Dräger Group
H1/2007 report
(revised version)

Q2

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Business performance of the Dräger Group

		Q2/ 2007	Q2/ 2006	H1/ 2007	H1/ 2006	H1/ Change in %
Total order intake	**€ million**	**469.8**	**479.3**	**914.7**	**931.5**	**–1.8**
Germany	€ million	101.5	94.8	197.5	191.2	+3.3
Rest of Europe	€ million	187.0	184.1	366.9	379.0	–3.2
Americas	€ million	96.8	126.7	180.8	211.3	–14.4
Asia/Pacific	€ million	57.1	49.7	104.1	98.6	+5.6
Other	€ million	27.4	24.0	65.4	51.4	+27.2
Total revenues	**€ million**	**444.9**	**434.3**	**837.4**	**819.6**	**+2.2**
Germany	€ million	87.5	88.5	164.5	166.5	–1.2
Rest of Europe	€ million	192.0	175.4	345.9	333.5	+3.7
Americas	€ million	84.1	100.0	170.8	176.9	–3.4
Asia/Pacific	€ million	47.2	43.8	92.9	91.2	+1.9
Other	€ million	34.1	26.6	63.3	51.5	+22.9
EBITDA [1]	**€ million**	**46.4**	**45.0**	**76.7**	**77.7**	**–1.3**
Depreciation/amortization	€ million	12.9	12.7	25.8	24.9	+3.6
EBIT [2] **before non-recurring expenses**	**€ million**	**33.5**	**32.3**	**50.9**	**52.8**	**–3.6**
Non-recurring expenses	€ million	0.0	0.0	0.0	0.0	0.0
EBIT [2]	**€ million**	**33.5**	**32.3**	**50.9**	**52.8**	**–3.6**
Net profit	**€ million**	**16.6**	**15.0**	**24.1**	**23.3**	**+3.4**
R&D expenses	**€ million**	**30.4**	**30.1**	**60.0**	**58.5**	**+2.6**
Cash flow from operating activities	**€ million**	**20.6**	**(22,1)**	**48.9**	**(20.9)**	**–**
Net financial debt	**€ million**	**344.5**	**275.2**	**344.5**	**275.2**	**+25.2**
Investments	**€ million**	**29.3**	**20.1**	**87.1**	**31.3**	**+178.3**
Capital employed [3]	**€ million**	**985.5**	**941.5**	**985.5**	**941.5**	**+4.7**
Net working capital [4]	**€ million**	**521.2**	**559.2**	**521.2**	**559.2**	**–6.8**
EBIT before non-recurring expenses/revenues	**%**	**7.5**	**7.4**	**6.1**	**6.4**	
EBIT before non-recurring expenses/ capital employed	**%**	**3.4**	**3.4**	**5.2**	**5.6**	
Gearing [5]	**Factor**	**0.7**	**0.5**	**0.7**	**0.5**	
Headcount as of June 30						
Germany		4,512	4,382	4,512	4,382	+3.0
Abroad		5,657	5,505	5,657	5,505	+2.8
Total headcount		**10,169**	**9,887**	**10,169**	**9,887**	**+2.9**

[1] EBITDA = Earnings before net interest result, income taxes, depreciation, amortization and non-recurring expenses
[2] EBIT = Earnings before net interest result and income taxes
[3] Capital employed = Total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest bearing liabilities
[4] Net working capital = Current, non-interest bearing assets less current, non-interest bearing debt
[5] Gearing = Net financial debt/equity

Business performance of the Dräger Group in the first half of 2007

Interest held in Dräger Medical AG & Co. KG increased to 75 percent

Following the acquisition from Siemens of a 10 percent interest in Dräger Medical AG & Co. KG on February 28, 2007, the interest held in the latter company and thus in the Medical division rose from 65 percent to 75 percent. This purchase was agreed as part of the revision of Siemens' contractual put option and has no effect on the Dräger Medical AG & Co. KG joint venture between Dräger and Siemens.

The acquisition had the following effect on the Group's net assets, financial position and results of operations:

Purchase price	EUR 110.0 million
Acquired share in capital	EUR 63.3 million
Acquired goodwill	EUR 46.7 million

The purchase price of EUR 110 million was primarily financed by note loans of EUR 100 million due in six, seven and eight years with an average rate of interest of 4.8 percent p.a.

The acquired share in capital – which previously formed part of minority interests disclosed under equity – is subject to capital consolidation following the acquisition. Consequently, the equity of the Group dropped by EUR 63.3 million.

Acquired goodwill represents an investment for 2007 and increases intangible assets included in non-current assets and thus capital employed.

The distribution in the second quarter of Siemens' share in net profit for fiscal year 2006 reduced the acquired share in capital by EUR 6.6 million to EUR 63.3 million compared with the first quarter. Acquired goodwill rose to EUR 46.7 million accordingly.

Resolution to change the company's legal form adopted at the annual shareholders' meeting on May 11, 2007

Action against this resolution

A resolution was adopted at the annual shareholders' meeting on May 11, 2007 to change the company's legal form to that of a partnership limited by shares with Drägerwerk Verwaltungs AG as the general partner.

A shareholder brought an action to set aside this resolution or, alternatively, to have it declared null and void. The first panel for commercial matters of the Lübeck regional court ordered the commencement of written preliminary proceedings. A date has yet to be set for the hearing. Drägerwerk AG initiated court approval proceedings so the new legal form can be registered without delay. As the planned change in the legal form merely serves to extend the future financing leeway while maintaining the successful decision-making structures, the action has no effect on the Company's business performance or growth opportunities.

Drägerwerk AG's Executive Board is complete

The Supervisory Board of Drägerwerk AG appointed two new members to the Executive Board on June 15, 2007. Dr. Ulrich Thibaut took charge of the Executive Board's new research and development function at Drägerwerk AG as of June 18, 2007. Dr. Volker Pfahlert will head the Medical division as of September 1, 2007, assuming the other functions related to this role.

Order intake and revenues on a par with the prior year

Business met expectations: the prior year's figures were mostly achieved or outstripped thanks to organic growth. In the comparable prior-year period, business was positively influenced by several major projects, especially in the Medical division. Order intake of EUR 914.7 million was 1.8 percent lower than the prior-year figure of EUR 931.5 million, while revenues of EUR 837.4 million exceeded first-half revenues in the prior year by 2.2 percent. The change in exchange rates reduced the current figures by some 2 percent year on year.

The Group's steady development was driven by the excellent performance of Dräger Safety, which posted a 9.2 percent increase in order intake and a 10.9 rise in revenues in the first half of 2007 compared to the prior-year period.

Dräger Medical was not able to repeat the prior year's figures, as projects in Europe and Latin America accounted for some EUR 66 million and EUR 41 million of order intake and revenues, respectively, in the first half of 2006. The absence of these projects in the first half of 2007 was only partly compensated for, leading to a drop in order intake and revenues of 7.6 percent and 2.7 percent, respectively, in this period.

This trend is also evident in the regional distribution of the Dräger Group's order intake. The prior-year figures were not achieved in Europe excluding Germany (down 3.2 percent) and in the Americas (down 14.4 percent), while in Germany the growth of Dräger Safety made up for the slight drop at Dräger Medical. Both divisions recorded steady growth in Asia/Pacific and the "other" countries.

The regional distribution of consolidated revenues is also shaped by the high prior-year figures, although in this case the positive performance of Dräger Safety in all regions offset the marginal drop at Dräger Medical.

Operating result currently still down on the prior year

As a result of the low increase in revenues, first-half EBIT of EUR 50.9 million (H1/2006: EUR 52.8 million) is still EUR 1.9 million below the prior year (Q1/2007: down EUR 3.1 million) With a slight increase in gross margin, gross profit was up EUR 11.3 million, helping compensate for functional costs, which tend to follow a straight line rather than being dependent on revenues.

Research and development costs of EUR 60.0 million came to 7.2 percent of revenues in the first half of the year. The interest result increased due to a rise in interest income from investments and constant interest expenses. Tax expense dropped slightly because tax accruals were recognized at a rate of 38 percent (H1/2006: 40 percent).

At EUR 24.1 million, net profit for the first half is higher than the prior year's EUR 23.3 million.

Due to the acquisition of the 10 percent interest in Dräger Medical AG & Co. KG, earnings per preferred share rose from EUR 1.03 in the prior year to EUR 1.34.

Net assets and financial position

The acquisition of the 10 percent interest in Dräger Medical AG & Co. KG led to a reduction in equity due to the consolidation of the acquired share in capital. Taking into account the profit for the first half, equity amounts to EUR 502.3 million in total, bringing the equity ratio to 31.2 percent (December 31, 2006: EUR 576.9 million and 35.3 percent). In the second quarter of 2007, total payments of EUR 37.9 million for dividends, participation certificates and the share in net profit of minority shareholders for the prior year were made from equity.

Total assets decreased in the first half of 2007 by EUR 26.4 million compared to December 31, 2006. Current assets were mainly responsible for the decrease. Trade receivables were reduced substantially, as well as cash and cash equivalents used to pay dividends and reduce bank liabilities. In contrast, non-current assets rose by EUR 62.6 million, mostly as a result of the goodwill arising from the acquisition of the 10 percent stake in Dräger Medical AG & Co. KG and the continuation of construction of Dräger Medical's new building. These were the main investments in the first half of 2007.

On the liabilities side, non-current loans increased in February 2007 due to further note loans of EUR 100 million. A tranche of older note loans and other loans of EUR 30 million were reclassified to current loans since they are due within one year.

As a result of these transactions, net financial debt increased to EUR 344.5 million (H1/2006: EUR 275.2 million) and capital employed to EUR 985.5 million (H1/2006: EUR 941.5 million), while net working capital decreased to EUR 521.2 million (H1/2006: EUR 559.2 million).

Business performance of Dräger Medical

		Q2/ 2007	2006	H1/ 2007	2006	Change in %
Total order intake	**€ million**	**315.3**	**336.1**	**591.0**	**639.9**	**–7.6**
Germany	€ million	71.4	67.9	124.6	128.2	–2.8
Rest of Europe	€ million	117.2	114.0	226.7	243.4	–6.9
Americas	€ million	69.9	104.5	125.4	167.9	–25.3
Asia/Pacific	€ million	36.0	31.2	62.6	61.1	+2.5
Other	€ million	20.8	18.5	51.7	39.3	+31.6
Total revenues	**€ million**	**284.4**	**301.1**	**544.4**	**559.3**	**–2.7**
Germany	€ million	58.9	62.2	107.9	113.8	–5.2
Rest of Europe	€ million	110.8	110.7	206.3	211.1	–2.3
Americas	€ million	58.4	78.9	122.5	133.8	–8.4
Asia/Pacific	€ million	28.8	28.5	57.0	60.4	–5.6
Other	€ million	27.5	20.8	50.7	40.2	+26.1
EBITDA [1]	**€ million**	**26.2**	**31.1**	**40.4**	**49.9**	**–19.0**
Depreciation/amortization	€ million	5.8	5.9	11.5	11.8	–2.5
EBIT [2] before non-recurring expenses	**€ million**	**20.4**	**25.2**	**28.9**	**38.1**	**–24.1**
Non-recurring expenses	€ million	0.0	0.0	0.0	0.0	0.0
EBIT [2]	**€ million**	**20.4**	**25.2**	**28.9**	**38.1**	**–24.1**
Net profit	**€ million**	**14.0**	**15.9**	**20.2**	**23.4**	**–13.7**
R&D expenses	**€ million**	**22.7**	**21.9**	**45.6**	**42.9**	**+6.3**
Cash flow from operating activities	**€ million**	**36.0**	**(7.0)**	**72.4**	**(1.5)**	**–**
Net financial debt	**€ million**	**(75.2)**	**(27.8)**	**(75.2)**	**(27.8)**	**+170.5**
Investments	**€ million**	**5.0**	**9.8**	**10.4**	**17.4**	**–40.2**
Capital employed [3]	**€ million**	**618.0**	**653.2**	**618.0**	**653.2**	**–5.4**
Net working capital [4]	**€ million**	**388.6**	**427.9**	**388.6**	**427.9**	**–9.2**
EBIT before non-recurring expenses/revenues	**%**	**7.2**	**8.4**	**5.3**	**6.8**	
EBIT before non-recurring expenses/ capital employed	**%**	**3.3**	**3.9**	**4.7**	**5.8**	
Gearing [5]	**Factor**	**(0.1)**	**0.0**	**(0.1)**	**0.0**	
Headcount as of June 30						
Germany		2,501	2,471	2,501	2,471	+1.2
Abroad		3,593	3,525	3,593	3,525	+1.9
Total headcount		**6,094**	**5,996**	**6,094**	**5,996**	**+1.6**

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4 Net working capital = Current, non-interest bearing assets less current, non-interest bearing debt
5 Gearing = Net financial debt/equity

Business performance of Dräger Medical

- Revenues and order intake in the first half slightly below prior year
- EBIT below prior year

Subdued first half

The Medical division closed the first half with EBIT of EUR 28.9 million (H1/2006: EUR 38.1 million). The EBIT margin of 5.3 percent was under the prior-year figure (H1/2006: 6.8 percent). At EUR 544.4 million, revenues were a slight 2.7 percent below the prior year (H1/2006: EUR 559.3 million) and order intake saw a drop of 7.6 percent to EUR 591.0 million (H1/2006: EUR 639.9 million). Exchange rates had a negative impact of around 2 percent on the change in revenues and order intake.

There was no repeat of the prior year's figures, as projects in Europe and Latin America accounted for some EUR 66 million and EUR 41 million of order intake and revenues, respectively, in the first half of 2006. The absence of these especially big projects was only partly compensated for.

With low revenues, gross profit was around EUR 1 million below the prior-year figure, despite the slight increase in gross margin, and was therefore unable to offset functional costs, which tended to increase in a straight line as expected. An increase in such function costs was recorded especially in research and development and sales and marketing. 8.4 percent of revenues was spent on research and development in the first half (H1/2006: 7.7 percent). The expansion of the subsidiaries in Mexico and Argentina was one of the factors impacting sales and marketing expenses.

Capital employed dropped by 5.4 percent to EUR 618.0 million (H1/2006: EUR 653.2 million), leading to an increase in cash flow. The continuous process improvements such as product lifecycle management (from the implementation of a product to its phase-out) underpin the positive development of capital employed.

Dräger Medical reported EBIT of EUR 20.4 million in the second quarter (Q2/2006: EUR 25.2 million). The EBIT margin stood at 7.2 percent, lower than the prior year's 8.4 percent, and revenues dropped 5.5 percent year on year (Q2/2006: EUR 301.1 million) to EUR 284.4 million. At EUR 315.3 million, order intake was below the prior-year figure of EUR 336.1 million.

Performance varies in the regions

The projects mentioned also made their mark on the regional performance of order intake and revenues. In Europe excluding Germany, order intake dropped 6.9 percent to EUR 226.7 million, although good growth was posted in some countries, such as France and the UK. In addition to the projects in Latin America, the changes in exchange rates impacted order intake in the Americas (down 25.3 percent) especially. Net of currency effects, slight growth was generated in the US. Better results were achieved for revenues in these two regions, the drop was much less pronounced than for order intake. Revenues decreased 2.3 percent in Europe excluding Germany and 8.4 percent in the Americas. Net of currency effects, revenues in the US rose by around 17 percent.

First-half order intake (down 2.8 percent) and revenues (down 5.2 percent) on the German market were also down year on year. Hospital consolidation in Germany increased anew. A study by Prof. Dr. Marc Kraft from the medical technology faculty of Berlin Technical University, carried out jointly with the consultancy firm Droege & Partner and the industrial association Spectaris, has shown that Dräger Medical's acute point of care ("APOC") products and system solutions help save costs. According to the study, SmartCare™/PS, a system designed for weaning ICU patients from artificial ventilation, is one of the 10 innovations in medical technology whose use could save more than EUR 600 million each year in Germany alone. All in all, Dräger Medical successfully defended its position in the German market and the competitive environment.

Growth in order intake in the Asia/Pacific region is low due to the current situation in China.

Position in the world market remains strong

Dräger Medical has defied the unabating competitive pressure and ongoing consolidation in the global APOC market to defend its strong position among the leading providers of products and system solutions in this market.

Business performance of Dräger Safety

			Q2/			H1/
		2007	2006	2007	2006	Change in %
Total order intake	**€ million**	**160.9**	**151.1**	**335.8**	**307.5**	**+9.2**
Germany	€ million	36.5	34.8	85.0	78.9	+7.7
Rest of Europe	€ million	69.8	70.1	140.2	135.6	+3.4
Americas	€ million	26.9	22.2	55.4	43.4	+27.6
Asia/Pacific	€ million	21.1	18.5	41.5	37.5	+10.7
Other	€ million	6.6	5.5	13.7	12.1	+13.2
Total revenues	**€ million**	**167.1**	**140.9**	**306.0**	**275.8**	**+10.9**
Germany	€ million	35.2	34.0	69.6	68.2	+2.1
Rest of Europe	€ million	81.2	64.7	139.6	122.4	+14.1
Americas	€ million	25.7	21.1	48.3	43.1	+12.1
Asia/Pacific	€ million	18.4	15.3	35.9	30.8	+16.6
Other	€ million	6.6	5.8	12.6	11.3	+11.5
EBITDA [1]	**€ million**	**20.9**	**17.7**	**38.2**	**32.9**	**+16.1**
Depreciation/amortization	€ million	5.2	4.7	10.2	9.0	+13.3
EBIT [2] **before non-recurring expenses**	**€ million**	**15.7**	**13.0**	**28.0**	**23.9**	**+17.2**
Non-recurring expenses	€ million	0.0	0.0	0.0	0.0	0.0
EBIT [2]	**€ million**	**15.7**	**13.0**	**28.0**	**23.9**	**+17.2**
Net profit (before profit/loss transfer)	**€ million**	**10.4**	**8.6**	**18.5**	**15.8**	**+17.1**
R&D expenses	**€ million**	**7.2**	**7.9**	**13.8**	**14.9**	**–7.4**
Cash flow from operating activities	**€ million**	**(3.6)**	**(3.2)**	**2.8**	**(3.1)**	**–**
Net financial debt	**€ million**	**73.1**	**55.5**	**73.1**	**55.5**	**+31.7**
Investments	**€ million**	**6.4**	**8.3**	**11.4**	**13.1**	**–13.0**
Capital employed [3]	**€ million**	**240.8**	**221.0**	**240.8**	**221.0**	**+9.0**
Net working capital [4]	**€ million**	**161.7**	**143.6**	**161.7**	**143.6**	**+12.6**
EBIT before non-recurring expenses/revenues	**%**	**9.4**	**9.2**	**9.2**	**8.7**	
EBIT before non-recurring expenses/capital employed	**%**	**6.5**	**5.9**	**11.6**	**10.8**	
Gearing [5]	**Factor**	**0.5**	**0.4**	**0.5**	**0.4**	
Headcount as of June 30						
Germany		1,785	1,706	1,785	1,706	+4.6
Abroad		2,063	1,975	2,063	1,975	+4.5
Total headcount		**3,848**	**3,681**	**3,848**	**3,681**	**+4.5**

[1] EBITDA = Earnings before net interest result, income taxes, depreciation, amortization and non-recurring expenses
[2] EBIT = Earnings before net interest result and income taxes
[3] Capital employed = Total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest bearing liabilities
[4] Net working capital = Current, non-interest bearing assets less current, non-interest bearing debt
[5] Gearing = Net financial debt/equity

Business performance of Dräger Safety

- Another proportionately greater increase in EBIT
- Double-digit growth in revenues

In the first half of 2007, the Safety division generated EBIT of EUR 28.0 million. Comparable EBIT for the first half of 2006 came to EUR 23.9 million. The division thus improved EBIT by 17.2 percent on the prior year. The EBIT margin in the first half of 2007 was 9.2 percent (H1/2006: 8.7 percent). Order intake climbed 9.2 percent (11.2 percent net of currency effects) to EUR 335.8 million (H1/2006: EUR 307.5 million). Both core business and project business in all regions contributed to this growth.

The global revenues of the Safety division rose in the first six months of 2007 by 10.9 percent (12.8 percent net of currency effects) to EUR 306.0 million (H1/2006: EUR 275.8 million). This double-digit increase was achieved in all regions, especially abroad, and across all product and service areas.

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EBIT stood at EUR 15.7 million in the second quarter of 2007 (Q2/2006: EUR 13.0 million). The EBIT margin came to 9.4 percent (Q2/2006: 9.2 percent).

Order intake developed positively, up 6.5 percent to EUR 160.9 million (Q2/2006: EUR 151.1 million).

Revenues rose to EUR 167.1 million, up 18.6 percent on the prior year (EUR 140.9 million).

Positive trend in all regions

Order intake in Germany climbed 7.7 percent to EUR 85.0 million in the first half of 2007 (H1/2006: EUR 78.9 million). Against the background of the ongoing strained financial situation and the resulting tight rein on public spending as well as increased competition, revenues were increased by 2.1 percent to EUR 69.6 million (H1/2006: EUR 68.2 million). Respiratory protection equipment and training galleries for fire departments, industry and mines, portable multi-gas and single-gas detection devices and stationary gas monitoring systems were key revenue drivers.

Business fared very well in many European countries in the first six months of 2007. In Europe (excluding Germany), order intake was up 3.4 percent, with revenue growth of 14.1 percent. The successful Dräger Interlock XT, a breathalyzer with an immobilizer for use in vehicles, continues to take the Scandinavian market by storm. We received two major orders from Russia, one to install a stationary gas monitoring system at an oil refinery and the other to equip the public disaster protection organization with breathing apparatus. Revenue growth includes part of the revenues from a deep-sea diving system for Norway, recognized according to the percentage of completion method.

We grew and strengthened our position in the Americas, increasing order intake by 27.6 percent (35.7 percent net of currency effects) and revenues by 12.1 percent (19.3 percent net of currency effects). Demand for safety solutions from Dräger Safety continues in the Americas. Customers in this region are turning more and more to our products that use innovative technology as well as our services. Real fire training systems for firefighters as well as Dräger breathing apparatus (e.g. Dräger PSS 100) were also in demand from fire departments. A major order for the supply of high-performance breathing air filling stations was received from the American mining industry. A petroleum company in Brazil has chosen Dräger PA 94 Plus breathing apparatus to protect its security personnel in the future.

With order intake up 10.7 percent (14.4 percent net of currency effects) in the Asia/Pacific region, Dräger expanded its market position there through core and project business. Revenues were up 16.6 percent (19.8 percent net of currency effects) on the prior year. The development in this region’s major countries was particularly pleasing. Customers from the petrochemicals industry and fire protection sector ordered Dräger safety technology. Dräger Safety landed another success in India, where a mining company ordered Dräger PSS BG 4 long-term breathing apparatus for its mine rescue team and an airport operator ordered breathing apparatus for its firefighters. An order for chemical protection suits for the police came from Japan. Beijing’s fire department placed an extensive order for breathing apparatus and equipment for its firefighters, as did a Chinese natural gas producer for its workers.

Further orders from the petrochemicals industry and the semi-conductor industry underscore our strong market position and customer confidence in the equipment of the Gas Detection Systems business unit.

Innovations underline our competitive edge

Investments in intangible assets and property, plant and equipment in the first six months of 2007 amounted to EUR 11.4 million (H1/2006: EUR 13.1 million). Research and development expenditure amounted to EUR 13.8 million or 4.5 percent of revenues (H1/2006: EUR 14.9 million or 5.4 percent of revenues) and mainly went toward new product developments, such as new breathing apparatus and filters as part of an extension of the successful Dräger X-plore mask series as well as gas detection products.

Dräger system solutions very successful

The Dräger Safety Solutions business field remains successful around the world with its system solutions for specific target groups. This is an indication that Dräger’s reputation among customers as a company focused on customer groups is growing. Dräger supplied a training gallery for simulated aircraft fires to Cardiff International Airport. Brunei International Airport placed a similar order. German fire departments and industrial companies commissioned Dräger to supply and equip them with respiratory protection training galleries and workshops as well as to organize the safety technology side of a shutdown of a petrochemicals facility. This involves managing all the safety aspects of inspection and maintenance work as part of a temporary closure. Alongside planning and coordination of the safety aspects of this shutdown, Dräger’s service offering includes the provision and management of personnel as well as extensive safety equipment for their personal protection.

Business performance of Drägerwerk AG, other companies

		Q2/ 2007	Q2/ 2006	H1/ 2007	H1/ 2006	H1/ Change in %
Total order intake	**€ million**	**1.8**	**1.9**	**3.5**	**4.4**	**–20.5**
Germany	€ million	1.8	1.9	3.5	4.4	–20.5
Rest of Europe	€ million	0.0	0.0			0.0
Americas	€ million	0.0	0.0			0.0
Asia/Pacific	€ million	0.0	0.0			0.0
Other	€ million	0.0	0.0	0.0	0.0	0.0
Total revenues	**€ million**	**1.8**	**2.0**	**3.5**	**4.5**	**–22.2**
Germany	€ million	1.8	2.0	3.5	4.5	–22.2
Rest of Europe	€ million	0.0	0.0			0.0
Americas	€ million	0.0	0.0			0.0
Asia/Pacific	€ million	0.0	0.0			0.0
Other	€ million	0.0	0.0	0.0	0.0	0.0
EBITDA [1]	**€ million**	**53.0**	**38.0**	**55.3**	**40.2**	**+37.6**
Depreciation/amortization	€ million	1.9	2.1	4.1	4.1	0.0
EBIT [2] **before non-recurring expenses**	**€ million**	**51.1**	**35.9**	**51.2**	**36.1**	**+41.8**
Non-recurring expenses	€ million	0.0	0.0	0.0	0.0	0.0
EBIT [2]	**€ million**	**51.1**	**35.9**	**51.2**	**36.1**	**+41.8**
Net profit	**€ million**	**44.4**	**31.6**	**38.8**	**27.3**	**+42.1**
R&D expenses	**€ million**	**0.5**	**0.3**	**0.6**	**0.7**	**–14.3**
Cash flow from operating activities	**€ million**	**41.3**	**29.2**	**31.6**	**29.1**	**+8.6**
Net financial debt	**€ million**	**351.4**	**253.7**	**351.4**	**253.7**	**+38.5**
Investments	**€ million**	**11.3**	**2.0**	**18.6**	**0.8**	**–**
Capital employed [3]	**€ million**	**669.2**	**548.1**	**669.2**	**548.1**	**+22.1**
Net working capital [4]	**€ million**	**(32.6)**	**(22.5)**	**(32.6)**	**(22.5)**	**+44.9**
EBIT before non-recurring expenses/revenues	**%**					
EBIT before non-recurring expenses/ capital employed	**%**					
Gearing [5]	**Factor**					
Headcount as of June 30						
Germany		226	205	226	205	+10.2
Abroad		1	5	1	5	–80.0
Total headcount		**227**	**210**	**227**	**210**	**+8.1**

[1] EBITDA = Earnings before net interest result, income taxes, depreciation, amortization and non-recurring expenses
[2] EBIT = Earnings before net interest result and income taxes
[3] Capital employed = Total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest bearing liabilities
[4] Net working capital = Current, non-interest bearing assets less current, non-interest bearing debt
[5] Gearing = Net financial debt/equity

Business performance of Drägerwerk AG, other companies

The business performance of Drägerwerk AG and other companies is mainly shaped by the performance of Drägerwerk AG. Its functions serve to fulfill the core tasks of the Company as well as to provide services to the divisions. These functions include the services provided to the Company and the Group by the legal, tax, insurance, treasury, corporate communications, investor relations, financial control and accounting departments, as well as the corporate IT, HR, internal audit and basic research departments. Real estate management services are provided by a real estate company listed under “Other companies”. The services to our divisions are closely coordinated with them and invoiced in accordance with arm’s length principles, as between unrelated parties.

Corporate Communications and IT are currently being organized as shared services for all group companies at Drägerwerk AG, where these activities will be pooled to allow the group companies to concentrate on their core business.

EBIT of EUR 51.2 million (H1/2006: EUR 36.1 million) is made up of the operating result generated by the companies grouped in this segment and income from investments of Drägerwerk AG of EUR 57.7 million (H1/2006: EUR 45.2 million). As is the case every year, the operating result is negative, as Drägerwerk AG performs group functions and the current year was impacted by the abovementioned projects and preparations for the change of Drägerwerk AG’s legal form to that of a partnership limited by shares.

Reconciliation of figures at group level

To reconcile figures at group level, consolidations between the divisions Medical, Safety and Drägerwerk AG/other companies have to be accounted for. These are detailed in the segment report of the notes to this quarterly report.

Outlook

The Dräger Group aims to continue its top and bottom-line success in 2007.

Interim financial statements of the Dräger Group as of June 30, 2007 (revised version)

Consolidated income statement of the Dräger Group for the period from January 1 to June 30, 2007

	Note		Q2/		H1/
		2007	2006	2007	2006
		€ million	€ million	€ million	€ million
Revenues	7	**444.9**	**434.3**	**837.4**	**819.6**
Cost of sales		(233.7)	(228.2)	(428.8)	(422.3)
Gross profit		**211.2**	**206.1**	**408.6**	**397.3**
Research and development costs		(30.4)	(30.1)	(60.0)	(58.5)
Marketing and selling expenses		(120.0)	(115.3)	(238.2)	(228.0)
General administrative expenses		(28.5)	(29.2)	(59.5)	(59.3)
Other operating income		1.4	1.4	2.8	2.8
Other operating expenses		(1.5)	(1.4)	(3.7)	(2.4)
		(179.0)	**(174.6)**	**(358.6)**	**(345.4)**
		32.2	**31.5**	**50.0**	**51.9**
Profit from investments in associates		0.0	0.1	0.2	0.1
Other financial result		1.3	0.7	0.7	0.8
Financial result (before interest result)	8	**1.3**	**0.8**	**0.9**	**0.9**
EBIT		**33.5**	**32.3**	**50.9**	**52.8**
Interest result [2]	8	**(6.7)**	**(7.3)**	**(12.0)**	**(14.0)**
Earnings before income taxes [2]		**26.8**	**25.0**	**38.9**	**38.8**
Income taxes [2]	9	(10.2)	(10.0)	(14.8)	(15.5)
Net profit [2]		**16.6**	**15.0**	**24.1**	**23.3**

Net profit [2]	**16.6**	**15.0**	**24.1**	**23.3**
thereof minority interests in net profit	3.4	5.7	5.0	8.5
share in net profit for participation certificates (without minimum dividend) [2]	1.1	1.0	2.2	2.0
net profit to be allotted to shareholders [2]	12.1	8.3	16.9	12.8
Earnings per share [1]				
per preferred share (in EUR) [2]	0.94	0.66	1.34	1.03
per common share (in EUR) [2]	0.93	0.65	1.31	1.00

[1] The dividend premium of EUR 0.06 on preferred shares is recognized pro rata on a quarterly basis.
[2] The values were adjusted. See Note 4.

Consolidated balance sheet of the Dräger Group as of June 30, 2007

	Note		June 30, 2007	December 31, 2006
		€ million	€ million	€ million
Assets				
Intangible assets	10	228.0		185.1
Property, plant and equipment	10	230.8		213.9
Financial assets	10	4.6		4.9
Other non-current financial assets	11	19.8		15.4
Tax refund claims		1.8		1.8
Deferred tax assets		75.3		76.6
Non-current assets			**560.3**	**497.7**
Inventories	12	335.5		289.3
Trade receivables		523.7		598.3
Other current financial assets	13	63.8		47.1
Tax refund claims		15.8		18.3
Cash and cash equivalents		110.8		185.6
Current assets			**1,049.6**	**1,138.6**
Total assets			**1,609.9**	**1,636.3**

	Note		June 30, 2007	December 31, 2006
		€ million	€ million	€ million
Equity and liabilities				
Equity [1]			**502.3**	**576.9**
Obligations from participation certificates [1]		26.1		25.6
Provisions for pensions and similar obligations		195.7		194.0
Other non-current provisions	14	15.5		23.3
Non-current interest-bearing loans	15	275.6		212.1
Other non-current financial liabilities		8.2		8.4
Deferred tax liabilities [1]		26.6		25.2
Non-current liabilities [1]			**547.7**	**488.6**
Current loans and liabilities to banks	15	153.6		153.3
Other current provisions	14	165.4		162.6
Trade payables		103.2		111.2
All other current financial liabilities [1]	16	101.6		110.0
Tax liabilities		36.1		33.7
Current liabilities [1]			**559.9**	**570.8**
Total equity and liabilities			**1,609.9**	**1,636.3**

[1] The values were adjusted. See Note 4.

Consolidated statement of recognized income and expenses of the Dräger Group

	H1/2007	H1/2006
	€ million	€ million
Currency translation adjustment for foreign subsidiaries	(1.1)	(9.0)
Changes in value recognized directly in equity	**(1.1)**	**(9.0)**
Earnings after taxes [1]	24.1	23.3
Earnings after taxes and changes in value recognized directly in equity [1]	**23.0**	**14.3**
thereof minority interests [1]	4.6	6.1
thereof net profit for participation certificates (without minimum dividend, after taxes)	2.2	2.0
thereof net profit to be allotted to shareholders [1]	16.2	6.2

Consolidated cash flow statement of the Dräger Group

		H1/2007	H1/2006
		€ million	€ million
Operating activities			
	Group net profit [1]	24.1	23.3
+	Depreciation/amortization of non-current assets	25.8	24.9
+	Other non-cash expenses (+)/income (–) [1]	7.1	14.4
–	Gain from the disposal of non-current assets	0.0	(0.4)
–	Other changes in other assets and other liabilities [1]	(8.1)	(83.1)
	Net cash provided by/used in operating activities [1]	**48.9**	**(20.9)**
Investing activities			
–	Cash outflow for investments	(87.0)	(33.2)
+	Cash inflow from the disposal of non-current assets	2.0	3.3
+	Cash inflow from the sale of subsidiaries	0.0	14.0
	Net cash used in investing activities	**(85.0)**	**(15.9)**
Financing activities			
–	Distribution of dividends [1]	(13.8)	(12.5)
+	Net balance of bank loans raised/redeemed and other liabilities to banks	65.2	65.4
–	Reduction in equity due to buyback of 10 percent interest in Medical	(63.3)	0.0
–	Other changes	(0.3)	(1.1)
–	Profit distributed to minority interests	(24.1)	(19.2)
	Net cash used in/provided by financing activities [1]	**(36.3)**	**32.6**
	Change in cash and cash equivalents in the period under review	**(72.4)**	**(4.2)**
–	Effect of exchange rates on cash and cash equivalents	(2.4)	(3.0)
+	Cash and cash equivalents at the beginning of the fiscal year	185.6	182.7
	Cash and cash equivalents as of June 30 of the fiscal year	**110.8**	**175.5**

[1] The values were adjusted. See Note 4.

Consolidated statement of changes in equity

	Paid-in capital			Earned equity			Minority interests	Equity
	Capital stock	Additional paid-in capital	Participation capital [1]	Reserves retained	Group net earnings	Other compre-hensive income		
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
January 1, 2006	**32.5**	**38.9**	**0.0**	**202.2**	**6.0**	**–21.9**	**245.1**	**502.8**
Changes to reporting methods for participation certificates			56.1	–19.3				36.8
January 1, 2006 after changes [1]	**32.5**	**38.9**	**56.1**	**182.9**	**6.0**	**–21.9**	**245.1**	**539.6**
Distributions [1]				–6.5	–6.0		–19.2	–31.7
Currency translation differences [1]						–6.6	–2.4	–9.0
Group net profit [1]					23.3			23.3
Minority interests in net profit					–8.5		8.5	0.0
Change in consolidated group/other [1]				1.7			–1.8	–0.1
June 30, 2006 [1]	**32.5**	**38.9**	**56.1**	**178.1**	**14.8**	**–28.5**	**230.2**	**522.1**
January 1, 2007 [1]	**32.5**	**38.9**	**56.1**	**219.2**	**6.6**	**–27.9**	**251.5**	**576.9**
Distributions [1]				–7.2	–6.6		–24.1	–37.9
Currency translation differences [1]						–0.7	–0.4	–1.1
Group net profit [1]					24.1			24.1
Minority interests in net profits					–5.0		5.0	0.0
Buyback of 10 percent interest in Dräger Medical AG & Co. KG							–63.3	–63.3
Change in consolidated group/other [1]				0.7		0.9	2.0	3.6
June 30, 2007 [1]	**32.5**	**38.9**	**56.1**	**212.7**	**19.1**	**–27.7**	**170.7**	**502.3**

[1] The values were adjusted. See note 4.

Notes of the Dräger Group as of June 30, 2007 (revised version)

1 Basis of preparation of the interim financial statements

As in 2005, Drägerwerk AG, Lübeck, prepared its consolidated financial statements for fiscal year 2006 in accordance with International Financial Reporting Standards (IFRSs) promulgated by the International Accounting Standards Boards (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Accordingly, in fiscal year 2007, the interim financial statements of the Dräger Group will also be prepared in accordance with IFRSs and the interim reports in compliance with IAS 34 as well as German Accounting Standard No. 6 (GAS 6 – Interim Financial Reporting) of the German Accounting Standards Committee (GASC). The interim financial statements have not been audited or reviewed by an auditor.

The interim financial statements were prepared in euros. Unless stated otherwise, all figures are disclosed in millions of euros (EUR million).

2 Accounting policies

The same accounting policies as in the consolidated financial statements for 2006 were applied in preparing the interim financial statements and calculating the comparative figures. A detailed description of these methods is published in the notes to the consolidated financial statements in the annual report for 2006. The report may be downloaded on the internet at www.draeger.com.

In preparing the interim financial statements, use was made of the option to present condensed financial statements with selected explanatory notes. Overall, greater use was made of estimates in determining carrying amounts than at fiscal year-end.

Items of accrual and deferral were recognized where claims or obligations partially arose in the period under review.

3 Consolidated group and consolidation principles

There were no changes to the consolidated group compared to December 31, 2006 and the changes compared to June 30, 2006 were insignificant. The same consolidation principles as in the consolidated financial statements for 2006 were applied.

4 Changes to reporting methods for participation certificates

In order to comply with the new statutory provisions of IAS 32 on the classifications of equity and debt, Dräger evaluated its reporting methods for participation capital and decided they should be amended. To allow for an easier comparison, previous years´ figures were adjusted accordingly. Earnings after income taxes for the first half of 2007 increased to a net profit of EUR 24.1 million (H1/2006: EUR 23.3 million) due to the interest result increasing by EUR 3.1 million (H1/2006: EUR 2.8 million) and income taxes by EUR 1.2 million (H1/2006: EUR 1.1 million). The increase in equity attributable to participation certificates came to EUR 33.1 million as of June 30, 2007 (December 31, 2006: EUR 36.9 million).

5 Other changes and their effects on the interim financial statements

The acquisition of a 10 percent interest in Dräger Medical AG & Co. KG from Siemens and the resulting effects on the quarterly financial statements are detailed in the management report on page 3 of this quarterly report.

6 Segment report

Business performance of the segments

		Dräger Medical	
		H1/2007	H1/2006
Order intake	**€ million**	**591.0**	**639.9**
Revenues	**€ million**	**544.4**	**559.3**
thereof intersegment revenues	€ million	0.7	0.5
EBITDA	**€ million**	**40.4**	**49.9**
Depreciation/amortization	€ million	11.5	11.8
EBIT before non-recurring expenses	**€ million**	**28.9**	**38.1**
Non-recurring expenses	€ million	0.0	0.0
EBIT	**€ million**	**28.9**	**38.1**
Net profit (Safety: before profit/loss transfer)	**€ million**	**20.2**	**23.4**
thereof profit/loss from investments in associates	€ million		
Net profit after minority interests	€ million		
Earnings per share			
per common share	**€**		
per preferred share	**€**		
Research and development expenses	**€ million**	**45.6**	**42.9**
Cash flow from operating activities	**€ million**	**72.4**	**(1.5)**
Capital employed	**€ million**	**618.0**	**653.2**
Assets	**€ million**	**880.7**	**877.6**
thereof investments in associates	€ million		
Liabilities	**€ million**	**222.7**	**203.6**
Net financial debt	**€ million**	**(75.2)**	**(27.8)**
Investments	**€ million**	**10.4**	**17.4**
Non-cash expenses	€ million	42.1	45.2
EBIT before non-recurring expenses/revenues	**%**	**5.3**	**6.8**
EBIT before non-recurring expenses/capital employed	**%**	**4.7**	**5.8**
Gearing	**Factor**	**(0.1)**	**0.0**
Headcount as of June 30		**6,094**	**5,996**
Germany		2,501	2,471
Abroad		3,593	3,525

Explanations to the consolidation column
For the purpose of reconciling figures at group level, the transactions that have to be eliminated between the three segments are shown in the consolidation column of the segment report.
The –EUR 57.2 million to be consolidated under EBIT (Q2/2006: –EUR 45.3 million) mainly relates to income from investments recognized by DWAG based on the P&L transfer agreement with Dräger Safety AG & Co. KGaA, and the distribution by Dräger Medical AG & Co. KG to Dräger Medical Holding GmbH, which is also made via a P&L transfer agreement at Drägerwerk AG.

	Dräger Safety		Drägerwerk AG Other companies		Consolidation		Dräger Group	
	H1/2007	H1/2006	H1/2007	H1/2006	H1/2007	H1/2006	H1/2007	H1/2006
	335.8	**307.5**	**3.5**	**4.4**	**(15.6)**	**(20.3)**	**914.7**	**931.5**
	306.0	**275.8**	**3.5**	**4.5**	**(16.5)**	**(20.0)**	**837.4**	**819.6**
	13.2	15.9	2.6	3.6	(16.5)	(20.0)		
	38.2	**32.9**	**55.3**	**40.2**	**(57.2)**	**(45.3)**	**76.7**	**77.7**
	10.2	9.0	4.1	4.1	0.0	0.0	25.8	24.9
	28.0	**23.9**	**51.2**	**36.1**	**(57.2)**	**(45.3)**	**50.9**	**52.8**
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	28.0	**23.9**	**51.2**	**36.1**	**(57.2)**	**(45.3)**	**50.9**	**52.8**
	18.5	**15.8**	**38.8**	**27.3**	**(53.4)**	**(43.2)**	**24.1**	**23.3**
	0.0		0.2	0.0	0.0	0.0	0.2	
							19.1	14.8
							1.34	**1.03**
							1.31	**1.00**
	13.8	**14.9**	**0.6**	**0.7**	**0.0**	**0.0**	**60.0**	**58.5**
	2.8	**(3.1)**	**31.6**	**29.1**	**(57.9)**	**(45.4)**	**48.9**	**(20.9)**
	240.8	**221.0**	**669.2**	**548.1**	**(542.5)**	**(480.8)**	**985.5**	**941.5**
	352.7	**311.6**	**713.6**	**578.3**	**(557.1)**	**(490.7)**	**1,389.9**	**1,276.8**
	0.5	0.4	0.3	(0.4)	0.0	0.0	0.8	0.0
	104.1	**82.3**	**37.1**	**27.4**	**(15.6)**	**(11.4)**	**348.3**	**301.9**
	73.1	**55.5**	**351.4**	**253.7**	**(4.8)**	**(6.2)**	**344.5**	**275.2**
	11.4	**13.1**	**18.6**	**0.8**	**46.7**	**0.0**	**87.1**	**31.3**
	25.6	25.6	11.9	10.7	0.0	0.0	79.6	81.5
	9.2	**8.7**					**6.1**	**6.4**
	11.6	**10.8**					**5.2**	**5.6**
	0.5	**0.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.7**	**0.5**
	3,848	**3,681**	**227**	**210**	**0**	**0**	**10,169**	**9,887**
	1,785	1,706	226	205	0	0	4,512	4,382
	2,063	1,975	1	5	0	0	5,657	5,505

The key figures from the segment report are as follows:

EBIT / EBITDA	H1/2007	H1/2006
Net profit	24.1	23.3
+ Interest result	12.0	14.0
+ Income taxes	14.8	15.5
EBIT	**50.9**	**52.8**
+ Depreciation/amortization	25.8	24.9
EBITDA	**76.7**	**77.7**

Capital employed	H1/2007	H1/2006
Total assets	1,609.9	1,558.7
– Deferred tax assets	(75.3)	(76.5)
– Current securities	(12.5)	(5.5)
– Cash and cash equivalents	(110.8)	(175.5)
– Non-interest bearing liabilities	(425.8)	(359.7)
Capital employed	**985.5**	**941.5**

Assets	H1/2007	H1/2006
Total assets	1,609.9	1,558.7
– All other financial assets	(3.8)	(5.0)
– Deferred tax assets	(75.3)	(76.5)
– Tax refund claims	(17.6)	(19.4)
– Current securities	(12.5)	(5.5)
– Cash and cash equivalents	(110.8)	(175.5)
Assets	**1,389.9**	**1,276.8**

Liabilities	H1/2007	H1/2006
Liabilities recognized in the balance sheet	1,107.6	1,036.6
– Pension provisions	(195.7)	(194.4)
– Tax liabilities, tax provisions, tax accruals and deferred tax liabilities	(104.1)	(85.9)
– Interest-bearing liabilities	(459.5)	(454.4)
Liabilities	**348.3**	**301.9**

Net financial debt	H1/2007	H1/2006
Obligations from participation certificates	26.1	25.1
+ Non-current interest-bearing loans	275.6	195.1
+ Current loans and liabilities to banks	153.6	230.5
– Cash and cash equivalents	(110.8)	(175.5)
Net financial debt	**344.5**	**275.2**

Non-cash expenses	H1/2007	H1/2006
Write-downs on inventories	8.3	7.1
+ Losses from bad debt allowances	2.6	1.4
+ Allocations to provisions	68.7	73.0
Non-cash expenses	**79.6**	**81.5**

Gearing is the ratio of net financial debt to equity.

Interim tax accruals and deferrals during the year are disclosed in the capital employed, assets and liabilities items of the segment report. The prior-year figures were adjusted accordingly.

The business performance of the individual segments is detailed in the management report accompanying these interim financial statements. Services rendered between the divisions follow the arm’s length principle.

7 Revenues

Revenues	H1/2007	H1/2006
Dräger Medical	544.4	559.3
Dräger Safety	306.0	275.8
Drägerwerk AG and other companies	7.7	7.9
Segment revenues	**858.1**	**843.0**
Intersegment revenues	(20.7)	(23.4)
Revenues	**837.4**	**819.6**

A breakdown of revenues by region is shown in the sections covering the performance of the Group and the Medical and Safety divisions.

8 Financial result

Financial result	H1/2007	H1/2006
Financial result (before interest result)	**0.9**	**0.9**
Interest and similar income	4.2	2.8
Interest and similar expenses	(16.2)	(16.8)
Interest result	**(12.0)**	**(14.0)**

9 Income taxes

The income taxes for the first half of 2007 were calculated on the basis of an anticipated effective tax rate of 38 percent.

The Bundestag, Germany's lower house of parliament, adopted the German Business Tax Reform Act ["Unternehmenssteuerreformgesetz"] 2008 on May 25, 2007. The Bundesrat, the upper house, passed this law on July 6, 2007. In accordance with IAS 12.48, changes in tax rates and tax laws are only taken into account in measuring deferred tax assets and deferred tax liabilities if the changes are approved by the Bundestag and the Bundesrat by the balance sheet date. The law had not been passed by the Bundesrat on June 30, 2007, the balance sheet date. The new tax rates and calculation methods were therefore not applied to the financial statements as of June 30, 2007.

Applying the new tax rates in measuring the deferred tax assets and liabilities of the German companies would lead to an expense of EUR 4,866 thousand from tax rate changes for the Dräger Group for fiscal year 2007.

From fiscal year 2008, the German companies of the Dräger Group will mainly be affected by the following changes introduced by the German Business Tax Reform Act 2008:

- Change in tax rates, deductibility of trade tax and the trade tax base rate
- Change in amortization/depreciation rules for intangible assets and property, plant and equipment acquired from 2008
- Change in the loss offsetting provisions of Sec. 8c KStG ["Körperschaftsteuergesetz": German Corporate Income Tax Act], as amended
- Change in addbacks to and deductions from the trade tax base pursuant to Secs. 8 and 9 GewStG ["Gerwerbesteuergesetz": German Trade Tax Act], as amended
- Changes in the interest deduction allowable for tax purposes pursuant to Sec. 4h EStG ["Einkommensteuergesetz": German Income Tax Act] and Sec. 8 a KStG, as amended (interest expense limitation)

The regulations announced to date are not expected to have a material impact on current tax expense.

10 Non-current assets (selected items)

Non-current assets (selected items)	Carrying amount January 1, 2007	Additions	Disposals/ other changes	Amortization/ depreciation/ write-downs	Carrying amount June 30, 2007
Intangible assets	185.1	51.0	(0.1)	8.0	228.0
Property, plant and equipment	213.9	36.0	(1.3)	17.8	230.8
Financial assets	4.9	0.0	(0.3)	0.0	4.6

11 Other non-current financial assets

Other non-current financial assets	June 30, 2007	December 31, 2006
Equipment leased out	6.6	6.3
Finance lease receivables (lessor)	1.6	1.7
Trade receivables	3.4	0.1
Other	8.2	7.3
Total	**19.8**	**15.4**

12 Inventories

Inventories	June 30, 2007	December 31, 2006
Finished products and merchandise	160.9	139.6
Work in process	73.4	55.6
Raw materials, consumables and supplies	99.7	89.8
Prepayments made	1.5	4.3
Total	**335.5**	**289.3**

The increase in work in process and finished products and merchandise is chiefly connected to the rise in order volume at Dräger Safety.

13 Other current financial assets

Other current financial assets	June 30, 2007	December 31, 2006
Prepaid expenses and tax accruals	25.7	9.4
Securities	12.5	11.0
Other	25.6	26.7
Total	**63.8**	**47.1**

The increase in prepaid expenses and tax accruals is largely attributable to interim cut-offs.

EUR 12.4 million (December 31, 2006: EUR 10.8 million) of the securities are investments resulting from the new pension plan, which are therefore subject to special restraints on disposal.

14 Other non-current and current provisions

Other non-current provisions as of June 30, 2007 mainly comprise provisions for personnel and welfare of EUR 13.6 million (December 31, 2006: EUR 21.5 million) and provisions for uncertain liabilities of EUR 1.9 million (December 31, 2006: EUR 1.8 million).

Current provisions as of June 30, 2007 also include the monthly cut-offs and largely consist of tax provisions of EUR 41.4 million (December 31, 2006: EUR 31.6 million), provisions for personnel and welfare of EUR 36.1 million (December 31, 2006: EUR 42.5 million), warranty provisions of EUR 21.0 million (December 31, 2006: EUR 21.5 million) and provisions for other obligations in the normal course of business of EUR 66.9 million (December 31, 2006: EUR 67.0 million).

15 Non-current interest-bearing loans/current loans and liabilities to banks

The increase in non-current loans is primarily due to the raising of additional note loans of EUR 100.0 million to finance the buyback by Dräger Medical Holding GmbH of 10 percent of the shares in Dräger Medical AG & Co. KG as well as the reclassification of loans due within one year.

16 All other current financial liabilities

All other current financial liabilities

	June 30, 2007	December 31, 2006
Other liabilities to employees and for social security	32.0	32.5
Prepayments received	28.8	34.8
Deferred income	24.3	16.3
Other liabilities	16.5	26.4
Total	**101.6**	**110.0**

17 Notes to the cash flow statement

The consolidated cash flow statement is presented separately in this report on the interim financial statements before the notes to the financial statements.

The cash flows are broken down according to net cash provided by/used in operating activities (using the indirect method), investing activities and financing activities. Due to the consideration of exchange rate effects, the underlying changes recognized in the cash flow statement cannot be directly reconciled with the items of the published balance sheet.

Cash and cash equivalents exclusively comprise cash. Cash and cash equivalents as of June 30, 2007 contain EUR 2.6 million in cash (June 30, 2006: EUR 4.0 million) which is subject to restrictions; EUR 0.4 million of this amount is attributable to the new pension plan of the German companies.

Cash and cash equivalents as of January 1, 2007 contain EUR 3.6 million in cash (January 1, 2006: EUR 10.2 million) which is subject to restrictions; EUR 1.0 million of this amount is attributable to the new pension plan of the German companies.

The development of the cash flow statement is explained in the management report accompanying these interim financial statements.

18 Contingent liabilities and other financial obligations

There were no significant changes in contingent liabilities and other financial obligations as of June 30, 2007 compared to those disclosed in the annual report for 2006.

19 Related party transactions

Business was transacted in 2007 with the following related enterprises that are part of the widespread share portfolio of the Dräger family, including Executive Board member Stefan Dräger and Supervisory Board member Theo Dräger. Dräger GmbH, Dräger Objekt Finkenstrasse GmbH & Co. KG and Dräger Objekt Lachswehrallee GmbH & Co. KG have leased various real properties to Drägerwerk AG which are located close to the latter’s Moislinger Allee head office. Rental payments came to EUR 839 thousand in the first half of 2007.

Services were rendered for companies and foundations related to the Dräger family for EUR 19 thousand. In addition, Herbert Rehn GmbH generated revenues of EUR 876 thousand from glass products and installation contracts. This resulted in receivables of EUR 81 thousand from Dräger Group companies. Mrs. Claudia Dräger is an employee of Drägerwerk AG.

All transactions with related parties were conducted at arm’s length terms and conditions.

20 Management Compliance Statement

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

Lübeck, Germany, April 25, 2010

Drägerwerk Aktiengesellschaft
The Executive Board
Stefan Dräger
Herbert Fehrecke
Gert-Hartwig Lescow
Dieter Pruss
Ulrich Thibaut

Forward-looking statements

This report contains forward-looking statements. The statements are based on the current expectations, presumptions, and forecasts of the Executive Board as well as the information available to it to date. The forward-looking statements do not provide any warranty for the future developments and results contained therein. Rather, the future developments and results are dependent on a number of factors; they entail various risks and uncertainties and are based on assumptions which could prove to be incorrect. We are under no obligation to update the forward-looking statements contained in this report.

Financial calendar 2007	
H1/2007 report Conference call	August 9, 2007
3Q/2007 report Conference call	November 13, 2007
Annual shareholders' meeting, Lübeck	May 9, 2008

Dräger

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