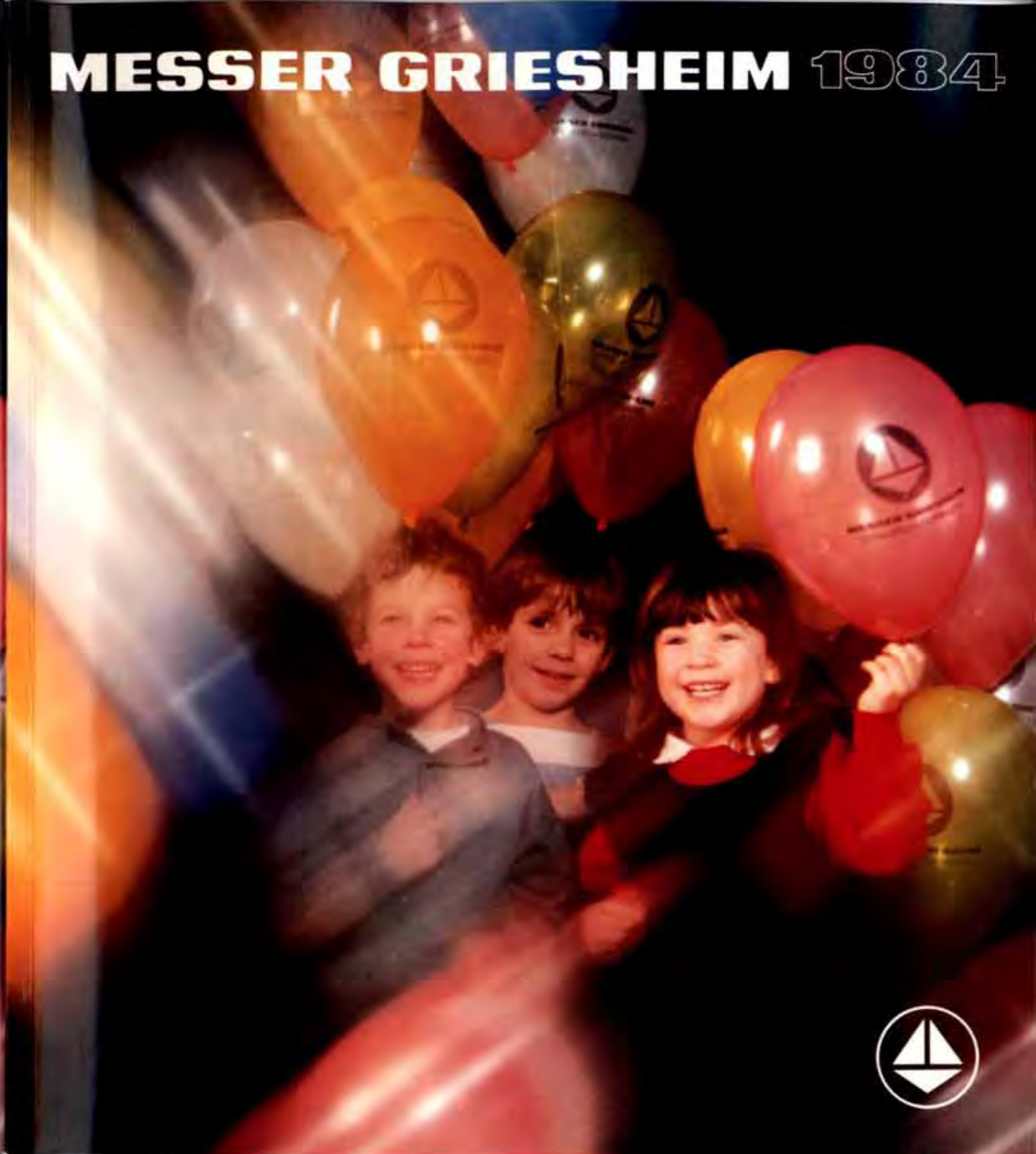




MESSER GRIESHEIM 1984





Balloons symbolize joy for children and grown-ups alike. Non-toxic and non-combustible balloon gas from Messer Griesheim ensures that such joy does not turn into tears.

This annual report is also available in German and French.

Messer Griesheim GmbH
Industrial gases
Welding and cutting products

— a member of the Hoechst Group



MESSER GRIESHEIM

Gases+Cryogenics Welding+Cutting



Messer Griesheim International*)

| DM million | 1984 | 1983 | 1982 | 1981 | 1980 |
|---|-----------|----------|-----------|-----------|------------|
| Sales | 1767 | 1630 | 1599 | 1565 | 1385 |
| Change in % | 8 | 2 | 2 | 13 | 15 |
| Foreign sales in % | 43 | 42 | 42 | 44 | 39 |
| Capital expenditure**) thereof foreign | 164 77 | 92 33 | 101 55 | 152 69 | 234 143 |
| Investments | 14 | 65 | 18 | 37 | 46 |
| Depreciation***) | 177 | 171 | 200 | 145 | 132 |
| Personnel expenses | 492 | 470 | 455 | 449 | 397 |
| Number of employees | 7550 | 7636 | 8059 | 8427 | 8426 |

Messer Griesheim GmbH

| DM million | 1984 | 1983 | 1982 | 1981 | 1980 |
|---|-----------|-----------|-----------|-----------|-----------|
| Sales | 1160 | 1102 | 1073 | 1041 | 985 |
| Net cash flow | 191 | 176 | 169 | 148 | 139 |
| Capital stock | 216 | 198 | 180 | 165 | 150 |
| Stockholders' equity as % of the balance sheet total | 289 35 | 265 33 | 246 31 | 222 27 | 198 26 |
| Net income for the year | 55 | 40 | 40 | 34 | 42 |
| Research and development | 52 | 51 | 51 | 50 | 45 |
| Personnel expenses | 343 | 340 | 320 | 315 | 296 |
| Number of employees | 5037 | 5253 | 5430 | 5619 | 5689 |

*) Messer Griesheim International comprises Messer Griesheim GmbH and the domestic and foreign affiliated companies in which it has a direct or indirect interest of 50 % or more.

**) On tangible fixed assets.

***) On tangible fixed assets and investments.

Contents

| | Page |
|---|------|
| Foreword | 3 |
| Stockholders, Supervisory Board, Board of Executive Directors, Executives | 4 |
| Review 1984 | 6 |
| Messer Griesheim 1984 | 11 |
| Buoyant: Industrial Gases Division | 14 |
| Activities | 15 |
| In a phase of structural change: Welding and Cutting Products Division | 20 |
| Activities | 21 |
| Distribution and logistics in the Federal Republic of Germany | 25 |
| Employees | 29 |
| Messer Griesheim GmbH Financial Report | 30 |
| Subsidiaries and associated companies | 34 |
| Messer Griesheim GmbH Financial Statements 1984 | 51 |
| Addresses | 62 |

Balloo
grown-
combu
Griesh
not turt

This ar
Germa

Messer
Industri
Welding

This annual report for 1984 bears witness to the most successful year of business for Messer Griesheim in the 20 years since the merger of the two constituent companies. World sales reached DM 1,767 million. Messer Griesheim GmbH recorded sales of DM 1,160 million and a net income for the year of DM 55 million. The economic recovery on the world market and the improved competitiveness of the Company contributed to this pleasing performance.

Business with industrial gases continued to grow. In contrast, sales of welding and cutting products were depressed, as in the previous year, by the declining demand in the steel producing, shipbuilding and plant construction industries. Foreign business was expanded on a product-related and regional basis, the success of this develop-

ment being reflected in the Company's overall performance.

In 1984, the capital stock of Messer Griesheim GmbH was increased to DM 216 million. Thanks to its sound financial basis, the Company remains capable of meeting the challenges of the markets flexibly and effectively.

In the year under review, capital expenditure and investments totalled DM 178 million worldwide, including DM 89 million invested in the Federal Republic of Germany.

We thank our business partners for the confidence they have placed in us. Similarly, we thank our employees for their good work. We shall continue to encourage their personal initiative as well as to provide employment in which job satisfaction is foremost.

Hans Messer
Chairman of the Board
of Executive Directors

Stockholders

Hoechst AG 66²/₃ %
Messer Industrie GmbH 33¹/₃ %

Thea Messer
Honorary Chairwoman
of the Company

Balloo
grown-
combu
Griesh
not tur

This ar
Germa

Messer
Industri
Welding

Supervisory Board

Hans Schlachter, Chairman
Theo Geuss*, Vice-Chairman
Oswald Bommel*
Horst Burgard
Dietrich Hoffmann
Karl-Georg Istas*
Franz Kuchler*
Helmut Maucher
Günter Metz
Peter Ploch*
Hans Reintges
Ralf Tänzer*

* Elected by the employees

Board of Executive Directors

Hans Messer, Chairman
Gerd Grabhorn
Hans H. Kämpny
Joseph H. Van Riet
until 4 April 1985
Paul Willheim
from 4 April 1985

Executives

Klaus Baumgärtner
Dietrich Böhme
Paul-Otto Gehlhoff
Hans Hermann Grube
until 31 January 1985
Wolfgang Hromadka
Hubert Ludwig
Hans Schaeuffelen
Klaus Steinhäuser
from 1 March 1985
Paul Willheim
until 4 April 1985

Invisible

Microchip circuits are getting smaller and smaller, almost invisible. However, the etching and doping gases used in their production are even less visible.

(Courtesy of Siemens AG)





Review 1984

1st quarter:

Amalgamation of the marketing organisations of the two Divisions in Germany: 18 distribution centres and 19 sales branches with customer support services.

Supplies of the refrigerants liquid helium and liquid nitrogen delivered for the first time in connection with tomographic applications, a new radiographic technique used in medical diagnostics.

Streamlining of the production facilities of the Welding and Cutting Products Division: Manufacture of flame cutting machines, arc welding equipment and automatic welding systems concentrated in Frankfurt and Völklingen.

In Norway, responsibility for Messer Griesheim sales and service is assumed by Norsk Hydro Industrigass – a division of Norsk Hydro, Norway's largest company.

2nd quarter:

Capital stock of Messer Griesheim GmbH increased by DM 18 million to DM 216 million.

Opening of the new industrial gas works in Ludwigshafen.

The Volkswagenwerk AG orders four electron beam index welding machines for manufacturing automatic transmissions.

Orders won for flame cleaning motorway bridges (Fulda Bridge and Kaiserlei Bridge).

The "Equipment and Fittings" and "Welding Filler Materials" works are affected by the metalworkers' strike.

MG Industries restructures its six sales branches in the Los Angeles area: The gas depot and self-service facilities for welding products and accessories bring customers additional benefits.

Work commences on the construction of the Head Office building of L'Oxydrique in Machelen (Belgium).

Balloo
grown-
combu
Griesh
not tur

United

The marketing organisations of the Company's two divisions were amalgamated on 1st January.



This ar
Germa



Messer
Industri
Welding

Fire power

The flame cleaning service prepares concrete and steel surfaces for corrosion protection.



3rd quarter:

Work commences on construction of the industrial gas works and distribution centre in Oberhausen.

A system comprising three oxygen/natural gas burners is commissioned on an 85 tonne electric arc furnace at the Edelstahlwerke Buderus steel-works.

Investment

The construction of the industrial gas works and distribution centre in Oberhausen gets under way. DM 15 million are being invested here. ▽



Fedgas starts up an air separation plant in Alrode, near Johannesburg (South Africa).

Work commences on construction of the sales and service branch of Messer Griesheim Ltd in Cramlington, near Newcastle in the UK.

The first international welding show to be held in the People's Republic of China, "Weldexpo' China 1984", takes place in Hangchow; significant orders for flame cutting machines are placed with Messer Griesheim.

4th quarter:

Start of working relationship on manufacturing of welding and cutting robots with Reis GmbH & Co., an engineering company based in Obernburg.

The Gesellschaft für Umwelt- und Strahlenforschung (Environmental and Radiation Research Institute) in Neuherberg places further orders for measuring stations complete with gas supply systems for conducting research into forest ecology.

During 1984, Messer Griesheim promoted its products and services at 25 trade fairs and exhibitions. For instance, the welding and cutting products range was featured at "Blech '84", the 8th International Sheet Metal-working Fair in Essen.

Respiratory gas mixtures are supplied to GKSS in Geesthacht for the first diving operation performed by the GUSI simulator to a depth of 450 metres.

Start-up of the MG Industries filling works in Fairless Hills, Pennsylvania, USA, and opening of five sales depots.

High pressure

Cylinders are filled under high pressure at the new MG Industries filling works in Fairless Hills, Pennsylvania, USA. ▽



Teamwork

Pressure vessel welding using the TIG process calls for close cooperation. Working simultaneously, two operators – one inside, one outside the vessel – join the thick plates together.



Messer Griesheim 1984

Economic improvement maintained

In 1984, the development of the world economy and world trade surpassed expectations. The improved economic climate was maintained in most industrialised countries. The United States of America recorded a GNP (gross national product) growth rate of 6%. The growth rates were more modest in both Japan (+ 4.5%) and in Western Europe (on average + 2%).

The governments in these countries were more concerned with consolidating their respective budgetary situation. The high dollar exchange rate served to improve export opportunities for German industry.

Messer Griesheim International

In 1984, Messer Griesheim increased world sales by 8.4% to DM 1,767 million and is therefore one of the largest operators in the fields of industrial gases and welding technology. Foreign business accounted for 43% of world sales. A further breakdown of the world sales figure shows that industrial gases accounted for 70%, welding and cutting products 30%.

Messer Griesheim GmbH

In the Federal Republic of Germany, the GNP achieved growth of 2.5%, while the inflation rate fell to 2%. The economic upturn was particularly marked in the chemical industry, communications technology and in the consumer goods field. The business climate in other sectors of the economy, such as the construction industry, the steel producing industry and the shipbuilding industry, continued to be hampered by structural problems. In both engineering and plant construction there was still no sign of any eagerness with regard to capital investment.

The pattern of development within the Company varied according to the field of activity. For example, business with industrial gases, which has a wide customer base, increased, while certain areas within the welding and cutting products range failed to show any improvement on the previous year's performance. Altogether, the sales of Messer Griesheim GmbH increased by 5.3% to DM 1,160 million.

Foreign business shows positive trend

Foreign business is looked after by the Company's own production and trading organisations abroad with the additional support of the sales and distribution organisation of the Hoechst Group. Specialist agencies and licensees complete the worldwide marketing framework. In 1984, foreign sales – comprising exports from the Federal Republic of Germany and products supplied directly by the foreign subsidiaries – increased by 10.4% to DM 752 million. As in previous years, the emphasis of Messer Griesheim business lay in Western Europe, although results varied somewhat from one country to another. Within this area, the subsidiaries increased the level of locally manufactured supplies by 7.5%. Exports to Eastern Europe did not match up to the 1983 figure.

Further afield, overseas business showed a positive trend. In the United States, Messer Griesheim Industries Inc. increased sales by 13.1%. In Mexico and Venezuela, too, the subsidiaries achieved good results with welding and cutting products. Here, the leading product lines are welding filler materials manufactured in-house. In the Latin American countries, imports from Germany are hindered by shortage of foreign exchange.

The new air separation plant at Fedgas (Pty.) Ltd. in Alrode, near Johannesburg, went on stream as scheduled.

In Asia, sales increased by 10.7 %. The Japanese subsidiary Nippon Messer Griesheim Ltd. benefited from the economic upturn in that country. India, South Korea and the People's Republic of China represent important export markets for us in Asia. Welding filler materials are manufactured under licence in India and Indonesia.

Investments on a high level

In the year under review, DM 164 million were invested in tangible fixed assets and a further DM 14 million in financial investments. Of the capital expenditure, DM 87 million were invested in Germany and DM 77 million abroad. The bulk of the domestic expenditure went towards the expansion of the distribution facilities of the Industrial Gases Division.

Outlook

Messer Griesheim looks with confidence into 1985. The general economic recovery in the industrialised countries looks set to continue. Technical progress will play a part in solving the structural problems of certain important sectors of the economy, and will encourage the demand for capital goods.

Innovative technology in the fields of industrial gases and welding and cutting products coupled with improved efficiency on the production side will sharpen the Company's competitive edge. Business will expand at a faster rate abroad than in Germany.

Booster injection

Oil/oxygen burners increase output in the rotary drum furnace. Short heat-up times save energy, too.



Recovery of the world market

The worldwide economic upturn has had a positive impact on the markets for gases. In this field, both the Industrial Gases Division in the Federal Republic of Germany and the subsidiaries abroad bear testimony to the favourable development of business.

Activities

Pipeline gases

Oxygen and nitrogen are the mainstay of business with gases which are supplied to consumers via pipelines. In the major industrial centres of the Rhine, Ruhr, Saar and Sieg, Messer Griesheim operates pipeline networks which cover a total distance of 500 km.

In the Ruhr and Saar regions, this business has been affected by the structural changes in the steel industry. In Germany, the market share of oxygen-refined steel is approximately 80%. The pipeline network in the Cologne area supplies oxygen and nitrogen to consumers in the chemical industry.

Technical gases

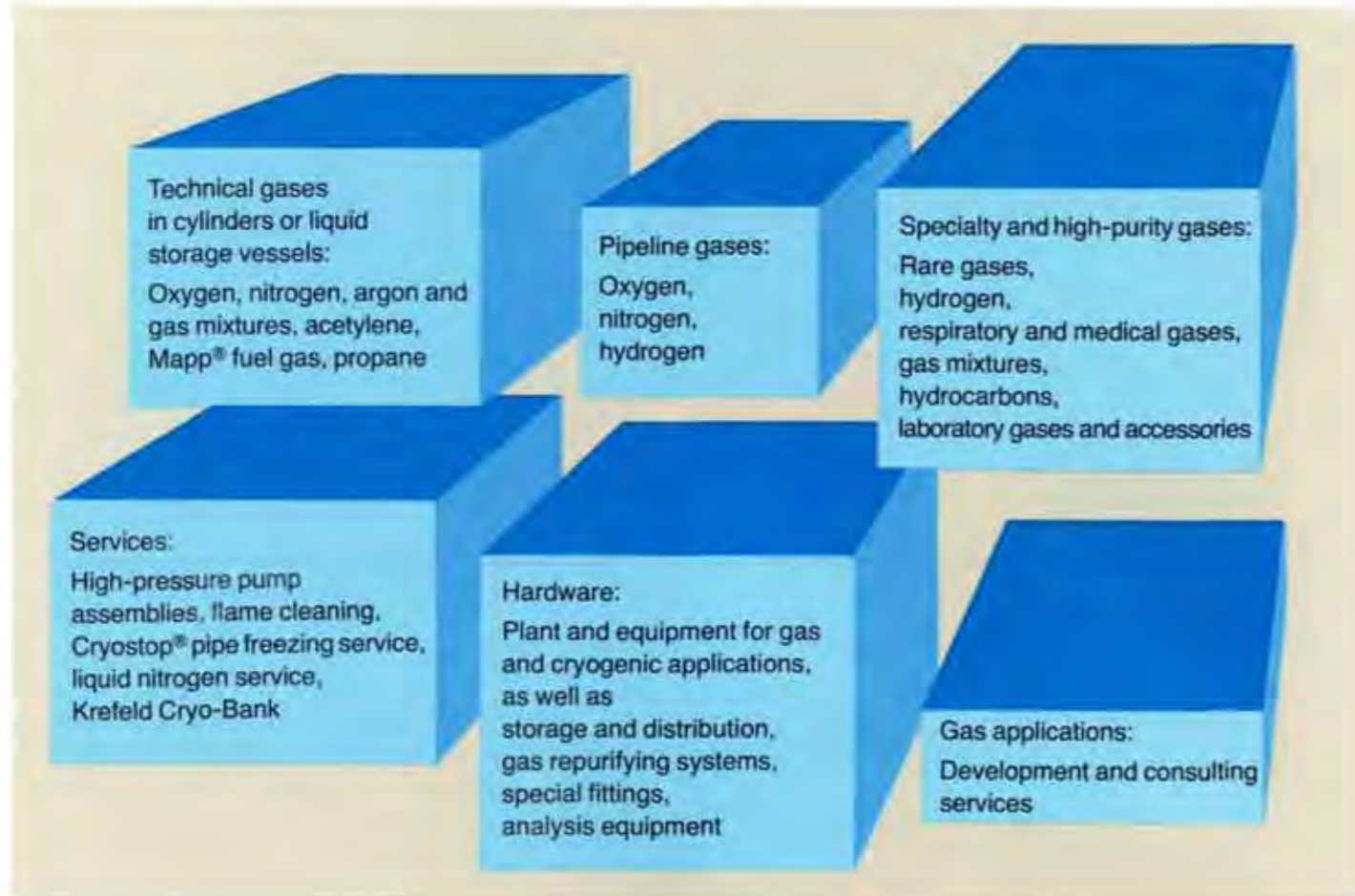
The products and services supplied under this heading are geared to the needs of both small and large-scale industrial users. This mainly involves the air gases oxygen, nitrogen and argon which are supplied in both gaseous and cryogenic liquid form.

The product range also includes fuel gases, such as acetylene, MAPP® and propane, together with the corresponding customer support services. New markets are being opened up for technical gases through applications-oriented process development.

Argon, which constitutes 0.81 % of the earth's atmosphere, is one of the growth products. The most important consumers are the steel producing and metalworking industries. For instance, argon is required in the production of alloyed steels. Applications in gas-shielded welding using argon-based gas mixtures are also becoming increasingly widespread.

Gas consumption in oxy-fuel applications declined during 1984. Sales of compressed oxygen in steel cylinders failed to keep pace with the progress made by other products. This was due to generally sluggish demand, attributable on the one hand to the structural changes which were affecting some of our customers and, on the other, to the metalworkers' strike in West Germany in the second quarter of 1984.

Carbon dioxide is marketed by our subsidiary Buse Gase GmbH, the main consumers being the beverage and food processing industries.



Specialty gases and hydrogen

In addition to hydrogen, this product group includes rare gases, high purity gases, gas mixtures and inorganic gases. Altogether, the range comprises 150 different base products and a virtually unlimited number of mixture variants which can be produced to customer specifications. Development work in this field is aimed in particular at methods of production, repurification and analysis as well as at systems for measuring, proportioning and storing these gases.

There is a particular demand for specialty gases in research applications, lighting technology, electronics, measuring technology and medicine. Important applications exist for hydrogen in the metallurgical industry (heat treatment), in the food processing industry (hydrogenation of fatty acids) and in the manufacture of high-quality glass products. Business with liquid helium, which is indispensable for example as a refrigerant for superconducting magnetic coils, is also flourishing. Other specialty gases from Messer Griesheim play a vital role in the manufacture of semiconductors and glass fibres as well as in the plasma etching of semiconductor circuits.

High up

Helium balloons climb to heights of 40 km. Scientists from the Nuclear Research Institute in Jülich obtain specimens from the stratosphere in this way. Such specimens form the basis of investigations into the chemical composition of the atmosphere.

(Courtesy of KFA Jülich)



Hydrogen on tap

Demand for hydrogen at the Hanau RBU-works is high. The new storage vessel with a capacity of 95,000 litres solves the problem of logistics.



Hydrogen in the tank

As a motor vehicle fuel, hydrogen could have a beneficial impact on both energy and pollution problems. Messer Griesheim is playing a part in this development. The tank in this BMW was fabricated in the Siegtal-Cryotherm works.

Cryogenic equipment

Cryogenic equipment from Messer Griesheim embraces a wide range of apparatus and systems concerned with the transportation, storage, purification, measurement, filling and application of gases and cryogenic liquids.

Here, the leading product lines are storage vessels for cryogenic liquid gases

which are manufactured with capacities of up to 10,000 litres. The product range also features relatively small, super-insulated vessels (dewars) for laboratory use. Other product groups include jet deflashing machines, tunnel freezers, oxygen lances for metallurgical applications, and gas supply systems, all of which are designed and manufactured to suit the individual needs of the customer.

Cold comfort

A new therapeutic treatment for rheumatoid arthritis is based on the use of a stream of dry, cold air which is produced with liquid nitrogen (-196°C). It means the patient is able to undergo physiotherapy without discomfort and pain.



Investments

Work commenced on the construction of the new filling works in Oberhausen – a DM 15 million project. In this plant will be filled oxygen and nitrogen for use in industrial and medical applications as well as argon and argon gas mixtures for welding technology. With estimated annual sales of more than DM 100 million and with a staff of 150 employees, it will be the largest Messer Griesheim plant of its type. The tanker fleet serving the west Ruhr will be controlled from Oberhausen. Here, electronic data processing methods will be used to plan all haulage schedules. Vehicles will be deployed by computer with the aim of maximizing customer service, while minimizing haulage costs, travelling times and distances. The gases will be produced 6 km away in the Oberhausen-Holten production works, which is being expanded with an investment of DM 25 million. At several locations, additional accommodation has been made available to facilitate marketing of the products of both Divisions on a joint basis.

34 gas works in Germany

Including the new filling works in Oberhausen, the German operations of the Industrial Gases Division encompass 34 gas works incorporating three research centres (see map on page 25).

The 10 production works are located in Bremen, Dillingen, Dortmund, Duisburg, Hürth, Kelsterbach, Kornwestheim, Oberhausen, Siegen and Völklingen.

The 24 filling works are in Bochum, Cologne, Dortmund, Essen/Oberhausen, Euteneuen, Frankfurt, Hagen, Heilbronn, Herborn, Hürth, Karlsruhe, Kassel, Kiel, Knapsack, Krefeld, Ludwigshafen, Lübeck, Reutlingen, Rheinfelden, Saarbrücken, Singen, Trier and Wiesbaden.

The three research centres are in Dormagen, Duisburg and Krefeld.

At Krefeld, there is also a Cryo-Bank.

In a phase of structural change: Welding and Cutting Products Division

Signs of improvement

Following the recession of recent years, world production in welding technology showed a slight upturn in 1984. Although the manufacture of standard products such as oxy-fuel equipment, welding filler materials and arc welding equipment was still in decline in Germany, resistance welding technology and automated welding systems managed to re-establish an upward trend.

Messer Griesheim streamlines production and distribution

In 1984, Messer Griesheim restructured the activities of the Division in Germany.

Production is now spread over 6 instead of 8 locations. The marketing organisations of the Company's two Divisions have been amalgamated.

New product series are being developed.



Activities

The Division is organised on the basis of five profit centres. They are:

"Equipment and Fittings" with works in Frankfurt and Völklingen (oxy-fuel equipment, arc welding and cutting systems, medical technology)

"Machinery and Electronics" in Frankfurt (flame cutting machines, steel mill equipment, automated welding and cutting systems, pressure vessel construction)

"Welding Filler Materials" in Frankfurt

"Peco Resistance Welding" in Munich (resistance welding machines, microwelding equipment, thyristor weld

timers, measuring and monitoring equipment)

"Steigerwald Strahltechnik" in Puchheim, near Munich (electron beam and laser technology for welding, perforating and surface treatment duties).

The manufacturing programme includes equipment for all the main welding and cutting processes, and extends from miniature oxy-fuel welding torches to CO₂ laser welding systems, from portable flame cutting machines to jumbo-sized CNC controlled plants.



Useful resistance

The quality of Peco resistance welding machines is appreciated worldwide.

Ignited

Machine cutting torches can be supplied with electrical ignition and flame monitoring capabilities.



Compact

This coordinate drive flame cutting machine – the compact CORTA[®]KSP with CNC control – has aroused great interest among users in small to medium-sized cutting shops.



Concentrated

CO₂ gas lasers with output powers of 1 to 4 kW use concentrated light to perform welding and cutting operations. EUROLAS[®] is a modular series of laser units.





Experience

At many outdoor events, customers of Messer Griesheim can gain an insight into the diverse product range in the specially equipped exhibition tent. The lift-off of the hot air balloon is a rare experience.

Distribution and logistics in the Federal Republic of Germany

Close at hand

The marketing organisation for industrial gases, welding and cutting products comprises 18 distribution centres, 19 sales branches (see map) and more than 400 appointed distributors (dealers and stockholders). Together, they look after some 150,000 customers.



Tailor-made supplies

The industrial gas business is run on the lines of a public utility company. Fast, dependable and economic supplies "around the clock" are essential for customers such as steelworks and hospitals who must rely on the constant availability of the gases they require. The large chemical plants and steelworks located along the Rhine, Ruhr, Saar and Sieg receive supplies of oxygen and nitrogen via pipelines running directly from the air separation plants in which they are produced. Every hour, some 300,000 cubic metres of oxygen are fed into the Messer Griesheim pipeline networks at a pressure of 30 to 40 bar.

In liquid form, gases occupy only a fraction of their gaseous volume. The transportation and storage of cryogenic liquefied gases is therefore most economic. Liquefied gases are delivered to the consumers by a 160-strong fleet of tankers which, in the course of one year, cover a combined haulage distance of 10 million km.

In addition, 1.3 million steel cylinders are in daily circulation for supplying small-scale consumers.

Messer Griesheim offers a string of support services: Shielding gas advisory service (welding), fuel gas service, gas analysis service, waste gas disposal, concrete cutting, flame cleaning service, pipe freezing and cryogenic service, mobile high-pressure pumps, Krefeld Cryo-Bank, emergency refrigeration for cold stores, inertisation of fires in underground mines, inertisation of fires in silos, emergency HQ.



Reliable

Reliable deliveries of gases and cryogenic media around the clock are assured by the extensive, logistically structured supply system.

Comprehensive

The product range for gases and cryogenic media embraces everything from standard industrial gases to rare, high purity and specialty gases.





Employees

Messer Griesheim owes its success to the qualifications, commitment and achievements of its employees. In return, the Company offers interesting employment in which job satisfaction is high. After all, monetary reward is not the only consideration: every job needs to be personally rewarding, too. Our employees have shown themselves willing to adapt to changing demands, and make full use of the training programmes on offer within the Company.

The number of employees worldwide fell by 86 in the year under review to 7,550. Although the number of employees outside Germany increased, this was more than offset by the manpower reduction of 216 in Messer Griesheim GmbH to 5,037. At the end of 1984, a total of 367 foreign employees were employed in Germany, representing 7.3 % of the Company's workforce.

Trained

In-house training and further education programmes keep the standards set by our employees at the highest level.

In 1984, 90 apprenticeship places were offered in 19 different trades and professions: Machine setter, works fitter, clerical assistant, lathe operator, technician, electronic engineer, photographic laboratory assistant, commercial trainee, information electronics engineer, boilermaker, cook, machine fitter, mechanic, communications engineer, draughtsman, jig setter, universal miller, process mechanic, tool-maker. The number of apprentices has increased in total by 9.3 % to 235.

In the course of the year, the Company's suggestion scheme attracted a record response, the initiators of many ideas and proposals receiving awards for their contribution.

From 1st January 1984 membership of the works pension scheme, which had been previously limited to salaried staff, was made available to wage-earners. 88 % of manual workers have taken advantage of the change in the rules of eligibility which was made in response to a request put forward by the Works Councils.

On 14th March the Works Council elections took place at Messer Griesheim GmbH with a poll of 87 %. During the year under review, cooperation between the management, the 184 Works Council members and the Senior Staff Committee proved most constructive.



The stockholders' equity, in which half of the special reserve items subject to future taxation are included, was increased to DM 288.9 million following the capital payment of DM 18.0 million and an allocation of DM 10.0 million to the free reserve from the net income for the year. The total equity therefore corresponds to 35.0 % of the balance sheet total (1983: 33.3 %). In 1984, the special reserve items subject to future taxation decreased by DM 8.8 million.

The stockholders' equity and long-term liabilities account for 73.4 % of the balance sheet total, and more than cover the fixed assets, investments and inventories.

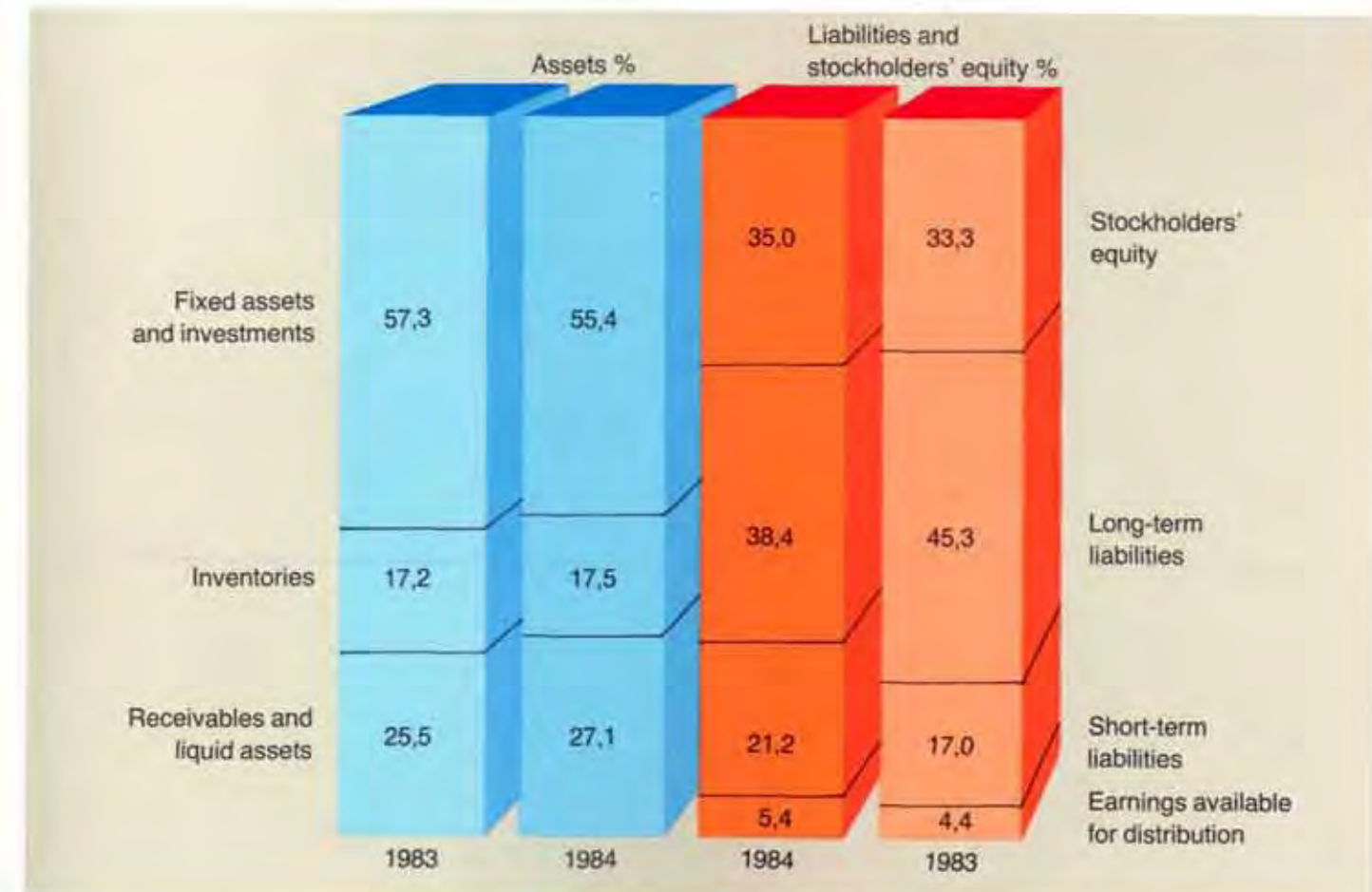
Investments totalled DM 100.2 million, of which DM 86.7 million were for investments in tangible fixed assets and DM 13.5 million for financial investments, set against depreciation and disposals of DM 99.6 million.

Inventories increased by DM 7.9 million, trade accounts receivable by DM 8.8 million; the receivables and liquid assets exceeded the short-term liabilities.

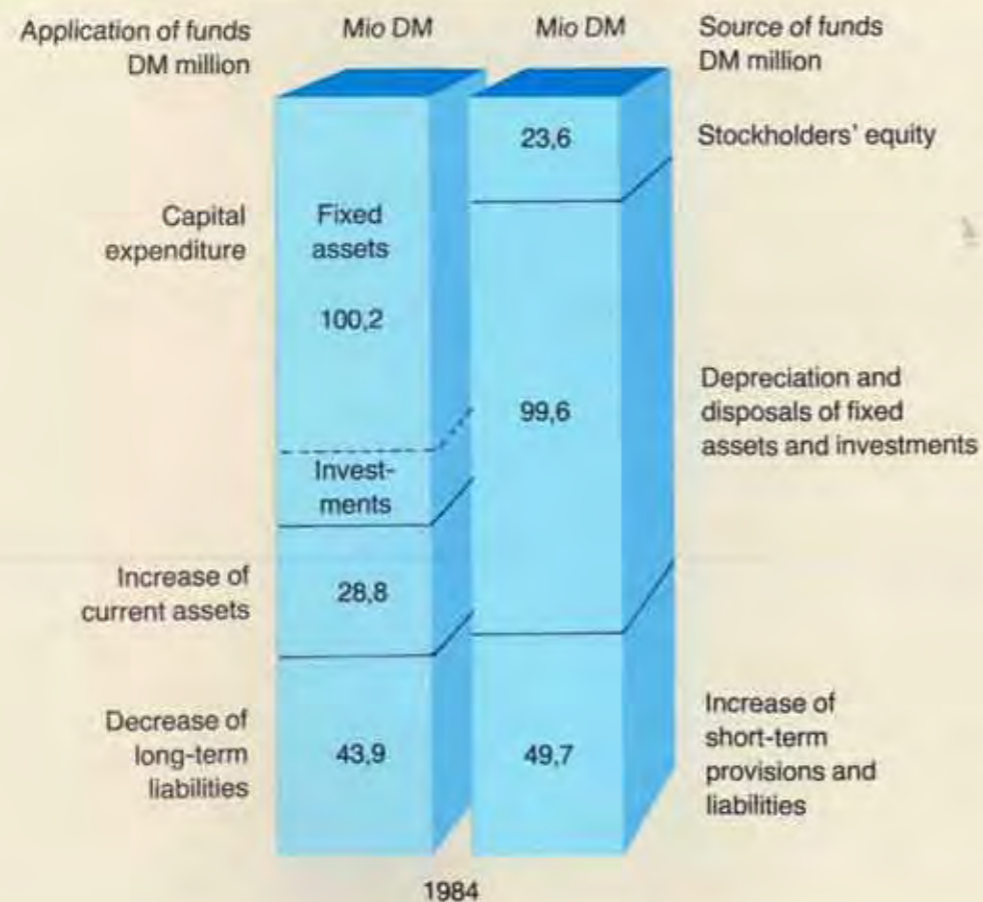
The high level of internally generated financing led to an increase in the liquid assets, and permitted a further reduction of the long-term liabilities.

The net cash flow improved from DM 176 million to DM 191 million.

Balance sheet structure



Summary of source and application of funds



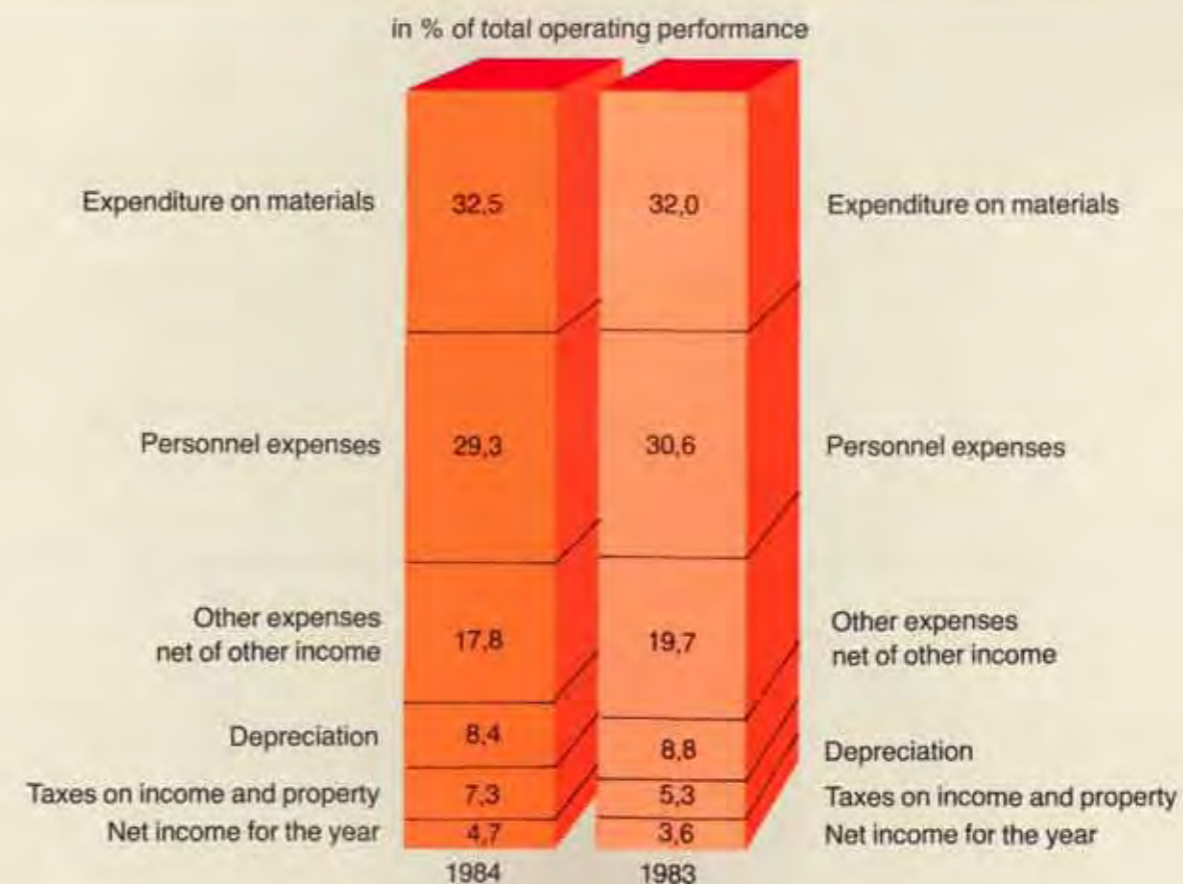
Structure of expenses

Expenditure on research, development, design and applications technology totalled DM 52.0 million or 4.4 % of the total operating performance. Licensing activities continued to yield a positive result.

Personnel expenses, including the increased provisions for pensions, increased by 0.9 % to DM 342.6 million, corresponding to 29.3 % of the total operating performance.

The net income for the year was DM 55.0 million, of which DM 10.0 million were appropriated to the free reserve.

Total operating performance:
1984: DM 1170.4 million
1983: DM 1109.6 million



Subsidiaries and associated companies as at 31. 12. 1984

The subsidiaries and associated companies of Messer Griesheim are engaged in the same range of activities as the parent company.

The performance of these companies in the year under review varied according to the economic climate in their respective markets.

Messer Griesheim GmbH
Capital stock:
DM 216,000,000

Domestic

Buse Gase GmbH, Bad Hönningen
C: DM 1,000,000 ■

Cryotec Tief- und Tiefsttemperatur-
Technik GmbH, Pullach**) ■
C: DM 100,000

Fülldraht GmbH,**)
Frankfurt ■
C: DM 100,000

Oxysaar Hüttensauerstoff GmbH,
Saarbrücken ■
C: DM 2,000,000

Oxytechnik Gesellschaft für System-
technik mbH, Eschborn/Taunus ■
C: DM 50,000

Sauerstoff- und Stickstoffrohrleitungs-
gesellschaft mbH, Düsseldorf ■
C: DM 1,000,000

Sauerstoff Union GmbH,**)
Frankfurt ■
C: DM 50,000

SIG Sauerstoffwerk Frankfurt GmbH,
Frankfurt ■
C: DM 1,000,000

C = Capital stock

*) Holdings less than 50 %

**) Not included in the figures for
Messer Griesheim International

***) Subsidiary of
Likos AG, Lucerne/Switzerland

■ Industrial Gases

■ Welding and cutting products

Europe

Airgas Nederland B.V.**)***),
Den Haag/Netherlands ■
C: G 16,000,000

Airgaz S.A.R.L.***),
Paris/France ■
C: F 77,000,000

Carbueros Messer Griesheim
Gases Industriales S.A.)*),
Barcelona/Spain ■
C: Pts 420,000,000

Likos AG, Lucerne/Switzerland
C: SF 85,200,000

L'Oxydrique Internationale S.A.**)***),
Brussels/Belgium ■ ■
C: BF 114,000,000

Messer Griesheim Austria Ges.m.b.H.,
Gumpoldskirchen/Austria ■ ■
C: S 35,000,000

Messer Griesheim Belgium S.A.,
Nossegem/Belgium ■
C: BF 15,000,000

Messer Griesheim France S.A.,
Evry/France ■
C: F 4,950,000

Messer Griesheim International AG,
Chur/Switzerland
C: SF 1,600,000

Leonarc Ges.m.b.H.**)***),
Leonstein/Austria ■
C: S 600,000

Sauerstoffwerk Lenzburg AG,
Lenzburg/Switzerland**) ■
C: SF 1,000,000

Messer Griesheim Italiana S.p.A.,
Milan/Italy ■
C: L 1,500,000,000

Messer Griesheim Ltd.,
Seaton Delaval/UK ■
C: £ 400,000

Messer Griesheim Nederland B.V.,
Amsterdam/Netherlands ■ ■
C: G 1,000,000

Polysoude S.A.,
Nantes/France ■
C: F 12,000,000

Schweisstechnik AG, Dällikon/Switzerland ■ ■
C: SF 1,000,000

Overseas

Fedgas (Pty.) Ltd.**)***),
Alrode, Transvaal/South Africa ■ ■
C: R 20,000,000

Messer Griesheim Industries, Inc.,
Wilmington, Delaware/USA ■ ■
C: \$ 60,000,000

Messer Griesheim de Mexico S.A. de C.V.,
Mexico D.F./Mexico ■
C: Mex \$ 510,000,000

Messer Griesheim de Venezuela S.A.,
Caracas/Venezuela ■
C: Bs 7,150,000

Nippon Messer Griesheim Ltd.,
Tokyo/Japan ■
C: Y 1,000,000,000

German affiliates

Buse Gase GmbH, Bad Hönningen
Capital stock: DM 1 million
Holdings: 50 % (50 % Kohlen-
säurewerke Rud.
Buse GmbH & Co.)
Activities: Production and
marketing of technical
gases

Trading results were in accordance with expectations. The CO₂ plant in Kelsterbach was utilised to full capacity. Sales and profits were up on the previous year.

Oxysaar Hüttensauerstoff GmbH,
Saarbrücken
Capital stock: DM 2 million
Holdings: 75 % (25 % Saarberg-
werke AG)
Activities: Leasing of air
separation plants
to Messer Griesheim
GmbH

Oxytechnik Gesellschaft für System-
technik mbH, Eschborn
Capital stock: DM 50,000
Holdings: 100 %
Activities: Planning and supply
of production plants
and custom-built
machinery for welding
duties

As in 1983, foreign orders accounted for the bulk of the company's business.

Sauerstoff- und Stickstoffrohr-
leitungsgesellschaft mbH, Düsseldorf
Capital stock: DM 1 million
Holdings: 50 % (50 % Bayer AG)
Activities: Operation of a pipe-
line network for
oxygen and nitrogen
serving the chemical
industry in the
Cologne area

SIG Sauerstoffwerk Frankfurt GmbH,
Frankfurt am Main
Capital stock: DM 1 million
Holdings: 50 % (50 % Lonza-
Werke GmbH)
Activities: Production and
marketing of
technical gases
in the Rhine-Main area

Once again, sales and profits were up on the previous year.



Extract

High pressure extraction processes are used to extract essences and aromatic substances without detriment to their natural qualities. The processes make use of the liquid phase of gases (mainly carbon dioxide).



Successful

Significant progress has been achieved in the field of high pressure extraction through the combined expertise of Messer Griesheim and Buse on the gases side in conjunction with the engineering know-how of Uhde GmbH, Dortmund – a fellow member of the Hoechst Group.

The annual financial statements of Messer Griesheim GmbH and its subsidiaries Oxysaar Hütensauerstoff GmbH and Oxytechnik Gesellschaft für Systemtechnik mbH are incorporated in the consolidated annual statement of Hoechst AG.

Relationships to other companies associated with Hoechst are limited to the provision of goods and services on a normal commercial basis.

Messer Griesheim GmbH has profit and loss transfer agreements with the following companies:

Cryotec Tief- und Tiefsttemperatur-Technik GmbH

Fülldraht GmbH

Oxysaar Hütensauerstoff GmbH

Oxytechnik Gesellschaft für Systemtechnik mbH

Sauerstoff- und Stickstoffrohrleitungsgesellschaft mbH

Sauerstoff Union GmbH



Upwards

The food processing sector is currently enjoying an upward trend. Many operators in this field are exploiting the refrigerative advantages of liquid nitrogen, including bakeries, confectioners and frozen food producers. At the packaging stage, special gases are available for enhancing the shelf life of the product.

Foreign affiliates

Likos AG,
Lucerne/Switzerland
Capital: SF 85.2 million
Holdings: 50 % (50 % Linde AG)
Activities: Holding company with interests in industrial gas operations in Belgium, France, the Netherlands and South Africa

The capital was increased by SF 3.0 million.



High spot

The cryogenic storage vessel Chronos 80 renders valuable service under extreme conditions. The duty: Storage of blood cells for the purposes of mountain sickness research. The place: The signal relay station 4,554 metres above sea level in the Monte Rosa mountain range near Capanna Margherita on the Italian-Swiss frontier.

Airgas Nederland B.V., Den Haag/
Netherlands
Capital: G 16 million
Holdings: 75 % Likos AG (25 % W.A. Hoek's Machine- en Zuurstoffabriek, Schiedam)
Activities: Production and marketing of technical gases

The company supplies steel producers with oxygen and nitrogen via pipelines. Liquid gases are distributed by W.A., Hoek's Machine- en Zuurstoffabriek in Schiedam.

Airgaz S.A.R.L., Paris/France
Capital: F 77 million
Holdings: 100 % Likos AG
Activities: Production and marketing of industrial gases, high-purity gases and gas mixtures

Airgaz improved its performance in terms of sales and profits. Production capacities were fully utilised. Sales of liquid gases and cylinder gases were increased.



Precise

This flame cutting machine is used for precision profile cuts in structural steel-work.

L'Oxydrique Internationale S.A.,
Brussels/Belgium

Capital: BF 114 million
Holdings: 98.61 % Likos AG
(remainder by
investing public)
Activities: Production and
marketing of
industrial gases,
marketing of
welding and cutting
products

The company has an extensive distribu-
tion network and a sound market posi-
tion. Sales and profits showed con-
tinued improvement despite the poor
economic climate.

Carbueros Messer Griesheim Gases
Industriales S.A., Barcelona/Spain
Capital: Pts 420 million
Holdings: 33 $\frac{1}{3}$ % (33 $\frac{1}{3}$ %
Hoechst Iberica S.A.,
33 $\frac{1}{3}$ % Sociedad
Española de Carbueros
Metalicos S.A.)
Activities: Production and
marketing of
technical gases

The company provides the chemical
industry in the Tarragona area with
pipeline supplies of oxygen and nitro-
gen. Production capacities were only
partly utilised. Trading results were
satisfactory.



Messer Griesheim Austria Ges.m.b.H.,
Gumpoldskirchen/Austria
Capital: S 35 million
Holdings: 100 %
Activities: Production and
marketing of
industrial gases,
marketing of
welding and
cutting products

Messer Griesheim Austria operates in
Austria, Hungary, Czechoslovakia,
Yugoslavia, Rumania and Bulgaria.
Sales were increased through the
expansion of the sales program and the
development of new processes involv-
ing industrial gases. These include pol-
lution control systems for monitoring air
and water, as well as high-quality weld-
ing systems. The volume of business
achieved with neighbouring state-trad-
ing countries was maintained despite
the difficult situation with regard to
foreign exchange.

Messer Griesheim Belgium S.A.,
Nossegem/Belgium
Capital: BF 15 million
Holdings: 100 %
Activities: Marketing of
welding and
cutting products

The company has moved to modern
premises. Pleasing sales and profits
were achieved with the same product
range.

New

L'Oxydrique Internationale S.A. starts
construction work on the new adminis-
trative HQ in Machelen/Belgium.

Complete

Messer Griesheim Austria offers an
allround service for MIG/MAG welding:
The EUROTRANS® gas-shielded weld-
ing set – and the shielding gas, Krysal,
to go with it.



Messer Griesheim France S.A., Evry/
France

Capital: F 4.95 million
Holdings: 100 %
Activities: Marketing of
welding and
cutting products

Despite increased sales in a contracting
market for welding products profits
were not satisfactory.

Messer Griesheim International AG,
Chur/Switzerland

Capital: SF 1.6 million
Holdings: 100 %
Activities: Holding company
with interests in
Switzerland and
Austria

Messer Griesheim Italiana S.p.A.,
Milan/Italy

Capital: L 1500 million
Holdings: 98.14 % (1.86 %
Hoechst Italia S.p.A.)
Activities: Marketing of welding
and cutting products,
industrial gases

The economic climate provided little
encouragement. Despite a slight
increase in sales, trading results
remained unsatisfactory.

Messer Griesheim Ltd., Seaton
Delaval/UK

Capital: £ 400,000
Holdings: 100 %
Activities: Marketing of
welding and
cutting products

The company's trading results were
affected by the downturn in the market
for welding and cutting products, and
by the protracted miners' strike. Against

this background, Messer Griesheim
Ltd. succeeded in maintaining its posi-
tion as market leader for flame cutting
machinery with a marginal increase in
sales. In the second half of the year,
work commenced on the construction
of the company's new headquarters in
Cramlington, near Newcastle, not far
from the present premises.

Good name

In the UK, too, Messer Griesheim
enjoys an excellent reputation. Here,
we have made a name for ourselves
with flame cutting machines in particu-
lar.

Spot-on

This CO₂ laser is used by Alfa-Romeo
in Italy for cutting out car body parts. ▽



Messer Griesheim Nederland B.V.,
Amsterdam/Netherlands
Capital: G 1 million
Holdings: 100 %
Activities: Marketing of specialty
gases and welding/
cutting products

Polysoude S.A., Nantes/France
Capital: F 12 million
Holdings: 100 %
Activities: Production and
marketing of orbital
welding systems;
marketing of other
welding and cutting
products

The re-organisation of the company
was successfully implemented and
brought about an improvement in sales
and profits.

The orbital welding systems (i. e. cir-
cumferential tube welding machines)
manufactured by Polysoude are aimed
primarily at applications in the boiler-
making and power plant construction
fields. Sales were sluggish and failed to
fulfil expectations.



High grade
High grade steel tubes are welded in a
milkprocessing plant with "MU"
pipewelding pliers.

Schweisstechnik AG, Dällikon, near
Zürich/Switzerland
Capital: SF 1 million
Holdings: 100 %
Activities: Marketing of
industrial gases
and welding/
cutting products

With the economy generally at a low
ebb, the company made satisfactory
progress. Industrial gases accounted
for an increased share of total sales.
The market for welding products
remained stagnant. However, sales of
automatic welding systems increased
in response to higher demand. Messer
Griesheim GmbH acquired the remain-
ing shares in the company.

Fedgas (Pty.) Ltd., Alrode, Trans-
vaal, South Africa
Capital: R 20 million
Holdings: 94.5 % Likos AG
(5.5 % Sasol Ltd.)
Activities: Production and
marketing of
technical gases
and welding/
cutting products

Despite the continuing recession in
South Africa, the company made satis-
factory progress in both its fields of
activity thanks to successful applica-
tions technology. The new 200 TPD air
separation plant went on stream at the
end of August.

In connection with the construction of
this plant, Likos AG increased its share
of the capital by R 5 million. The capa-
city of the electrode factory was
expanded in line with increased
demand.



Prompt
Customers in South Africa receive
prompt deliveries, too.

Messer Griesheim Industries, Inc.,
Wilmington, Delaware/USA
Capital: \$ 60 million
Holdings: 100 %
Activities: Production and
marketing of
industrial gases and
welding/cutting products

MG Industries represents the interests of Messer Griesheim in the USA and Canada. The company has re-organised its sales and distribution activities. Through these measures, utilisation of production capacities was increased. A positive trading result was achieved with significantly increased sales.

On the industrial gases side, the largest increases were obtained with argon and nitrogen thanks to new applications technology. The gas mixture Argomix® was launched successfully on the US market. Sales of flame cutting machinery and welding filler materials surpassed the previous year's figures by more than 10 %.

Messer Griesheim de Mexico S.A. de C.V., Mexico D.F./Mexico
Capital: Mex \$ 510 million
Holdings: 100 %
Activities: Production and marketing of welding and cutting products

The company's performance benefited from the improved economic situation. Welding filler materials were the leading product line, accounting for 70 % of sales. Exports to Central America were increased. Overall, sales and profits were very satisfactory.

Messer Griesheim de Venezuela S.A., Caracas/Venezuela
Capital: Bs 7.15 million
Holdings: 50 % (50 % Hoechst Remedia, S.A.)
Activities: Production and marketing of welding filler materials

Electrodes manufactured in the Maracai works accounted for 90 % of total sales. The company's performance was satisfactory in terms of both sales and profits.

Nippon Messer Griesheim Ltd., Tokyo/Japan
Capital: Y 1 billion
Holdings: 75 % (25 % Hoechst Japan Ltd.)
Activities: Production and marketing of plasma welding and cutting systems, marketing of lasers, gas-shielded welding equipment and welding filler materials

The economic recovery in Japan combined with the expansion of the company's product range served to increase sales and secure a positive trading result. In addition to plasma systems and welding filler materials, the product range includes CNC guiding machines, laser/robot combinations as well as equipment for plasma/powder hardfacing duties.



Durable

The ploughshares on this giant plough in Australia are made considerably more durable by hard-facing with electrodes.

Parade

Thanksgiving in the USA. MG Industries supplied the gas for inflating some of the amusing characters which took part in the parade.



200 employees manufacture gas-shielded welding and plasma cutting equipment in the modern Völklingen works.



Notes to the Balance Sheet

Assets

Tangible and intangible fixed assets increased, as compared to the previous year, by DM 14.9 million to DM 250.1 million.

The details are as follows (in DM million):

| | | |
|----------------------------|-------------|--------|
| Balance as at 1. 1. 1984 | | 235.2 |
| Capital expenditure | | + 86.7 |
| Disposals | 0.8 | |
| Depreciation | <u>71.0</u> | - 71.8 |
| Balance as at 31. 12. 1984 | | 250.1 |

Tangible fixed assets are valued in accordance with the regulations, Articles 153 and 154 AktG. Capitalized company-generated assets include an appropriate portion of expenses as allowed under Article 153 (2) AktG.

The value of items subject to wear and tear is reduced by regular depreciation calculated on the basis of their expected useful life at the maximum depreciation rates allowed for tax purposes. Extraordinary depreciation was applied to obsolete plant and equipment.

Insofar as the declining-balance method of depreciation was used, the straight-line method was adopted wherever appropriate in accordance with Article 7 (3) EStG.

The full annual rate is charged for movable fixed assets added in the first half-year, while additions added in the second half-year are charged at half the annual rate.

In accordance with Article 6 (2) EStG, assets of initial cost of less than DM 800 are written off in full in the year of addition. Intangible assets are carried at reminder values.

Details of the depreciation on the additions in the year under review are shown in the movements of fixed assets and investments.

The value of **investments** decreased, as compared to the previous year, by DM 14.3 million to DM 207.2 million.

The details are as follows (in DM million):

| | | |
|----------------------------|-------------|--------|
| Balance as at 1. 1. 1984 | | 221.5 |
| Additions/Appreciations | | + 13.5 |
| Disposals | 1.1 | |
| Write-offs | <u>26.7</u> | - 27.8 |
| Balance as at 31. 12. 1984 | | 207.2 |

The additions to investments were largely for increases of the capital stock of foreign subsidiaries. Foreign risks were offset by corresponding write-offs.

All long term lendings bearing no or less than 5.5 % interest were discounted.

Inventories developed as follows (in DM million):

| | Raw materials and supplies | Finished goods and merchandise | Total |
|----------------------------|-------------------------------|-----------------------------------|-------|
| Balance as at 1. 1. 1984 | 32.9 | 103.7 | 136.6 |
| Additions | 3.3 | 4.6 | 7.9 |
| Balance as at 31. 12. 1984 | 36.2 | 108.3 | 144.5 |

The inventories are valued, in accordance with the regulations of Article 155 AktG, at cost or market or a lower value attributable on the balance sheet date. The value of obsolete and defective items was adjusted to net realizable value. Straightline depreciation on plant and proportionate overheads were taken into account to an appropriate extent in determining the manufacturing costs.

Trade accounts receivable show an increase of DM 8.8 million to DM 179.4 million. Domestic receivables account for DM 136.1 million, foreign receivables for DM 43.3 million. Receivables in respect of domestic and foreign subsidiaries and associated companies amount to DM 21.3 million. Adequate allowances have been made to cover the risk of losses.

The **other assets** mainly concern claims arising from loans, dividends, insurances and turnover tax.

Liabilities and Stockholders' Equity

The **capital stock** was increased by DM 18.0 million to DM 216.0 million through cash payment by the stockholders. DM 10.0 million were allocated to the **free reserve** from the net income for the year; the free reserve now totals DM 68.0 million.

The **special reserve items subject to future taxation** decreased overall by DM 8.8 million. This amount is the balance of releases primarily in connection with the write-offs of investments and allocations permitted in accordance with Article 74 EStDV.

The **provisions for pensions** totalling DM 89.4 million have been calculated on the basis of the individual asset value in accordance with Article 6a EStG. Apart from the necessary annual adjustments, the increase in the provisions is also due to higher interim pensions and similar expenses.

The **other provisions** of DM 94.0 million cover all risks and liabilities of uncertain amount which must be included in the balance sheet unless already disclosed under other headings. These relate primarily to taxes not yet assessed, product warranties, risks connected with transactions in course of settlement and personnel expenses. The increase in the provisions is due in the main to higher taxes and the provisions for jubilee expenses which, under the terms of new legislation, can now be shown as a liability.

The **long-term liabilities** decreased by DM 54.7 million through repayments.

Of the **other liabilities**, trade accounts payable increased by DM 2.6 million and the miscellaneous (short-term) liabilities by DM 5.0 million. Among other items, the miscellaneous short-term liabilities include (in DM million):

| | | Previous year |
|-------------------------------|------|------------------|
| Payroll liabilities | 21.1 | 12.8 |
| Interest on loans not yet due | 6.4 | 7.5 |

Contingent liabilities not disclosed in the balance sheet are as follows:

Properties with a book value of DM 645,255 are encumbered with lease rights and land charges.

Receivables of DM 134,000 have been assigned to secure export credits.

Payment commitments totalling DM 3,963,435 exist in respect of shares not yet fully paid.

There are commitments of DM 532,500 in accordance with Article 24, GmbH-Gesetz.

Notes to the Statement of Income

The **total operating performance** amounted to DM 1,170.4 million, representing an increase of 5.5% over the previous year. Net sales increased by 5.3%.

The **income from subsidiaries and associated companies** was generated by the distribution of dividends by domestic and foreign companies.

The **income from adjustment of special reserve items subject to future taxation** totalling DM 9.7 million derives mainly from adjustments in connection with write-offs of foreign investments.

Expenditure on wages, salaries and compulsory social security contributions decreased slightly, as compared to the previous year, on account of the fall in the number of employees.

The **expenses related to pensions and benefits** include, in addition to current payments to pensioners and welfare schemes, an *inpayment of DM 15.2 million to the provisions for pensions.*

The main items listed under **other expenses** were as follows (in DM million):

| | | Previous year |
|---|------|---------------|
| 1. Outside marketing and distribution services | 55.2 | 53.1 |
| 2. Rents and leases to: | | |
| Leasing companies | 27.6 | 30.6 |
| Subsidiaries and associated companies | 3.6 | 4.0 |
| Others | 15.4 | 15.1 |
| 3. Repairs, labour and other services provided by outside contractors | 79.1 | 74.1 |

The **net income for the year** was DM 55.0 million, of which DM 10.0 million were appropriated to the free reserve. Earnings available for distribution therefore amount to DM 45.0 million.

Frankfurt am Main, 7th March 1985

The Board of
Executive Directors

Messer Grabhorn
Kämpny Van Riet

Balance Sheet at 31st December 1984

| Assets | | 31. 12. 1984 | | 31. 12. 1983 | |
|--------------------------------------|--|----------------------|--------------------|--------------------|---------------------------------------|
| | | DM | DM | DM | DM |
| Tangible and intangible fixed assets | Land and equivalent rights with office, factory and other buildings | | 106 750 053 | | 106 733 882 |
| | Land with residential buildings | | 185 774 | | 221 756 |
| | Land not built upon | | 1 718 563 | | 1 485 515 |
| | Buildings on leasehold land | | 9 481 953 | | 8 350 570 |
| | Plant and machinery | | 89 355 707 | | 85 880 732 |
| | Factory and office equipment | | 23 678 077 | | 22 278 148 |
| | Construction in progress and advance payments for tangible fixed assets | | 18 938 304 | | 10 256 719 |
| | Patents, trademarks, licences and similar rights | | 1 | | 1 |
| | | | <u>250 108 432</u> | | <u>235 207 323</u> |
| | | | | | |
| Investments | Subsidiaries and associated companies | | 200 317 139 | | 214 823 370 |
| | Long-term loans (with an initial term of at least four years) of which: secured by liens on real estate under Article 89, AktG | 4 947 663 404 315 | 6 883 835 | | 6 674 189 (4 895 497) (416 630) |
| | | | <u>207 200 974</u> | | <u>221 497 559</u> |
| | | | | | |
| | Fixed assets and investments | | <u>457 309 406</u> | | <u>456 704 882</u> |
| Inventories | Raw materials and supplies | | 36 242 674 | | 32 905 658 |
| | Finished goods and merchandise | | 108 313 434 | | 103 716 731 |
| | | | <u>144 556 108</u> | | <u>136 622 389</u> |
| Receivables and other assets | Advance payments | | 1 841 695 | | 1 590 699 |
| | Accounts receivable, trade of which: receivables due after one year receivables from subsidiaries and associated companies | 896 997 | 179 357 278 | | 170 560 989 (812 289) |
| | | | | | |
| | Other receivables from subsidiaries and associated companies | 21 340 959 | | | (17 256 056) |
| | Other assets | | 1 255 021 | | 3 712 043 |
| | | <u>5 847 801</u> | | <u>4 633 296</u> | |
| | | <u>188 301 795</u> | | <u>180 497 027</u> | |
| Liquid assets | Marketable securities | | 1 958 691 | | 1 958 691 |
| | Cheques | | 1 737 735 | | 8 975 531 |
| | Cash in hand, in the Deutsche Bundesbank and in postal checking accounts | | 1 010 557 | | 931 026 |
| | Cash in banks | | 31 205 934 | | 10 880 439 |
| | | | <u>35 912 917</u> | | <u>22 745 687</u> |
| | | Current assets | | <u>368 770 820</u> | |
| Prepaid expenses | Other prepaid expenses | | — | | 87 187 |
| | | | <u>826 080 226</u> | | <u>796 657 172</u> |

Liabilities and Stockholders' Equity

| | | 31. 12. 1984 | | 31. 12. 1983 | |
|---|---|--------------|--------------------|--------------|----------------------------|
| | | DM | DM | DM | DM |
| Capital stock | | | 216 000 000 | | 198 000 000 |
| Free reserve | As at 1st. Jan. | | 58 000 000 | | (53 000 000) |
| | Allocation from the net income for the year | | 10 000 000 | | (5 000 000) |
| | | | <u>68 000 000</u> | | <u>58 000 000</u> |
| Special reserve items subject to future taxation | Special reserve under Article 1, EntwHStG and EntwLStG | | 553 140 | | 760 938 |
| | Special reserve under Article 74, EStDV | | 4 840 000 | | 4 345 000 |
| | Special reserve under Article 3, AuslInvG | | 2 340 000 | | 11 160 000 |
| | Special reserve under Article 52, Sect. 5 EStG | | 2 048 525 | | 2 276 140 |
| | | | <u>9 781 665</u> | | <u>18 542 078</u> |
| Provisions | Provisions for pensions | | 89 387 381 | | 74 232 203 |
| | Provisions for maintenance and repairs | | 2 000 000 | | 2 000 000 |
| | Other provisions | | 94 016 870 | | 67 120 009 |
| | | | <u>185 404 251</u> | | <u>143 352 212</u> |
| Long-term liabilities (with an initial term of at least four years) | Unlisted loan notes of which: secured by charges on land | 12 000 000 | 12 000 000 | | 20 000 000 (20 000 000) |
| | Long-term liabilities due to banks | | 183 259 000 | | 228 726 000 |
| | Long-term liabilities due to pension funds of which: to subsidiaries and associated companies | 27 500 000 | 27 500 000 | | 27 500 000 (27 500 000) |
| | Other long-term liabilities of which: to subsidiaries and associated companies | | 250 000 | | 1 460 702 (150 000) |
| | Part of long-term liabilities due within four years | 150 000 | | | |
| | | 121 634 000 | | | |
| | | | <u>223 009 000</u> | | <u>277 686 702</u> |
| Other liabilities | Accounts payable, trade | | 38 652 941 | | 36 045 306 |
| | Advance payments received | | 3 309 419 | | 4 796 133 |
| | Liabilities due to subsidiaries and associated companies | | 8 263 775 | | 1 602 880 |
| | Miscellaneous liabilities | | 28 659 175 | | 23 631 861 |
| | | | <u>78 885 310</u> | | <u>66 076 180</u> |
| Unappropriated retained earnings | | | 45 000 000 | | 35 000 000 |
| | | | <u>826 080 226</u> | | <u>796 657 172</u> |

Movements of Fixed Assets and Investments in 1984

| | 1. 1. 1984 | Additions | Appreciation | Disposals | Depreciation of additions | | Total | Book transfers | 31. 12. 1984 |
|---|--------------------|-------------------------|-----------------------|------------------|------------------------------|-------------------|-----------------------|----------------|--------------------|
| | DM | DM | DM | DM | Current year | Previous years | DM | DM | DM |
| Tangible and intangible fixed assets | | | | | | | | | |
| Land and equivalent rights with office, factory and other buildings | 106 733 882 | 6 701 009 | — | 22 463 | 605 650 | 6 056 725 | 6 662 375 | — | 106 750 053 |
| Land with residential buildings | 221 756 | — | — | 27 097 | — | 8 885 | 8 885 | — | 185 774 |
| Land not built upon | 1 485 515 | 237 468 | — | 4 420 | — | — | — | — | 1 718 563 |
| Buildings on leasehold land | 8 350 570 | 2 034 444 | — | 186 | 55 457 | 953 218 | 1 008 675 | 105 800 | 9 481 953 |
| Plant and machinery | 85 880 732 | 37 416 568 | — | 405 036 | 9 931 244 | 23 479 902 | 33 411 146 | - 125 411 | 89 355 707 |
| Factory and office equipment | 22 278 148 | 31 648 305 | — | 310 619 | 20 704 978 | 9 252 390 | 29 957 368 | 19 611 | 23 678 077 |
| Construction in progress and advance payments for tangible fixed assets | 10 256 719 | 8 681 585 ¹⁾ | — | — | — | — | — | — | 18 938 304 |
| Patents, trademarks, licences and similar rights | 1 | — | — | — | — | — | — | — | 1 |
| | <u>235 207 323</u> | <u>86 719 379</u> | <u>—</u> | <u>769 821</u> | <u>31 297 329</u> | <u>39 751 120</u> | <u>71 048 449</u> | <u>—</u> | <u>250 108 432</u> |
| Investments | | | | | | | | | |
| Subsidiaries and associated companies | 214 823 370 | 11 926 183 | — | — | — | 26 432 414 | 26 432 414 | — | 200 317 139 |
| Long-term loans (with an initial term of at least four years) | 6 674 189 | 1 412 188 | 116 902 ²⁾ | 1 089 980 | 229 464 | — | 229 464 ³⁾ | — | 6 883 835 |
| | <u>221 497 559</u> | <u>13 338 371</u> | <u>116 902</u> | <u>1 089 980</u> | <u>229 464</u> | <u>26 432 414</u> | <u>26 661 878</u> | <u>—</u> | <u>207 200 974</u> |
| Total fixed assets and investments | <u>456 704 882</u> | <u>100 057 750</u> | <u>116 902</u> | <u>1 859 801</u> | <u>31 526 793</u> | <u>66 183 534</u> | <u>97 710 327</u> | <u>—</u> | <u>457 309 406</u> |

¹⁾ Balance from additions of DM 17 895 363 and transfers to operating fixed assets of DM 9 213 778

²⁾ Compounded interest

³⁾ Deduction of unaccrued interest

Balance Sheet Notes

| | 31. 12. 1984 | 31. 12. 1983 |
|---|--------------|--------------|
| | DM | DM |
| Contingent liabilities resulting from issue and transfer of bills | 22 949 214 | 24 036 276 |
| Guarantees | 181 687 230 | 147 471 851 |

Statement of Income for 1984

| | 1. 1. - 31. 12. 1984 | | 1. 1. - 31. 12. 1983 | |
|--|----------------------|---------------|----------------------|---------------|
| | DM | DM | DM | DM |
| Net sales | | 1 159 787 757 | | 1 101 730 806 |
| Increase in inventories of finished goods | 4 668 678 | | 1 418 069 | |
| Other capitalized company-generated assets | 5 962 241 | 10 630 919 | 6 417 378 | 7 835 447 |
| Total operating performance | | 1 170 418 676 | | 1 109 566 253 |
| Cost of materials, supplies and merchandise | | 380 602 156 | | 354 870 439 |
| Gross result from operation | | 789 816 520 | | 754 695 814 |
| Income from profit and loss transfer agreements | 1 065 542 | | 445 251 | |
| Income from subsidiaries and associated companies | 5 138 762 | | 5 684 913 | |
| Income from other investments | 364 130 | | 308 614 | |
| Other interest and similar income | 5 745 836 | | 3 985 182 | |
| Income from disposal of fixed assets and investments | 1 420 571 | | 863 904 | |
| Income from reduction of flat allowance for doubtful accounts | — | | 7 000 | |
| Income from adjustment of special reserve items subject to future taxation | 9 665 413 | | 17 381 250 | |
| Other income | 3 212 137 | | 3 622 658 | |
| of which: extraordinary income | DM 819 521 | 26 612 391 | (1 259 390) | 32 298 772 |
| Total income | | 816 428 911 | | 786 994 586 |
| Wages and salaries | 272 994 053 | | 276 280 578 | |
| Compulsory social security contributions | 42 575 462 | | 41 053 284 | |
| Expenses related to pensions and benefits | 26 990 516 | | 22 258 644 | |
| Depreciation on tangible fixed assets | 71 048 449 | | 65 979 759 | |
| Write-offs of investments | 26 661 878 | | 31 852 329 | |
| Losses on receivables | 2 921 513 | | 2 713 096 | |
| Losses from disposal of fixed assets | 430 132 | | 488 091 | |
| Interest and similar expenses | 23 975 697 | | 28 645 884 | |
| Taxes on income and property | 85 935 878 | | 58 815 294 | |
| Other taxes | 1 370 937 | | 1 391 170 | |
| Transfer to special reserve items subject to future taxation | 905 000 | | 9 725 000 | |
| Other expenses | 205 619 396 | 761 428 911 | 207 791 457 | 746 994 586 |
| Net income for the year | | 55 000 000 | | 40 000 000 |
| Allocation to the free reserve | | 10 000 000 | | 5 000 000 |
| Unappropriated retained earnings | | 45 000 000 | | 35 000 000 |
| Pension fund contributions (including payments to legally independent benefit funds) | | 11 780 879 | | 10 956 042 |

Auditors' Report

The accounting, the annual financial statements and the management report, which we have audited in accordance with professional standards, comply with German Law and the company's statutes.

Frankfurt am Main, 7th March 1985

Treuhand-Vereinigung Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft und Steuerberatungsgesellschaft

Dr. Uhlig
Wirtschaftsprüfer

Lust
Wirtschaftsprüfer

Addresses

Messer Griesheim GmbH
Board of Executive Directors
Head Office
Hanauer Landstrasse 330
Postfach (POB) 3746
D-6000 Frankfurt 1
Tel. (069) 4019-1
Fax. (069) 4019-388
Telex 417138 mgfh d
Cables mg zentral frankfurt

Messer Griesheim GmbH
Industrial Gases
Homburger Strasse 12
Postfach (POB) 4709
D-4000 Düsseldorf 1
Tel. (0211) 4303-1
Fax. (0211) 4303-436
Telex 8584878 mgd d
Cables sauerstoff duesseldorf

Messer Griesheim GmbH
Welding and Cutting Products
Hanauer Landstrasse 300
Postfach (POB) 3746
D-6000 Frankfurt 1
Tel. (069) 4019-1
Fax. (069) 4019-389
Telex 417138 mgfh d
Cables mg zentral frankfurt



Winner

In the photography competition "Messer Griesheim through the eyes and lenses of employees", Willi Weskamp took first place with this picture. It's entitled "Apprentices in training".

Publication 000.1023e

Offset from Kalle plates
by druckerei drach, Pfungstadt

Edition 4/85/X
Printed in the Federal Republic of Germany