

Three-Months'-Report

October 1, 2004 through December 31, 2004

ENERGY SERVICES

ENERGY CONTRACTING

IT SERVICES

At a glance

in EUR million IFRS unaudited	Q1 2004/2005	Q1 2003/2004
Revenue	92.6	89.9
EBIT	10.0	9.8
EBITDA	22.3	22.2
Net income for the period	4.6	3.5
Depreciation (plant and equipment and rental equipment)	12.3	12.3
Capital expenditure (plant and equipment and rental equipment)	11.6	13.3
Operating cash flow	-3.5	-11.5
Total assets	544.0	538.3
Shareholders' equity	171.1	128.9
Equity ratio (in%)	31.5%	23.9%

	Q1 2004/2005	Q1 2003/2004
Number of homes serviced (million)	6.7	6.7
Number of installed devices (million)	37.0	36.8
Germany	28.0	28.1
International	9.0	8.7
Customers	611,000	607,000
Employees ¹	2,174	2,257

¹ excluding commercial representative offices in Germany

The Techem share

During the period under review, October 1, 2004 through December 31, 2004, the Techem share price increased by 20.6% (XETRA closing price as at December 30, 2004: EUR 26.75). During the same period the DAX rose by 6.6% and the MDAX by 6.1%.

Revenue

Revenue rose by 3.0% to EUR 92.6 million in the first three months of fiscal year 2004/2005 (Q1 2003/2004: EUR 89.9 million). The core business area Energy Services contributed EUR 77.6 million (an increase of 0.5%), the business area Energy Contracting EUR 13.3 million (an increase of 22.0%) and IT Services EUR 1.7 million (a decrease of 5.6%).

Revenue by business areas

in EUR million	Q1 2004/2005	Q1 2003/2004 1.10.03-31.12.03
Energy Services	77.6	77.2
Energy Contracting	13.3	10.9
IT Services	1.7	1.8
Total	92.6	89.9

In the core business area Energy Services revenue stemmed from the following four revenue pillars:

Revenue Energy Services

in EUR million	Q1 2004/2005	Q1 2003/2004
Billing services	31.5	31.0
Equipment rental	29.2	28.8
Equipment sales	10.3	10.8
Maintenance	6.6	6.6
Total	77.6	77.2

In the most important region Germany, the core business area Energy Services achieved the following revenue:

Revenue Energy Services Germany

in EUR million	Q1 2004/2005	Q1 2003/2004
Billing services	27.5	26.9
Equipment rental	28.4	28.6
Equipment sales	3.8	4.6
Maintenance	6.4	6.4
Total	66.1	66.5

International revenue

Revenue in the international business in the first three months of fiscal 2004/2005 increased by 7.5% to EUR 11.5 million (previous year: EUR 10.7 million). In the three-month period, the Eastern European markets contributed EUR 4.5 million to international revenue (an increase of 7.1%). Western Europe (excluding Germany) achieved EUR 7.0 million (an increase of 7.7%).

Revenue Europe (excluding Germany)

in EUR million	Q1 2004/2005	Q1 2003/2004
Western Europe (excluding Germany)	7.0	6.5
Eastern Europe	4.5	4.2
Total	11.5	10.7

EBIT

For the period October 1, 2004 through December 31, 2004, EBIT amounted to EUR 10.0 million, representing a year-on-year increase of 2.0% compared to previous year's EUR 9.8 million.

Net income for the period

In the first three months of the fiscal year 2004/2005, net income amounted to EUR 4.6 million (previous year: EUR 3.5 million), representing an increase of 31.4%. Among other due to the once more reduced level of net debt of the Company, the financial result improved by EUR 1.1 million.

Capital expenditure

In the first three months of fiscal 2004/2005, Group capital expenditure amounted to EUR 11.6 million (previous year: EUR 13.3 million).

Capital expenditure consisted of:

in EUR million	Q1 2004/2005	Q1 2003/2004
Intangible assets	1.2	1.7
Tangible assets	3.4	4.0
Rental equipment	7.0	7.6
Financial assets	0.0	0.0
Total	11.6	13.3

Business areas

Energy Services

Measuring and billing of energy and water consumption as well as equipment sales, rental and maintenance of devices; Home Automation

Installed base (installed, invoiced and billed devices)

As at December 31, 2004, Techem provided services to about 611,000 customers with 6.7 million apartments spread across Europe. About 37.0 million meter readings were taken by our employees in order to issue consumption-based bills.

Installed base Europe

Devices in million	Dec. 31, 2004	Dec. 31, 2003
Radio-controlled devices	5.2	3.6
Electronic devices	12.5	12.7
Water meters	6.5	6.7
Evaporators	12.8	13.8
Total	37.0	36.8

The decisive advantages of radio-controlled meter readings (lower meter-reading mistakes and saving of time) led to a further increase in radio-controlled devices installed. As of December 31, 2004, radio-controlled devices accounted for a 14.1% share of the total installed base Europe (December 31, 2003: 9.8%).

Installed base Germany

Devices in million	Dec. 31, 2004	Dec. 31, 2003
Radio-controlled devices	5.0	3.5
Electronic devices	9.0	9.5
Water meters	5.6	5.8
Evaporators	8.4	9.3
Total	28.0	28.1

In fiscal year 2004, a total of 1.5 million new radio-controlled devices was installed compared to 1.0 million in 2003. Thus, the share of radio-controlled devices in the installed base Germany as at December 31, 2004 increased to 17.9 % (December 31, 2003: 12.5%).

Equipment sales (invoiced devices, not yet billed)

Equipment sales in total stabilized. In Europe, equipment sales for the first three months of fiscal year 2004/2005 amounted to about 0.7 million devices as was the case in the comparable period of last year. In the first three months of fiscal 2004/2005, sales in Germany remained unchanged with 0.6 million devices year-on-year.

Equipment sales Europe

Devices in million	Q1 2004/2005	Q1 2003/2004
Radio-controlled devices	0.3	0.3
Electronic devices	0.2	0.2
Water meters	0.2	0.2
Evaporators	0.0	0.0
Total	0.7	0.7

The share of radio-controlled devices in the equipment sales Europe was 42.9%, the same as last year.

Equipment sales Germany

Devices in million	Q1 2004/2005	Q1 2003/2004
Radio-controlled devices	0.3	0.3
Electronic devices	0.1	0.1
Water meters	0.2	0.2
Evaporators	0.0	0.0
Total	0.6	0.6

The share of radio-controlled devices in equipment sales Germany as at December 31, 2004 was 50.0% (December 31, 2003: 50.0%).

Meanwhile, about 978,000 households (previous year: 789,000) have been equipped with the radio-controlled system. The number of delivered radio-controlled devices was 5.7 million as at December 31, 2004. The variation in the numbers of delivered and installed devices of 0.5 million is caused by a time lapse in billing.

Rental and maintenance of devices

The rental contracts cover a base comprising 13.6 million devices (previous year: 13.0 million devices), which corresponds to 48.6% of the 28.0 million devices installed in Germany. 4.7 million devices with maintenance contracts (previous year: 4.6 million devices) represent 16.8% of the installed base in Germany.

Outside Germany, rental and maintenance contracts are only being offered in Austria, Belgium and Switzerland at present and on a modest scale.

Energy Contracting

The supplying of heat, cold and electricity under contracting agreements; modular range of services from planning, financing and installation to the operation of energy-producing facilities, including maintenance, conservation and the billing of consumption.

As at December 31, 2004, 807 heating supply contracts (December 31, 2003: 667) represented a thermal connection capacity of approximately 528 Megawatts (December 31, 2003: 427 Megawatts).

IT Services

Software-based applications for the housing industry.

Around 300 customers are working with the software wadis thereby servicing more than one million residential and commercial property units.

Outlook

Based on today's information, the Techem Group expects for fiscal year 2004/2005 organic revenue of between EUR 458 and 461 million and EBIT of between EUR 86 and 88 million.

Net debt at the end of fiscal year 2004/2005 should amount to between approximately EUR 175 and 190 million.

Techem AG, Consolidated Balance Sheet (IFRS, unaudited)

Assets in EUR thousand	Dec. 31, 2004	Dec. 31, 2003	Sept. 30, 2004
Cash and cash equivalents	13,954	12,686	14,439
Trade accounts receivable	165,723	162,250	159,129
Other receivables	12,498	7,999	11,329
Inventories	17,298	19,915	17,611
Tax receivables	3,381	2,787	2,379
Total current assets	212,854	205,637	204,887
Rental equipment	133,390	137,534	134,999
Property, plant and equipment	56,675	54,510	55,847
Intangible assets	124,118	120,614	125,297
Shares in associated companies	20	1,095	20
Non-current receivables and other non-current financial assets	6,354	6,276	6,213
Deferred tax assets	10,549	12,680	10,556
Total non-current assets	331,106	332,709	332,932
Total assets	543,960	538,346	537,819

Equity and liabilities in EUR thousand	Dec. 31, 2004	Dec. 31, 2003	Sept. 30, 2004
Trade accounts payable	9,187	10,482	16,409
Other liabilities	13,334	15,449	19,365
Financial liabilities	35,266	64,711	36,936
Provisions	54,484	39,223	52,200
Tax liabilities	2,791	3,860	4,817
Total current liabilities	115,062	133,725	129,727
Financial liabilities	206,387	233,425	190,637
Other liabilities	847	453	1,097
Pension provisions	12,966	12,991	12,936
Provisions	33,161	22,842	32,406
Deferred tax liabilities	4,416	6,023	4,454
Total non-current liabilities	257,777	275,734	241,530
Share capital	24,681	24,681	24,681
Capital reserve	59,711	59,711	59,711
Retained earnings	86,557	41,496	81,680
Minority interest	172	2,999	490
Total shareholders' equity	171,121	128,887	166,562
Total equity and liabilities	543,960	538,346	537,819

(The accompanying notes are an integral part of these financial statements.)

Techem AG, Consolidated Income Statement (IFRS, unaudited)

in EUR thousand	Q1 2004/2005	Q1 2003/2004
Revenue	92,626	89,912
Cost of sales	52,712	52,108
Gross profit	39,914	37,804
Distribution costs	14,644	13,770
General and administrative expenses	12,834	12,753
Other operating income	1,228	1,450
Other operating expenses	1,847	1,280
Research and development expenses	1,782	1,606
EBIT	10,035	9,845
Net share of profit of associates	0	46
Other financial results	8	51
Net interest expense	-2,515	-3,641
Result before income tax (and minority interest)	7,528	6,301
Income tax expense	2,897	2,771
Net income for the period	4,631	3,530
attributable to Techem shareholders	4,603	3,508
attributable to minority shareholders	28	22
Earnings per share in EUR	0.19	0.14
Diluted earnings per share in EUR	0.19	0.14

(The accompanying notes are an integral part of these financial statements.)

Techem AG, Consolidated Cash Flow Statement (IFRS, unaudited)

in EUR thousand	Q1 2004/2005	Q1 2003/2004
Net income for the period	4,631	3,530
Cash flows from operating activities		
Depreciation	12,320	12,336
Deferred taxes	-2	130
Gains/losses on sales of assets	337	282
Changes in long-term receivables	-141	-265
Changes in long-term liabilities	-251	-242
Changes in pension provisions and other long-term provisions	785	765
Unrealized losses from financial instruments	-740	-241
Debt acquisition costs	208	208
Changes in accounts receivable, short-term	9,371	7,423
Changes in unbilled receivables	-15,965	-15,511
Changes in other receivables	-2,170	-901
Changes in inventories	312	1,332
Changes in trade accounts payable	-7,222	-603
Changes in other current liabilities	-7,250	-13,133
Changes in short-term provisions	2,251	-1,685
Changes in tax accruals	32	-4,890
Cash provided by operating activities	-3,494	-11,465
Cash flows from investing activities		
Changes in minority interest	0	-2
Purchase of fixed and intangible assets	-11,413	-13,254
Proceeds from sale of fixed and intangible assets	1,047	856
Net cash used in investing activities	-10,366	-12,400
Free cash flow	-13,860	-23,865
Cash flows from financing activities		
Changes in finance lease liabilities	-781	-726
Net repayment of borrowings	14,502	21,302
Dividends paid	-346	-63
Net cash provided by financing activities	13,375	20,513
Net changes in cash and cash equivalents	-485	-3,352
Cash and cash equivalents at beginning of period	14,439	16,038
Cash and cash equivalents at end of period	13,954	12,686
Additional information		
Interest payments	3,226	3,319
Income taxes paid	3,095	16,853

(The accompanying notes are an integral part of these financial statements.)

Techem AG, Consolidated Statement of Equity

attributable to shareholders of Techem

	Share Capital No. of shares	Share capital amount '000 EUR	Capital reserve '000 EUR	Retained earnings '000 EUR	Currency translation adjustments '000 EUR	Total share- holders' eq- uity '000EUR	Minority interest '000 EUR	Total equity '000 EUR
Balance at Oct. 1, 2003	24,681,139	24,681	59,711	38,224	-276	122,340	3,042	125,382
Currency translation adjustments					40	40		40
Changes in the minority share- holdings							-2	-2
Dividends							-63	-63
Net income for the period				3,508		3,508	22	3,530
Balance at Dec. 31, 2003	24,681,139	24,681	59,711	41,732	-236	125,888	2,999	128,887
Balance at Oct. 1, 2004	24,681,139	24,681	59,711	81,855	-175	166,072	490	166,562
Currency translation adjustments					274	274		274
Changes in the minority share- holdings							0	0
Dividends							-346	-346
Net income for the period				4,603		4,603	28	4,631
Balance at Dec. 31, 2004	24,681,139	24,681	59,711	86,458	99	170,949	172	171,121

(The accompanying notes are an integral part of these financial statements.)

Techem AG, Consolidated Intangible and Fixed Assets

in EUR thousand	Acquisition cost						Ending balance Dec. 31, 2004
	Opening balance Oct. 1, 2004	Current year additions	Change in scope of consoli- dation	Transfers	Currency	Disposals	
I. Financial assets							
1. Investments in affiliated companies	187						187
2. Loans to affiliated companies	309						309
3. Investments at equity	250						250
	746	0	0	0	0	0	746
II. Fixed assets							
1. Rental equipment	271,337	6,972	0	0	49	-3,994	274,364
2. Property, plant and equipment							
Property and plant	8,069				63		8,132
Technical equipment *)	45,533	513		139	112	-84	46,213
Office equipment **)	88,716	1,696		9	129	-2,507	88,043
Work in progress	2,650	1,305		-148	1	-11	3,797
Subsidies	-4,227	-102					-4,329
	140,741	3,412	0	0	305	-2,602	141,856
III. Intangible assets							
1. Software and licences	69,779	499		1,328	33	-103	71,536
2. Goodwill							
Energy Services	100,722						100,722
Energy Contracting	10,313						10,313
IT Services	12,209						12,209
3. Other intangible assets	10,096						10,096
4. EDP software work in progress	3,219	682		-1,328			2,573
	206,338	1,181	0	0	33	-103	207,449
	619,162	11,565	0	0	387	-6,699	624,415

*) thereof finance leasing book value €1.1m (Dec. 31, 2003 = €1.0m)

**) thereof finance leasing book value €4.4m (Dec. 31, 2003 = €7.0m)

(The accompanying notes are an integral part of these financial statements.)

Techem AG, Consolidated Intangible and Fixed Assets

in EUR thousand	Depreciation / Amortization							Net book value	
	Opening balance Oct. 1, 2004	Current year additions	Change in scope of consolidation	Transfers	Currency	Disposals	Closing balance Dec. 31, 2004	Dec. 31, 2004	Dec. 31, 2003
I. Financial assets									
1. Investments in affiliated companies	184						184	3	3
2. Loans to affiliated companies	309						309	0	0
3. Investments at equity	230						230	20	1,095
	723						723	23	1,098
II. Fixed assets									
1. Rental equipment	136,338	7,266	0	0	38	-2,668	140,974	133,390	137,534
2. Property, plant and equipment									
Property and plant	4,017	56			7		4,080	4,052	4,173
Technical equipment ^{*)}	16,668	784		19	56	-46	17,481	28,732	24,940
Office equipment ^{**)}	65,109	1,904		-19	75	-2,499	64,570	23,473	25,324
Work in progress	0						0	3,797	3,112
Subsidies	-900	-50					-950	-3,379	-3,039
	84,894	2,694	0	0	138	-2,545	85,181	56,675	54,510
III. Intangible assets									
1. Software and licences	40,514	2,153		0	32	-102	42,597	28,939	31,093
2. Goodwill									
Energy Services	32,601						32,601	68,121	66,883
Energy Contracting	6,177						6,177	4,136	4,136
IT Services	416						416	11,793	11,793
3. Other intangible assets	1,333	207					1,540	8,556	6,099
4. EDP software work in progress	0						0	2,573	610
	81,041	2,360	0	0	32	-102	83,331	124,118	120,614
	302,996	12,320	0	0	208	-5,315	310,209	314,206	313,756

^{*)} thereof finance leasing book value €1.1m (Dec. 31, 2003 = €1.0m)

^{**)} thereof finance leasing book value €4.4m (Dec. 31, 2003 = €7.0m)

(The accompanying notes are an integral part of these financial statements.)

TECHEM AG, ESCHBORN

Notes to the Consolidated Three-Months'-Report October 1, 2004 through December 31, 2004

Note 1 – General principles

The accompanying unaudited interim financial statements incorporate the financial statements of Techem AG and its subsidiaries (hereinafter also referred to as the "Company" or the "Techem Group") as at December 31, 2004. Unless stated otherwise, all amounts are in thousands of euros (EUR thousand or '000 EUR).

The consolidated interim financial statements have been prepared in accordance with "International Financial Reporting Standards" (IFRS) of the "International Accounting Standards Board" (IASB), as were the annual financial statements for the year ended September 30, 2004. Furthermore, the consolidated interim financial statements have been prepared in compliance with IAS 34 "Interim Financial Reporting".

The consolidated annual financial statements of Techem AG have been prepared in accordance with IFRS for the first time for the fiscal year ended September 30, 2004. Interim reports prepared during the fiscal year 2003/2004 were in accordance with "United States Generally Accepted Accounting Principles" (U.S. GAAP). All prior year comparatives in this current interim financial statements are stated in accordance with IFRS.

In the annual financial statements for the fiscal year ended September 30, 2004, a reconciliation from U.S. GAAP to IFRS has been prepared in accordance with the provisions of IFRS 1 "First-Time Adoption of International Financial Reporting Standards". A reconciliation from U.S. GAAP to IFRS of the first quarter of the fiscal year 2003/2004 is included in note 3.

All inter-company transactions of entities that are within the scope of consolidation have been eliminated.

The interim financial statements do not contain all information and notes to the financial statements which are required for the consolidated annual financial statements; therefore it has to be read in conjunction with the audited consolidated annual financial statements and notes as of September 30, 2004, which can be found on the internet homepage of the Company.

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses as well as accompanying notes during the reporting period. The actual results could naturally differ from these estimates.

The Board of Directors considers this quarterly report to provide all required information and adjustments for a true and fair view of the Company's net assets, financial position and results of operation. The quarterly results of the current fiscal year do not necessarily indicate future results.

Corporate Governance

Pursuant to § 161 of the German Stock Corporation Act (AktG), the Board of Directors and the Supervisory Board have declared to comply with the recommendations of the "German Corporate Governance Code" with few exceptions. Shareholders are granted permanent access to this declaration via the Company's homepage.

Note 2 – Essential accounting policies

Accounting principles

All published IASB standards have been applied. The Company has exercised all elective rights in respect of the early adoption of standards. The same accounting policies as in the consolidated annual financial statements for the year ended September 30, 2004 have been applied.

Seasonal influences

Billing services are recognized as revenue to the amount of the costs incurred, and upon final billing, the total profit realized at the time of rendering the service is recognized ("zero profit method"). As a result of the measuring activity during the winter months, the final billing to most of the customers of the Company is generated in the months of March, April and July.

Rental and maintenance contracts are fixed-price contracts in accordance with IAS 18 and are deferred on a straight-line basis over the respective contract terms.

Heat supply revenue (Energy Contracting) is recognized to the amount of the cost of the services already rendered while taking a profit margin into account. Unbilled services are accrued.

Changes in the scope of consolidation

On November 8, 2004, a subsidiary "Techem Energy Technology Development (Dalian) Co. Ltd." has been founded in the People's Republic of China and recorded in the Register of Companies in Dalian, China. This is a fully consolidated subsidiary.

Note 3 – Reconciliation U.S. GAAP – IFRS

Reconciliation of the consolidated income statement of the first quarter of the fiscal year 2003/2004:

in EUR million	U.S. GAAP	Effect to transition to IFRS	IFRS
Revenue	88.3	1.6 ¹⁾	89.9
Cost of sales	40.5	11.6 ¹⁾²⁾³⁾	52.1
Other functional areas	38.4	-10.4 ²⁾	28.0
EBIT	9.4	0.4 ³⁾⁴⁾	9.8
Net income for the period (including minority interest)	3.3	0.2 ⁴⁾	3.5

1) "Percentage-of-Completion-Accounting" (PoC):

In accordance with IAS 18, the stage of completion of services that have yet to be completed was recognized as accrued revenue. Accordingly, the stage of completion was recognized as an unbilled receivable.

2) Structural adjustments:

In connection with the transition to IFRS, the structure of the income statement was placed on a basis that is optimized from a business management and system support perspective.

3) Maintenance service provisions:

Under IFRS, non-current provisions are carried at present value. The period interest cost of compounding was reported in net interest expense.

4) Pension provisions, semi-retirement:

Techem Group pension provisions in accordance with IFRS were calculated for the first time for the opening balance sheet. At that time, the obligations were recognized to the amount of their full present value. Under U.S. GAAP, actuarial losses arose which were correctly only recognized in part. Contrary to U.S. GAAP, provisions for semi-retirement were recorded immediately, including all severance pay components.

Note 4 – Shareholders' equity

Share capital

The share capital amounts to EUR 24,681,139 divided into 24,681,139 ordinary shares.

Authorized capital

Subject to the approval of the Supervisory Board, the Board of Directors is authorized to increase the share capital of the Company until March 26, 2007, on one or several occasions, by an aggregate amount not exceeding EUR 5,365,465 through the issuance of new shares of common stock against cash contribution or contribution in kind. Under certain defined conditions and with the consent of the Supervisory Board, the Board of Directors may exclude the shareholders' pre-emptive rights.

Treasury stock

The Board of Directors is authorized to purchase Techem AG shares. The authorization, expiring on September 18, 2005, is limited to the purchase of own shares with a theoretical portion of the share capital of up to EUR 2,468,113 and can be executed in parts or in total, at one time or at various times.

Other than selling the shares on the stock exchange, the Board of Directors, subject to the consent of the Supervisory Board, is authorized to act as follows:

- to offer such shares to a third party in connection with the acquisition or merger of companies and in connection with investments,
- to withdraw shares from the market, while at the same time reducing the share capital, without requiring the additional approval of a shareholders' meeting.

Stock options

In March 2000 and 2001, the Company launched variable stock option plans (Stock Option Plan I and II), granting members of the management and key employees in total up to 2,046,340 ordinary shares under a conditional capital increase. Under the option plan, the options granted approximate the market value of the shares at the date of the grant.

In connection with a voluntary program for the conversion of stock options into stock appreciation rights ("SAR", so-called "Virtual Stock Options") at the beginning of fiscal year 2003/2004, the number of stock options outstanding decreased to 454,180 (355,368 Stock Option Plan I / 98,812 Stock Option Plan II). The number of stock options outstanding has not been subject to change during the current reporting period.

Stock appreciation rights (virtual stock options)

At the beginning of fiscal 2003/2004, the Company offered the holders of stock options the conversion of their options into stock appreciation rights. This offer was accepted by the majority of the stock option holders.

Within the scope of these stock appreciation rights, employees receive variable compensation based on an amount that depends on the performance of the share price without the employees becoming shareholders. Those eligible have the right, within the exercise period, to a payment in cash of the difference between the agreed subscription price and the minimum share price at that given point in time. A condition that has to be met is that the share price exceeds the exercise price, plus a cumulative 5% for each completed fiscal year starting from the end of the minimum holding period.

The maximum increase of the attainable compensation is limited to 100% of the subscription price.

The stock appreciation rights can only be exercised following a vesting period of two years. The maximum period for which they can be held is five years from the date of grant.

Techem applies IFRS 2 "Share-Based Payment". Accordingly, the fair value of the expense to be recognized is to be calculated for every reporting date in line with the performance of the stock appreciation rights and to be charged to provisions. The respective change in value is to be recognized in net income.

The fair value has been computed using the Black-Scholes model based on the following parameters:

Risk free interest rate	3.0 %
Subscription price in EUR	13.50
Exercise price in EUR	17.10
Minimum holding period	24 months
Maximum holding period	60 months
Volatility (based on the preceding two years)	35.2 %
Techem share price as at December 30, 2004, in EUR	26.75

The number of stock appreciation rights of 431,045 remained unchanged compared to the annual financial statements as of fiscal year 2003/2004.

As of December 31, 2004, EUR 1,659 thousand were provided for as personnel expense in connection with the stock appreciation rights. The increase in the expense is a result of the increase in Techem's share price from EUR 22.15 (September 30, 2004) to EUR 26.75 (December 30, 2004).

Share-based compensation plan (Board of Directors)

On October 1, 2004, a share-based compensation plan for the fiscal year 2004/2005 has been started, granting the Board of Directors a share performance-based compensation in cash. The reference period is expected to be 15 months. The compensation is calculated by multiplying the variable compensation payable (100%) by the difference in the percentage increase in the Techem share in relation to the percentage difference of the MDAX during the reference period and then multiplying with a factor, which is determined by the Supervisory Board at the beginning of each reference period.

A share-based compensation is only payable if the percentage development of the Techem share is more favorable than the percentage development of the MDAX during the reference period.

The maximum share-based compensation payable is limited to 200% of the variable compensation payable.

Techem applies IFRS 2 "Share-Based Payment". Accordingly, the fair value of the expense to be recognized is to be calculated for every reporting date in line with the performance of the share-based compensation plan and to be charged to provisions. The respective change in value is to be recognized in net income.

As of December 31, 2004, an amount of EUR 63 thousand was provided for as personnel expenses.

In future it is planned to grant a share-based compensation plan per fiscal year with a reference period of 24 months. The last share-based compensation plan is planned for the fiscal year 2009/2010.

Resolution on the appropriation of retained earnings of Techem AG

The accumulated earnings of Techem AG as shown in the annual financial statements for the fiscal year 2003/2004 in the amount of EUR 115,349 thousand are carried forward in its full amount.

Note 5 – Contingent liabilities

Contingencies due to bank guarantees exist in favor of HausPerfekt GmbH & Co. KG to the amount of EUR 98 thousand (September 30, 2004: EUR 98 thousand).

Note 6 – Interest income / expense

in EUR thousand	Q1 2004/2005	Q1 2003/2004
Interest income from installment sales	214	124
Other interest income	62	100
Interest expenses	-3,323	-3,898
Amortization of deferred capital procurement costs	-208	-208
Gains/losses on financial instruments		
Interest hedging instrument (unrealized)	740	241
Total	-2,515	-3,641

Deferred capital procurement costs are amortized over the five-year term of the financing arrangement.

Note 7 – Employees

The number of employees as at December 31, 2004, amounted to 2,174 (September 30, 2004: 2,153).

Note 8 – Segment reporting

The business segments in which Techem operates are used as the primary segment reporting format: ENERGY SERVICES, ENERGY CONTRACTING and OTHER. Geographic segments comprise the secondary segment reporting format. A detailed definition and description of the segments is included in the consolidated annual financial statements for the year ended September 30, 2004.

Primary reporting format (quarterly information equal to quarter-to-date):

in EUR thousand	Revenue third-party	intra-segment	Segment revenue	Segment results
Q1 2004/2005				
Energy Services	77,631	844	78,475	9,586
Energy Contracting	13,320	104	13,424	1,197
Other	1,675	-948	727	-748
Techem Group	92,626	0	92,626	10,035
Q1 2003/2004				
Energy Services	77,177	568	77,745	8,458
Energy Contracting	10,903	97	11,000	1,413
Other	1,832	-665	1,167	-26
Techem Group	89,912	0	89,912	9,845

Secondary reporting format (quarterly information equal to quarter-to-date):

in EUR thousand	Germany	International
Revenue Q 1 2004/2005		
Origin Germany	80,612	12,014
Destination International	80,366	12,260
Revenue Q 1 2003/2004		
Origin Germany	78,598	11,314
Destination International	78,283	11,629

Note 9 – Events occurring after the balance sheet date

The partners of Techem Energy Services GmbH & Co. KG have decided to convert the company into the legal structure of a GmbH. Simultaneously, Techem Geschäftsführungs GmbH will be merged into Techem AG.

The management of Techem Energy Services GmbH & Co. KG has decided to launch an additional share-based compensation plan for their executive management. The share-based compensation plan for the fiscal year 2004/2005 commenced on January 1, 2005.

Financial calendar

February 24, 2005	3-Months'-Report as at December 31, 2004 Conference call with analysts and institutional investors
March 3, 2005	Ordinary General Shareholders' Meeting Congress Center Messe Frankfurt, Frankfurt/Main
May 12, 2005	6-Months'-Report as at March 31, 2005 Conference call with analysts and institutional investors
August 11, 2005	9-Months'-Report as at June 30, 2005 Conference call with analysts and institutional investors

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