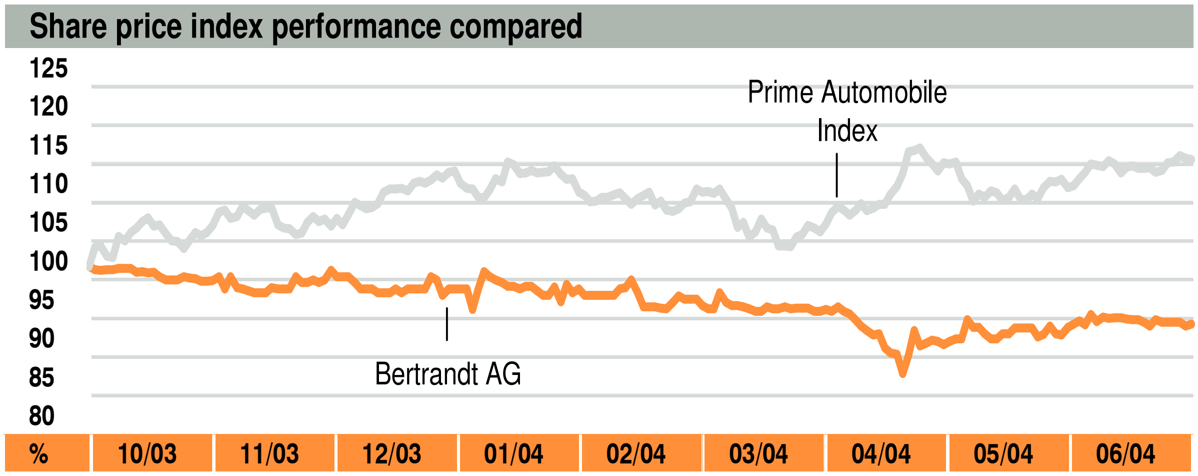
bertrandt

Fiscal 2003/2004

Report on the third quarter – ended June 30, 2004

The quarter at a Glance

Consolidated figures	01/10/03 - 30/06/04	01/10/02 - 30/06/03
Total output (EUR '000)	166,568	169,116
Profit from operations (EBIT) (EUR '000)	3,792	3,203
Profit from ordinary activities (EBT) (EUR '000)	2,547	1,482
Net income (EUR '000)	1,256	406
Cash flow (EUR '000)	9,396	9,513
Capital spending (EUR '000)	7,103	5,222
Stockholders' equity (June 30, 2004) (EUR '000)	50,357	50,289
Equity ratio (June 30, 2004) (%)	37%	36%
Number of employees (June 30, 2004)	3,012	3,095
Market price (June 30, 2004) (EUR)	13.50	15.83
Highest market price (EUR)	15.34	17.80
Lowest market price (EUR)	11.95	15.35



Business trends

Ehningen-based Bertrandt AG was able to hold its own under difficult market conditions. In the first nine months (1 October 2003 to 30 June 2004), the Company generated total consolidated revenues of EUR 166.6 million (EUR 169.1 million in the previous year). Owing to the absence of the economic recovery anticipated for 2004 and the consequently flat level of consumer demand, various carmakers and systems suppliers have shown reticence in awarding contracts. Bertrandt continues to restructure in response to the underlying economic conditions. One of the results was a significant year-on-year improvement in the earnings of Zapadtka + Ritter. The difficult market conditions did, by contrast, affect our foreign subsidiaries, as reflected in their unsatisfactory results.

Based on resolute cash management, Bertrandt again succeeded in reducing receivables and debt in the period under report.

Financials

The quarterly report presented here was prepared pursuant to International Financial Reporting Standards (IFRS). Consolidated operating profit for the first nine months came to EUR 3.8 million (EUR 3.2 million in the previous year). Application for the first time of the recently approved IFRS 3 guideline meant the disappearance of goodwill amortisation amounting to a pro rata temporis figure of EUR 0.8 million. We assess the sustained value of tangible and intangible assets by applying annual impairment tests. Thanks to an improved financial result as well as a lower tax rate, consolidated net profit came to EUR 1.3 million. Capital expenditure amounted to EUR 7.1 million (EUR 5.2 million) and was fully covered by cash flow. Among other things, Bertrandt invested in project management software as well as CAD software.

Reporting by division

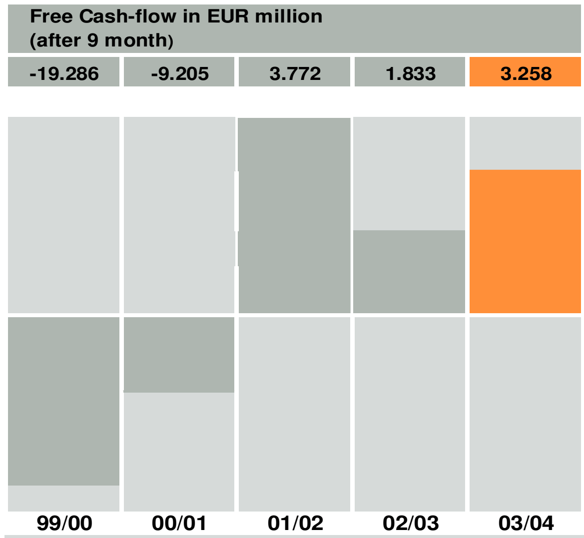
The revenues of the Physical Engineering division rose to EUR 42.9 million, up from EUR 39.1 million. The result improved from a loss of EUR -0.9 million to profit of EUR 1.3 million an outcome due among other factors to the better contribution to earnings from Zapadtka + Ritter GmbH & Co. KG.

The Digital Engineering division's 3rd-quarter revenues were up from EUR 34.9 million to EUR 35.1 million. The downturn of the 2nd quarter, from EUR 35.6 to 25.4 million, was thus reversed. However, revenues were down slightly after nine months, from EUR 102.9 to 94.6 million. The temporary postponement of projects by manufacturers and component suppliers was one of the factors responsible for this development.

The Electrical Systems/Electronics division was able to generate further growth in the nine-month period. The revenues of this division rose from EUR 15.9 to 18.9 million.

Capital and reserves

The equity ratio of 37% remained at a consistently high level. Under the staff share-option programme, the Group held 35,622 treasury shares on the closing date for the quarter, which were netted against capital and reserves with no impact on earnings.



Consolidated statement of cash flow

The Company recorded positive free cash flow of EUR 3.3 million after nine months (up from EUR 1.8 million in the previous year). Year on year, receivables and other assets were down by EUR 5.8 million on 30 June 2004.

On the other hand, there was an increase in inventories due primarily to major projects that could not be invoiced until subsequent periods.

Employees

Bertrandt AG employed 3,012 people at the end of the 3rd quarter of 2004 (3,095 in the previous year). The qualifications and expertise of its employees are among the principal factors behind the success of Bertrandt's business model. Spending on advanced training amounted to EUR 1.1 million. The emphasis in this regard was on project and process management as well as advanced training in specialist fields.

Outlook

Trends on the car industry's global markets remain fraught with uncertainty. Bertrandt will, regardless of this situation, continue to forge ahead with its efforts to steadily improve its range of products and services. Bertrandt's business model, which is based on the four pillars of "Supporting Services" "Module Development," "Specialized Services" and "Derivative Development," as well as proximity to the customer and service orientation will contribute to the Company's ability to operate as a successful enterprise in the market in the future as well. The Company's financial stability is also a crucial factor in this regard.

Consolidated Income Statement for the third quarter 2003/04

	Q3 2003/04	Q3 2002/03	Q1-3 2003/04	Q1-3 2002/03
EUR '000				
Sales	**52,376**	**51,754**	**156,318**	**157,837**
Changes in inventories of completed work and work in progress	1,286	3,201	10,010	10,685
Work performed and capitalised	103	314	240	594
Total output	**53,765**	**55,269**	**166,568**	**169,116**
Other operating income	1,019	1,092	3,220	3,482
Raw materials and consumables used	-4,855	-6,571	-18,359	-24,173
Staff costs	-37,066	-36,669	-110,048	-108,603
Depreciation and amortisation expense	-1,997	-2,931	-7,923	-9,032
Other operating expense	-9,508	-9,058	-29,666	-27,587
Profit from operations	**1,358**	**1,132**	**3,792**	**3,203**
Finance costs	-436	-625	-1,245	-1,721
Profit from ordinary activities	**922**	**507**	**2,547**	**1,482**
Other taxes	-112	-96	-284	-418
Profit before income tax	**810**	**411**	**2,263**	**1,064**
Income tax expense	-399	-331	-1,007	-658
Consolidated net profit	**411**	**80**	**1,256**	**406**
Minority interests	82	252	230	507
Consolidated net profit after minority interests	**493**	**332**	**1,486**	**913**
Number of shares in thousands (basic, average weighting)	10,064	10,057	10,064	10,056
Number of shares in thousands (diluted, average weighting)	10,125	10,117	10,125	10,116
Earnings per share - basic (EUR)	0.05	0.03	0.15	0.09
Earnings per share - diluted	0.05	0.03	0.15	0.09

Segment Reporting by Division for the third quarter 2003/04

	Q3 2003/04	Q3 2002/03	Q3 2003/04	Q3 2002/03	Q3 2003/04	Q3 2002/03	Q3 2003/04	Q3 2002/03
EUR '000								
Sales	35,144	34,886	12,414	10,863	4,818	6,025	52,376	51,754
Profit from operations	135	1,091	869	-343	354	384	1,358	1,132

Segment Reporting by Division for the first nine months 2003/04

	Digital Engineering		Physical Engineering		Electrical Systems/Electronics		Total of all divisions	
	Q1-3 2003/04	Q1-3 2002/03	Q1-3 2003/04	Q1-3 2002/03	Q1-3 2003/04	Q1-3 2002/03	Q1-3 2003/04	Q1-3 2002/03
EUR '000								
Sales	94,595	102,888	42,833	39,081	18,890	15,868	156,318	157,837
Profit from operations	1,098	2,991	1,305	-894	1,389	1,106	3,792	3,203

Consolidated Balance Sheet on 30/06/2004

	30/06/2004	30/09/2003
EUR '000		
Assets		
Non-current assets	**47,977**	**49,070**
Intangible assets	12,996	12,248
Property, plant and equipment	34,103	35,831
Financial assets	878	991
Current assets	**85,991**	**82,686**
Inventories	25,042	16,121
Receivables and other assets	50,373	56,196
Cash and cash equivalents	7,283	7,208
Deferred taxes	3,293	3,161
Prepaiments	**3,857**	**2,379**
Total assets	**137,825**	**134,135**
Equity and liabilities		
Capital and reserves	**50,357**	**50,335**
Issued Capital	10,064	10,064
Share premium	26,180	26,180
Retained earnings	9,714	9,673
Consolidated distributable profit	4,399	4,418
Minority interests	**8**	**150**
Provisions	**19,140**	**17,548**
Provisions for post-employment benefits	1,328	1,112
Tax provisions	1,459	3,036
Other provisions	16,353	13,400
Liabilities	**65,048**	**64,585**
Finance debt	41,217	42,644
Trade payables	6,482	5,346
Other liabilities	11,276	10,933
Deferred taxes	6,073	5,662
Deferred Income	**3,272**	**1,517**
Total equity and liabilities	**137,825**	**134,135**

Consolidated Statement of Changes in Capital and Reserves on June 30, 2004

	Issued Capital	Share premium	Retained earnings	Stock	Distributable Profit	Total
EUR '000						
On 01/10/2002	**10,056**	**26,131**	**11,939**	**-963**	**3,696**	**50,859**
Equity issues	1	8				9
Dividend payment					-1,502	-1,502
Consolidated net income					406	406
Other non-operative changes			57	142	508	707
Currency differences			-190			-190
On 30/06/2003	**10,057**	**26,139**	**11,806**	**-821**	**3,108**	**50,289**
On 01/10/2003	**10,064**	**26,180**	**10,493**	**-820**	**4,418**	**50,335**
Equity issues						
Dividend payment					-1,504	-1,504
Consolidated net income					1,256	1,256
Other non-operative changes			56	139	229	424
Currency differences			-154			-154
On 30/06/2004	**10,064**	**26,180**	**10,395**	**-681**	**4,399**	**50,357**

Consolidated Cash Flow Statement from 1/10/03 to 30/06/04

		Q1-3 2003/04	Q1-3 2002/03
	EUR '000		
1.	**Earnings for the period (including minority interests before exeptional items**	**1,256**	**406**
2.	Writedowns on non-current assets	7,923	9,032
3.	Changes in provisions	1,592	-4,208
4.	Other non-cash expenses/income	-275	846
5.	Gain/loss on disposal of non-current assets	-53	-24
6.	Change in inventories, trade receivables and other assets not assigned to investing or financing activities	-4,576	1,388
7.	Change in trade payables and other liabilities not assigned to investing or financing activities	3,233	-668
8.	**Cash flows from operating activities (1.-7.)**	**9,100**	**6,772**
9.	Payments received from disposal of property, plant and equipment	207	283
10.	Payments received from disposal of financial assets	465	0
11.	Payments made for investments in property, plant and equipment	-4,133	-3,538
12.	Payments made for investments in intangible assets	-1,963	-1,649
13.	Payments made for investments in financial assets	-338	-35
14.	**Cash flow from investing activities (9.-13.)**	**-5,762**	**-4,939**
15.	Payments received from issue of capital	139	152
16.	Payments made to shareholders and minority shareholders	-1,504	-1,502
17.	Payments received from issue of debt instruments and raising loans	3,000	2,506
18.	Payments made for discharging debt instruments and repaying loans	-4,898	-4,370
19.	**Cash flows from financing activities**	**-3,263**	**-3,214**
20.	Changes in cash and cash equivalents (8.+14.+19.)	75	-1,381
21.	Cash and cash equivalents at beginning of period	7,208	6,552
22.	**Cash and cash equivalent at end of period (20.+21.)**	**7,283**	**5,171**

Stock owned by Management and Supervisory Board Members

	On 30/06/2004		On 30/09/2003	
	Shares	Convertible loans	Shares	Convertible loans
Management Board				
Dietmar Bichler	2,054,520	0	2,054,520	0
Peter Dorling	2,710	12,000	87,310	12,000
Ralph Jacoby	6,300	28,000	81,300	28,000
Jürgen Michels	0	12,000	87,810	12,000
Ulrich Subklew	0	12,000	84,630	12,000
Supervisory Board				
Dr. Klaus Bleyer	0	0	0	0
Maximilian Wölfle	0	0	0	0
Heinz Kenkmann	1,928,664	0	1,928,664	0
Dr.-Ing. Wilfried Sihn	0	0	0	0
Martin Pfuhler	480	0	480	0
Daniela Brei	117	0	95	0
Total	**3,992,791**	**64,000**	**4,324,809**	**64,000**

Notes

IFRS-based consolidated balance sheet

The Company has met the requirements for exemption from the obligation to compile consolidated financial statements pursuant to § 292a of the German Commercial Code.

The following accounting and evaluation methods that differ from German law are included in the quarterly report:

- Purchases and sales of treasury stock are treated as not having any impact on earnings.
- Conversion of foreign-currency receivables and liabilities at the rates prevailing on the closing date and the resulting changes in value are treated as having an impact on earnings.
- Proportional booking of profits on customer orders depending on how far the project has progressed.
- Longer-term provisions are applied at their cash value.
- "Other provisions" are not set aside if the likelihood of their being utilized is less than 50%.
- The asset value and outstanding liability on finance leasing agreements are capitalised pursuant to the allocation criteria of IAS 17.
- Pension provisions are valued according to the projected-unit-credit method while taking account of the future trend in salaries and the corridor rule pursuant to IAS 19.

In addition to Bertrandt AG, the consolidated companies comprise all the subsidiaries operating in the Company's core business involving automotive development work. Specifically, these are the following domestic companies: the Bertrandt Ingenieurbüro GmbH limited companies in Gaimersheim, Ginsheim-Gustavsburg, Hamburg, Cologne, Munich, Neckarsulm and Tappenbeck, Bertrandt Technikum GmbH as well as Bertrandt Projektgesellschaft mbH in Ehningen. Other companies in Germany include Zapadtka + Ritter GmbH & Co. KG and Zapadtka + Ritter Geschäftsführungs GmbH.

The companies outside Germany that are consolidated are Bertrandt France S.A. and Bertrandt S.A. in Paris, Bertrandt S.A. in Sochaux, Bertrandt UK Ltd. in Leamington Spa, Bertrandt Spain S.A. (formerly Novel Bertrandt S.A.), Bertrandt Sweden AB as well as Bertrandt US Inc.

Also included, and carried at equity, were Bertrandt Entwicklungen AG & Co. OHG as well as Bertrandt Automotive GmbH & Co. KG.

Total assets on June 30, 2004 were down marginally on September 30, 2003, i.e. by EUR 3.7 million to EUR 137.8 million. This increase is mainly attributable to funds tied up in current assets as well as their financing on the liabilities side.

Financial Calender 2004/2005

September 2004:

15/09: Capital Conference, Bankhaus Metzler, Frankfurt

30/09: Capital Conference, HVB, Munich

December 2004:

09/12: Roadshow Zurich

16/12: Press Conference, Stuttgart

January 2005:

19/01: Analyst Meeting

February 2005:

15/02: Announcement of Q2 Report 2004/2005

16/02: AGM, Sindelfingen

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