adler International Trading (Shanghai) Co. Ltd., Shanghai, China	100.00	100.00	-188	-365

\* The values correspond to the financial statements prepared in accordance with country-specific regulations.  
For international companies, equity capital and results are converted using the mean exchange rate on the balance sheet date.

\*\* Profit/Loss transfer agreement with Dürkopp Adler AG and making use of the non-disclosure option in accordance with Article 264, para. 3 of the German Commercial Code.

Dürkopp Adler Group		German Commerical Code			US-GAAP		German Com
		1998	1999	2000	2000	2001	2001
<b>Sales</b>	million EUR	<b>218.4</b>	<b>178.6</b>	<b>198.3</b>	<b>203.1</b>	<b>179.1</b>	<b>173.5</b>
of which: international	%	76.0	80.9	79.9	80.4	84.5	84.5
<b>Order position</b>							
Ordes received	million EUR	210.1	167.0	223.2	223.2	166.0	166.0
Orders on hand	million EUR	44.2	33.1	58.3	53.5	40.7	46.2
<b>Personnel expenses</b>	million EUR	<b>83.4</b>	<b>76.6</b>	<b>77.7</b>	<b>79.2</b>	<b>74.9</b>	<b>73.2</b>
<b>Employees</b>							
At year end		2,822	2,503	2,402	2,402	2,493	2,493
Average on year		2,747	2,675	2,441	2,441	2,463	2,463
Material expenses	million EUR	86.6	59.9	74.6	80.2	65.3	65.7
Operational result*	million EUR	-	-	-	-	-	-
<b>EBIT</b>	million EUR	<b>21.6</b>	<b>-3.5</b>	<b>10.8</b>	<b>6.8</b>	<b>4.4</b>	<b>4.0</b>
Interest balance	million EUR	-4.7	-5.3	-5.5	-2.9	-2.2	-4.7
<b>Result from ordinary operations</b>	million EUR	<b>13.2</b>	<b>-6.2</b>	<b>5.3</b>	<b>3.9</b>	<b>2.2</b>	<b>-0.7</b>
Extraordinary result	million EUR	3.7	-2.6	-	-	-	-
<b>Earnings before taxes</b>	million EUR	<b>16.9</b>	<b>-8.8</b>	<b>5.3</b>	<b>3.9</b>	<b>2.2</b>	<b>-0.7</b>
Taxes on earnings	million EUR	-5.4	-3.7	-0.1	-4.7	-0.6	-1.1
<b>Net profit/loss for year</b>	million EUR	<b>11.5</b>	<b>-12.5</b>	<b>5.2</b>	<b>-1.0</b>	<b>1.5</b>	<b>-1.8</b>
<b>Fixed assets</b>	million EUR	<b>53.6</b>	<b>52.5</b>	<b>46.0</b>	<b>43.8</b>	<b>43.9</b>	<b>47.5</b>
Ratio to balance sheet total	%	32.7	35.7	31.1	27.8	28.6	31.2
Tangible and intangible fixed assets (book value)	million EUR	53.1	52.1	45.6	43.4	43.5	47.1
- Investments	million EUR	12.4	7.7	5.3	5.3	7.9	7.9
- Depreciation	million EUR	8.1	8.4	8.5	8.5	8.0	7.6
<b>Current assets and prepaid expenses</b>	million EUR	<b>110.3</b>	<b>94.5</b>	<b>101.7</b>	<b>113.7</b>	<b>109.7</b>	<b>104.8</b>
Ratio to balance sheet total	%	67.3	64.3	68.9	72.2	71.2	68.8
Inventories	million EUR	64.3	51.9	52.6	46.6	53.0	57.4
<b>Equity</b>	million EUR	<b>43.6</b>	<b>25.7</b>	<b>31.2</b>	<b>30.7</b>	<b>31.5</b>	<b>32.9</b>
Ratio to balance sheet	%	26.6	17.5	21.1	19.5	20.5	21.6
Subscribed capital	million EUR	21.0	21.0	21.0	21.0	21.0	21.0
<b>Borrowings</b>	million EUR	<b>120.3</b>	<b>121.3</b>	<b>116.5</b>	<b>126.8</b>	<b>122.1</b>	<b>119.4</b>
Ratio to balance sheet total	%	73.4	82.5	78.9	80.5	79.5	78.4
Provisions	million EUR	56.3	53.4	55.0	67.6	68.5	57.0
Liabilities and deferred income	million EUR	62.2	66.2	59.9	57.9	52.0	58.9
which: bank loans and overdrafts	million EUR	30.6	40.1	18.9	18.9	21.5	21.5
<b>Balance sheet total</b>	million EUR	<b>163.9</b>	<b>147.0</b>	<b>147.7</b>	<b>157.5</b>	<b>153.6</b>	<b>152.3</b>
<b>Key data</b>							
Sales per employee	thousand EUR	79.5	66.8	81.2	83.2	72.7	70.4
Personnel expenses per employee	thousand EUR	30.4	28.6	31.8	32.4	30.4	29.7
Return on Capital Employed	%	20.0	-0.6	10.4	5.7	3.8	3.7
Operational Return on Capital Employed*	%	-	-	-	-	-	-
Return on sales	%	7.7	-4.9	2.7	1.9	1.2	-0.4
Operational return on sales*	%	-	-	-	-	-	-
Profit per share (US-GAAP)	EUR	-	-	-	-0.12	0.18	-
Profit per share (DVFA/SG)	EUR	1.09	-0.60	0.93	-	-	-0.09
Cash earnings (DVFA/SG)	million EUR	16.3	-1.8	11.5	6.8	10.7	2.7
Financial strength (cash earnings to sales)	%	7.5	-1.0	5.8	3.3	6.0	1.6
Added value	million EUR	105.0	73.1	88.5	85.9	79.3	77.2

\* Key data only calculated from 2002

Numberical Code	Dürkopp Adler Group		
2002	2003	2004	
<b>154.8</b>	<b>145.7</b>	<b>133.2</b>	<b>Sales</b>
84.6	83.8	84.0	of which: international
			<b>Order position</b>
144.5	122.6	135.7	Ordes received
35.6	14.2	16.5	Orders on hand
<b>67.3</b>	<b>60.6</b>	<b>54.3</b>	<b>Personnel expenses</b>
			<b>Employees</b>
2,272	2,009	1,841	At year end
2,374	2,160	1,929	Average on year
58.3	50.1	48.7	Material expenses
4.4	0.4	1.0	Operational result*
<b>0.9</b>	<b>-3.3</b>	<b>-0.8</b>	<b>EBIT</b>
-2.0	-1.6	-1.2	Interest balance
<b>-1.1</b>	<b>-4.9</b>	<b>-2.0</b>	<b>Result from ordinary operations</b>
-	-4.5	-3.0	Extraordinary result
<b>-1.1</b>	<b>-9.4</b>	<b>-5.0</b>	<b>Earnings before taxes</b>
-1.5	-0.7	-0.2	Taxes on earnings
<b>-2.6</b>	<b>-10.1</b>	<b>-5.2</b>	<b>Net profit/loss for year</b>
<b>45.2</b>	<b>42.5</b>	<b>39.3</b>	<b>Fixed assets</b>
33.1	33.8	36.1	Ratio to balance sheet total
			Tangible and intangible fixed assets (book value)
43.4	40.1	37.5	
4.5	3.7	3.3	- Investments
6.5	5.7	6.6	- Depreciation
<b>91.2</b>	<b>83.3</b>	<b>69.5</b>	<b>Current assets and prepaid expenses</b>
66.9	66.2	63.9	Ratio to balance sheet total
52.7	40.5	32.0	Inventories
<b>27.7</b>	<b>20.9</b>	<b>15.7</b>	<b>Equity</b>
20.3	16.6	14.4	Ratio to balance sheet
21.0	21.0	21.0	Subscribed capital
<b>108.7</b>	<b>104.9</b>	<b>93.1</b>	<b>Borrowings</b>
79.7	83.4	85.6	Ratio to balance sheet total
51.5	54.6	51.8	Provisions
53.6	50.3	41.3	Liabilities and deferred income
11.2	13.2	6.2	which: bank loans and overdrafts
<b>136.4</b>	<b>125.8</b>	<b>108.8</b>	<b>Balance sheet total</b>
			<b>Key data</b>
65.2	67.1	69.1	Sales per employee
28.3	27.9	28.2	Personnel expenses per employee
0.8	-3.3	-0.9	Return on Capital Employed
			Operational Return on Capital Employed*
3.7	0.4	1.0	
-0.7	-3.4	-1.5	Return on sales
2.8	0.3	0.8	Operational return on sales*
-	-	-	Profit per share (US-GAAP)
-0.04	-0.70	-0.39	Profit per share (DVFA/SG)
4.4	-1.8	2.8	Cash earnings (DVFA/SG)
			Financial strength (cash earnings to sales)
2.8	n.a.	2.1	
68.2	52.8	50.6	Added value



# Contact

## Financial Calendar

Shareholders' Meeting 2005 in Bielefeld: June 1, 2005  
Interim Report 1. Half of 2005: August 2005

## Contact us

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