Dräger Group
Q1 / 2008
(amended version)

Q1

THE DRÄGER GROUP AT A GLANCE

		Q1/2006	Q1/2007	Q1/2008	Change vs. 2007 in %
Order intake	€ million	452.2	444.9	493.8	11.0
Total net sales	€ million	385.3	392.5	405.7	3.4
EBITDA [1]	€ million	32.7	30.3	30.9	2.0
EBIT [2] before non-recurring expenses	€ million	20.5	17.4	17.5	0.6
in % of net sales (EBIT margin)	%	5.3	4.4	4.3	
Non-recurring expenses	€ million	0.0	0.0	7.1	
EBIT [2]	€ million	20.5	17.4	10.4	(40.2)
Net profit/loss	€ million	8.3	7.5	4.1	(45.3)
Minority interests in net profit/loss	€ million	2.8	1.6	2.0	25.0
Earnings per share after minority interests					
per limited preferred share [3]	€	0.36	0.39	0.03	(92.3)
per limited common share [3]	€	0.34	0.37	0.01	(97.3)
Equity	€ million	543.8	513.6	537.4	4.6
Equity ratio	%	35.9	31.0	33.6	
Capital employed [4]	€ million	897.7	953.6	939.6	(1.5)
EBIT before non-recurring expenses/capital employed (ROCE)	%	2.3	1.8	1.9	5.6
Net financial debt	€ million	206.2	306.1	279.3	(8.8)
Headcount as of March 31		9,761	10,069	10,532	4.6

[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] Conversion to a partnership limited by shares on December 14, 2007
[4] Capital employed = Total assets less deferred tax assets, current securities cash and cash equivalents and non-interest bearing liabilities

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BUSINESS PERFORMANCE OF THE DRÄGER GROUP

		Q1/2008	Q1/2007	Change in %
Total order intake	**€ million**	**493.8**	**444.9**	**11.0**
Germany	€ million	98.9	96.0	3.0
Rest of Europe	€ million	193.8	179.9	7.7
Americas	€ million	112.3	84.0	33.7
Asia/Pacific	€ million	50.6	47.0	7.7
Other	€ million	38.2	38.0	0.5
Total net sales	**€ million**	**405.7**	**392.5**	**3.4**
Germany	€ million	80.9	77.0	5.1
Rest of Europe	€ million	169.9	153.9	10.4
Americas	€ million	75.1	86.7	(13.4)
Asia/Pacific	€ million	51.8	45.7	13.3
Other	€ million	28.0	29.2	(4.1)
EBITDA [1]	**€ million**	**30.9**	**30.3**	**2.0**
Depreciation/amortization	€ million	13.4	12.9	3.9
EBIT [2] **before non-recurring expenses**	**€ million**	**17.5**	**17.4**	**0.6**
Non-recurring expenses	€ million	7.1	0.0	0.0
EBIT [2]	**€ million**	**10.4**	**17.4**	**(40.2)**
Net profit/loss	**€ million**	**4.1**	**7.5**	**(45.3)**
Earnings per share				
per limited preferred share [3]	€	0.03	0.39	(92.3)
per limited common share [3]	€	0.01	0.37	(97.3)
R&D costs	**€ million**	**29.7**	**29.6**	**0.3**
Equity ratio	**%**	**33.6**	**31.0**	
Cash flow from operating activities	**€ million**	**18.5**	**28.3**	**(34.6)**
Net financial debt	**€ million**	**279.3**	**306.1**	**(8.8)**
Investments	**€ million**	**20.8**	**57.8**	**(64.0)**
Capital employed [4]	**€ million**	**939.6**	**953.6**	**(1.5)**
Net working capital [5]	**€ million**	**477.0**	**508.1**	**(6.1)**
EBIT before non-recurring expenses/net sales	**%**	**4.3**	**4.4**	
EBIT before non-recurring expenses/capital employed	**%**	**1.9**	**1.8**	
Gearing [6]	**Factor**	**0.5**	**0.6**	
Headcount as of March 31		**10,532**	**10,069**	**4.6**

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3 Conversion to a partnership limited by shares on December 14, 2007
4 Capital employed = Total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest bearing liabilities
5 Net working capital = Current, non-interest bearing assets less current, non-interest bearing debt
6 Gearing = Net financial debt/equity

Business performance of the Dräger Group in the first quarter of 2008

Overall economic climate clouding over slightly

Since our annual report was published on March 18, 2008, the prognosis of economic research institutes for global economic development in 2008 and 2009 has deteriorated. Based on the first quarter of 2008, global economic development is not seen to be as positive as in the fourth quarter of 2007.

Further increase in order intake and net sales

In the first quarter of 2008, despite the weakened global economic trend, Dräger's order intake and net sales developed well.

Order intake increased by 11.0 percent year on year to EUR 493.8 million (Q1/2007: EUR 444.9 million). Net sales grew by 3.4 percent to EUR 405.7 million (Q1/2007: EUR 392.5 million). Both divisions contributed to this, with Medical recording a 1.6 percent increase in net sales, while Safety generated year-on-year net sales growth of 6.3 percent in the first quarter of 2008. In light of the weak performance of the US dollar against the euro, this is a remarkable achievement: If exchange rates had remained stable, i.e. net of currency effects, the increase in both order intake and net sales would have been about 4 percentage points higher.

The Company recorded an increase in order intake in every region. The Americas region is particularly noteworthy, generating 33.7 percent growth chiefly on the back of a major order for the Medical division. In Germany, order intake increased from EUR 96.0 million to EUR 98.9 million. In the rest of Europe, order volume grew by EUR 13.9 million to EUR 193.8 million.

The greatest net sales growth was recorded in the Asia/Pacific region (up 13.3 percent to EUR 51.8 million), followed by the rest of Europe (up 10.4 percent to EUR 169.9 million) and Germany (up 5.1 percent to EUR 80.9 million). By contrast, net sales fell by 13.4 percent to EUR 75.1 million in the Americas region, largely due to exchange rate effects.

EBIT (before non-recurring expenses) for the quarter matches the prior year

At EUR 17.5 million, EBIT (before non-recurring expenses) is on the same level as the prior year (Q1/2007: EUR 17.4 million). As announced for fiscal year 2008, non-recurring expenses were incurred in the first quarter. These totaled EUR 7.1 million and related to personnel measures and IT restructuring, and represent around one third of the non-recurring expenses of between EUR 20 million and EUR 25 million we announced for the whole of 2008. Accordingly, EBIT (after non recurring expenses) totaled EUR 10.4 million in the first three months of 2008. Primarily because of changes in the product mix, but also due to a higher volume of construction contracts in process (valued according to stage of completion) than in the first quarter of 2007, the gross margin decreased from 50.3 percent to 47.3 percent year on year, almost matching the average margin of fiscal year 2007.

Functional costs (research and development costs, sales and marketing expenses, general administrative expenses and other operating expenses/income) decreased from 45.8 percent to 44.3 percent of net sales, developing at a slower rate than the increase in net sales. The research and development costs contained therein totaled EUR 29.7 million, representing 7.3 percent of net sales for the quarter, compared with 7.5 percent in the first quarter of 2007. The general administrative expenses comprised non-recurring expenses of EUR 7.1 million.

The other financial result was impacted by EUR 0.7 million resulting from changes in the market prices of interest rate hedges. The year-on-year increase in quarterly average net financial debt and higher interest rates together with lower interest income resulted in higher interest expenses of EUR 6.3 million (up EUR 1.0 million).

The tax burden from the quarterly result is matched by a tax refund of the same amount received for prior years, meaning that no income taxes are recognized.

Net assets and financial position

The Dräger Group's equity decreased chiefly as a result of the change in currency translation differences (EUR 10.9 million). At around 34 percent, the equity ratio remained virtually unchanged compared with December 31, 2007. Total assets decreased by EUR 39.8 million to EUR 1,597.7 million as a result of the drop in trade receivables due to the high net sales volumes in the fourth quarter of 2007, despite the slight increase in inventories, current tax refund claims and other current assets. On the liabilities side of the balance sheet, there was a decrease in particular in equity, trade payables and other current financial liabilities. As a note loan is due in the first quarter of 2009, there was a reclassification from non-current to current loans.

In the first quarter of 2008, the net cash provided by operating activities decreased in comparison with a year earlier, falling from EUR 28.3 million to EUR 18.5 million due to the year-on-year development of other assets and the increase in other non-cash expenses.

Net cash used in investing activities decreased from EUR 57.2 million to EUR 20.4 million compared with the prior-year period. The prior-year cash outflow comprised the EUR 40.1 million increase in goodwill from the acquisition of a 10 percent share in Dräger Medical AG & Co. KG.

Accordingly, net cash provided by financing activities fell by EUR 48.9 million.

Forecast

Future market environment

The global economy will lose momentum as a result of the considerable strain it is under, but this slowdown is expected to be temporary, according to the spring report of leading German economic research institutes, which is based on the generally very favorable position of companies not belonging to the financial sector, the strong impetus provided by US economic policy and high growth rates in emerging economies.

Altogether, global production is expected to grow at a rate of 2.7 percent in 2008, which is almost 1 percentage point slower than in the prior year. It is anticipated that expansion will become more prevalent during the coming year.

In western Europe, the end of the real estate boom had a negative impact in several countries. In addition, the eurozone was burdened by the appreciation of the euro. Although there are no signs of a recession here, the economy in the eurozone is expected to grow at a rate of only 1.5 percent in 2008 and 2009, which is slower than the predicted long-term trend.

For Germany, the economists forecast economic growth of 1.8 percent for 2008 and 1.4 percent for 2009, which contrasts with their forecast in fall 2007 of GDP growth of 2.2 percent for 2008. During the period from 2007 to 2012, GDP is expected to rise by an average of 1.5 percent per year.

It is forecast that the emerging economies will feel the repercussions of the industrialized nations' weaker economies chiefly via foreign trade. To date, their financial markets have proven to be particularly robust. Against this backdrop, the institutes forecast slower, but nonetheless considerable production growth for emerging economies in 2008 and 2009.

Future situation of the Company

As stated in the report on the opportunities and risks relating to future development on pages 80 et seq. of the 2007 annual report, the Dräger Group is well equipped to continue its success story. There has been no change in the opportunities and risks since the publication of the 2007 annual report on March 18, 2008.

Despite the weaker macro economic factors, Dräger still anticipates growth of between 2 percent and 3 percent in 2008 and 2009 for the Medical and Safety divisions' markets in the mature market regions of North America and western Europe. In the growth markets of Latin America, Asia, southeast and eastern Europe, we expect market volume to increase by more than 5 percent. Both of the divisions' product markets have proven to be resilient in the first quarter. Both divisions experienced order income growth which we believe exceeded the growth in their respective product markets. However, it cannot be concluded from the high order intake in the first quarter that this trend will continue unabated in the following quarters, since Dräger Medical's order intake includes a major order.

There have been no developments in the areas of research and development, investment planning, procurement, production and product management which are not in line with the expectations contained in the 2007 annual report. The development of procurement prices and personnel expenses has not changed significantly compared with the statement made at the time the 2007 annual report was prepared.

As planned, the Dräger Group will further develop its shared service strategy for administrative processes in 2008 to reduce the workload for the operating units, make better use of economies of scope, and, mainly in the area of IT, achieve better cost control as a result of improved transparency. In the current fiscal year, the Company will above all invest in innovative strength, quality and efficiency. The investment ratio, adjusted for goodwill effects, will remain at a similar level to fiscal year 2007.

For the current fiscal year, the Executive Board expects that EBIT (before non-recurring expenses) will remain stable despite the slowdown in the global economy, with net sales increasing slightly. We still expect to incur non-recurring expenses of between EUR 20 million and EUR 25 million.

The non-recurring expenses and a continued high level of research and development expenditure will contribute to particularly strong income growth mid and long term. The Dräger Group's medium-term goal is to achieve an EBIT margin of 10 percent and a ROCE of 20 percent. The long-term targets are rather more ambitious: average net sales growth exceeding 10 percent, an EBIT margin of more than 15 percent, ROCE of over 25 percent with an equity ratio of at least 35 percent.

The Executive Board expects EBIT (before non-recurring expenses) to remain stable for the Dräger Medical division during the launch phase of further Infinity Acute Care System components, and the EBIT margin (before non-recurring expenses) to level out at around 10 percent for Dräger Safety following an outstanding year in 2007.

Operations are financed by cash flow from operating activities, such that the Executive Board has not planned any special financing. Investments for 2008 have been budgeted at the level of depreciation and amortization and will likewise not require any special financing.

Changed conditions after the close of the first quarter of 2008

Market environment

There was no significant change in the market environment between the end of the first quarter of 2008 and the time the Q1 report was prepared.

Situation of the Company

There was no significant change in the Company’s situation between the end of the first quater of 2008 and the time the Q1 report was prepared.

Changes in the Executive Board of Drägerwerk Verwaltungs AG

On March 17, 2008, the Supervisory Board of Drägerwerk Verwaltungs AG appointed three new members to the Company’s Executive Board effective as of April 1, 2008:

- Dr. Dieter Pruss (51) is responsible for Sales and Marketing for the Safety division. Up to now he has headed two of Safety’s four strategic business segments. He is the first internal candidate the Supervisory Board has appointed to the Executive Board for some time.
- Gert-Hartwig Lescow (40) is the new CFO. Since September 2006, he had worked at Voith AG in Heidenheim. Prior to that, he was the commercial general manager and head of finance at Mobilcom AG in Büdelsdorf.
- Dr. Herbert Fehrecke (59) is the head of the new Production function. Previously, Dr. Fehrecke was a member of the Freudenberg AG & Co. KG management team, where he was responsible for technology. Prior to that he was the head of assembly at Volkswagen AG in Wolfsburg.

Prof. Dr. Albert Jugel, the Executive Board Chairman of Dräger Safety AG & Co. KGaA and the Executive Board member for the Safety division of Drägerwerk Verwaltungs AG, left the Company on March 31, 2008 on the best of terms and by mutual agreement. For personal and health reasons, Prof. Jugel will return to his hometown of Dresden and may take up a new professional challenge there.

The CFO Hans-Oskar Sulzer also left the Company on March 31, 2008. Hans-Oskar Sulzer has decided to leave the Company, in full agreement with the Company, to facilitate the successor process.

With the new structure and allocation of areas of responsibility, each level of added value is represented in the Executive Board.

BUSINESS PERFORMANCE OF DRÄGER MEDICAL

		Q1/2008	Q1/2007	Change in %
Total order intake	**€ million**	**320.0**	**275.7**	**16.1**
Germany	€ million	61.4	53.2	15.4
Rest of Europe	€ million	118.4	109.5	8.1
Americas	€ million	82.8	55.5	49.2
Asia/Pacific	€ million	30.0	26.6	12.8
Other	€ million	27.4	30.9	(11.3)
Total net sales	**€ million**	**264.1**	**260.0**	**1.6**
Germany	€ million	53.2	49.0	8.6
Rest of Europe	€ million	103.9	95.5	8.8
Americas	€ million	54.6	64.1	(14.8)
Asia/Pacific	€ million	31.9	28.2	13.1
Other	€ million	20.5	23.2	(11.6)
EBITDA [1]	**€ million**	**18.1**	**14.2**	**27.5**
Depreciation/amortization	€ million	6.0	5.7	5.3
EBIT [2] **before non-recurring expenses**	**€ million**	**12.1**	**8.5**	**42.4**
Non-recurring expenses	€ million	0.4	0.0	0.0
EBIT [2]	**€ million**	**11.7**	**8.5**	**37.6**
Net profit/loss	**€ million**	**8.3**	**6.2**	**33.9**
R&D costs	**€ million**	**21.9**	**22.9**	**(4.4)**
Cash flow from operating activities	**€ million**	**24.0**	**36.4**	**(34.1)**
Net financial debt	**€ million**	**(140.1)**	**(111.2)**	**26.0**
Investments	**€ million**	**5.0**	**5.4**	**(7.4)**
Capital employed [3]	**€ million**	**587.4**	**630.3**	**(6.8)**
Net working capital [4]	**€ million**	**363.9**	**401.0**	**(9.3)**
EBIT before non-recurring expenses/net sales	**%**	**4.6**	**3.3**	
EBIT before non-recurring expenses/capital employed	**%**	**2.1**	**1.3**	
Gearing [5]	**Factor**	**(0.2)**	**(0.2)**	
Headcount as of March 31		**6,184**	**6,051**	**2.2**

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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

Industry trend remains stable

In the first quarter of 2008, there were no major changes in the market environment and competitive situation in the medical industry compared with the prior year. On the one hand, the consolidation process, which leads to further M&A activity, is ongoing. On the other hand, there is no let-up in the strained financial situation in many countries' public and private healthcare systems, which is coupled with high cost-consciousness on the demand side. Against this backdrop, competition will remain intense in 2008, as in the prior year.

Global growth of the acute point of care market is expected to remain at 3 percent in 2008. As the euro continues to appreciate, however, this growth measured in euros will be lower. The market will continue to stagnate in Germany.

Order intake and net sales rise in the first quarter

At EUR 320.0 million, order intake was significantly above the prior-year period (up 16.1 percent; Q1/2007: EUR 275.7 million), bolstered by a major order in South America. Net sales grew by a mere 1.6 percent to EUR 264.1 million (Q1/2007: EUR 260.0 million). Net of currency effects, order intake grew by 20.4 percent and net sales by 5.6 percent.

In the Americas region, order intake jumped to EUR 82.8 million (up 49.2 percent), due in particular to a tender contract from South America and good business performance in Brazil where, among other things, an order for the "Oxylog 3000" emergency ventilator was won. However, the increase in order intake in the US in local currency was not as high in euros. With net sales of EUR 54.6 million (down 14.8 percent) overall, the Americas region's performance is weaker than in the prior year, partly due to the exchange rate development.

In the Asia/Pacific region, order intake (up 12.8 percent) and net sales (up 13.1 percent) rose year on year chiefly due to strong growth in China and Japan. China seems to have put an end to its policy of restrictive investment in healthcare which was observed in the first quarter of 2007. In Japan, where the fiscal year ends in March, there was strong growth in the areas of perioperative and critical care. A good first quarter in Australia compared with Q1/2007 also made its mark on net sales.

Despite a sluggish market in Germany, order intake (up 15.4 percent; EUR 61.4 million) and net sales (up 8.6 percent; EUR 53.2 million) developed positively year on year. The lack of momentum in the German market remains due to an investment backlog in hospitals.

The business volume in the rest of Europe, which was also above the prior year (order intake: up 8.1 percent; net sales: up 8.8 percent), was mainly attributable to tender contracts in southeast Europe and higher overall investment in the UK.

By contrast, the “other countries” region, which includes countries for example in central Asia, the Middle East and Africa, recorded a year-on-year drop in order intake (down 11.3 percent to EUR 27.4 million) and net sales (down 11.6 percent to EURs 20.5 million). Above all, direct exports – business which is not handled by sales companies but directly by Dräger Medical AG & Co. KG in Lübeck – were hit.

Earnings top prior year

Dräger Medical closed the first three months of 2008 with EBIT (after non-recurring expenses) of EUR 11.7 million and EBIT (before non-recurring expenses) of EUR 12.1 million. Compared with the first quarter of 2007 (EUR 8.5 million), EBIT (before non-recurring expenses) rose by 42.4 percent and the EBIT margin (before non-recurring expenses) increased to 4.6 percent (2007: 3.3 percent), chiefly as a result of lower functional costs due to currency effects and lower selling expenses.

Innovation boosts growth

The progress made by the innovation campaign is evidenced by renewed high research and development expenditure of EUR 21.9 million, which corresponds to 8.3 percent of net sales. The fact that some of the research and development expenditure was incurred in the dollar area alleviated some of the burden. Overall, Dräger Medical therefore recognized 4.4 percent less development expenditure than in the first quarter of 2007.

The new products launched in December 2007 are currently giving the product range an additional boost. These are the “Infinity Omega Widescreen”, a component of the new Infinity Acute Care System product range, an innovative system which for the first time integrates patient monitoring, therapy functions and information management, and the new “Ponta beam system”, a new ceiling supply unit which was launched in the supply unit area of critical care. The new “Sola 400”, an operating room light which is suitable for smaller operations, complements the perioperative care range of operating room lights. Our positioning as an innovative company was further strengthened by the approval of recently launched devices in additional countries, for example the ventilator “Carina”.

Expectations confirmed

Dräger Medical's business performance in the first quarter has confirmed its forecast that it will grow faster than the market in the current fiscal year. The division will place great emphasis on implementing improvements to internal processes in 2008. As announced, this will lead to non-recurring expenses in the current year. Furthermore, Dräger Medical continually updates and expands its portfolio with new innovations.

The Medical division continues to be in a good position to maintain and expand its market position in the global acute point of care market and home respiration in the future.

BUSINESS PERFORMANCE OF DRÄGER SAFETY

		Q1/2008	Q1/2007	Change in %
Total order intake	**€ million**	**179.3**	**174.9**	**2.5**
Germany	€ million	43.0	48.5	(11.3)
Rest of Europe	€ million	75.4	70.4	7.1
Americas	€ million	29.5	28.5	3.5
Asia/Pacific	€ million	20.6	20.4	1.0
Other	€ million	10.8	7.1	52.1
Total net sales	**€ million**	**147.6**	**138.9**	**6.3**
Germany	€ million	33.7	34.4	(2.0)
Rest of Europe	€ million	66.0	58.4	13.0
Americas	€ million	20.5	22.6	(9.3)
Asia/Pacific	€ million	19.9	17.5	13.7
Other	€ million	7.5	6.0	25.0
EBITDA [1]	**€ million**	**14.9**	**17.3**	**(13.9)**
Depreciation/amortization	€ million	5.4	5.0	8.0
EBIT [2] **before non-recurring expenses**	**€ million**	**9.5**	**12.3**	**(22.8)**
Non-recurring expenses	€ million	5.2	0.0	0.0
EBIT [2]	**€ million**	**4.3**	**12.3**	**(65.0)**
Net profit/loss	**€ million**	**2.4**	**8.1**	**(70.4)**
R&D costs	**€ million**	**7.3**	**6.6**	**10.6**
Cash flow from operating activities	**€ million**	**22.6**	**6.4**	**253.1**
Net financial debt	**€ million**	**30.3**	**54.5**	**(44.4)**
Investments	**€ million**	**5.4**	**5.0**	**8.0**
Capital employed [3]	**€ million**	**199.6**	**219.9**	**(9.2)**
Net working capital [4]	**€ million**	**121.7**	**141.8**	**(14.2)**
EBIT before non-recurring expenses/net sales	**%**	**6.4**	**8.9**	
EBIT before non-recurring expenses/capital employed	**%**	**4.8**	**5.6**	
Gearing [5]	**Factor**	**0.2**	**0.4**	
Headcount as of March 31		**4,004**	**3,795**	**5.5**

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[5] Gearing = Net financial debt/equity

Business performance of Dräger Safety

Competition intensifies

Tougher competition and increased consolidation were again rife in the Safety division's market segment in the first quarter of 2008. Furthermore, the depreciation of the US dollar against the euro has given many competitors a significant edge. Factors affecting market expectations include increased environmental awareness as well as a greater need for safety and the launch of national safety programs. With its business approach, comprising customer orientation, innovation, new technologies, operator concepts and the combination of planning, design and construction, Dräger Safety is successfully responding to these demands.

Further growth in order intake and net sales

In the first quarter of 2008, the Safety division's order intake rose by 2.5 percent (net of currency effects: 5.7 percent) to EUR 179.3 million. This growth stems from the regions rest of Europe and other. Net sales reached EUR 147.6 million, which is 6.3 percent (net of currency effects: 9.6 percent) higher than the EUR 138.9 million of the prior year. This growth was achieved despite restrictive public spending and tougher competition due to the strong euro. Core business and successful business performance in the rest of Europe, Asia/Pacific, Africa and the CIS countries again made a significant contribution to the positive development. Safety's net sales growth far exceeded Dräger's industry growth forecast at the end of fiscal year 2007.

Earnings down on the prior year

Safety's EBIT (before non-recurring expenses) totaled EUR 9.5 million in the first quarter of 2008 (Q1/2007: EUR 12.3 million). The EBIT margin (before non-recurring expenses) in the first quarter of 2008 was 6.4 percent (Q1/2007: 8.9 percent). Earnings were marred by the strong euro in comparison to foreign currencies (EUR 1.4 million), but also by shifts in the product mix.

Regions growing at different rates

In Germany, order intake was 11.3 percent and net sales were 2.0 percent below the prior-year figures. A major order in the first quarter of 2007 is the sole reason for the difference in order intake. In the first quarter of 2008, the division won important orders for 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 net sales drivers. The division's Shutdown & Rental Management also won orders to manage safety aspects, to ensure that occupational health and safety standards are maintained during the temporary shutdown of refineries or chemical production plants.

In the rest of Europe, Safety improved its business performance and reconfirmed its market share, recording a 7.1 percent increase in order intake and a 13.0 percent increase in net sales. High demand for respiratory protection and gas detection equipment from Dräger Safety was the driving force behind a positive performance in Europe overall. In Spain, the portable multi-gas detection device “Dräger X-am 5000” came out top against competitors’ devices. The Swiss army ordered oxygen self-rescuers, and further orders for the “Dräger Alcotest 6810” breathalyzer were received from the UK. The Norwegian offshore industry ordered stationary gas detection devices.

In the Americas region, order intake rose by 3.5 percent (net of currency effects: 13.3 percent). Net sales totaled EUR 20.5 million, which was 9.3 percent below the prior year (net of currency effects: on a par with the prior year). Orders to supply the North American market with the “Dräger Interlock XT” electronic immobilizer, which does not allow the car engine to be started until the driver’s breath alcohol has been tested, alcotest devices and Dräger tubes contributed to the successful performance of these products. Regulatory factors restricted further growth in the first quarter. The Canadian navy placed an order for the “PSS 100” Dräger breathing apparatus. Fire services showed particular interest in real fire training systems for firefighters. Business in Central and South America was also very pleasing, in particular at the subsidiaries in Mexico and Brazil. A petroleum company in Mexico will be using Dräger Safety breathing apparatus in the future.

In the Asia/Pacific region, order intake growth came in at 1.0 percent (net of currency effects: 5.9 percent) and net sales growth totaled 13.7 percent (net of currency effects: 18.9 percent). In Australia, Dräger breathalyzers beat strong competitors in tenders. Orders for large numbers of the long-term breathing apparatus “Dräger PSS BG 4” were received from the Chinese mining industry. Further orders from the petrochemicals industry and the semi-conductor industry underscore the Safety division’s strong market position and customer confidence in the equipment of the Gas Detection Systems strategie business segment.

Safety is strengthening its market position in the “other countries” region (for example Africa, Middle East and CIS countries). Higher than proportionate growth was generated in order intake (52.1 percent; net of currency effects: 63.4 percent) and net sales (25.0 percent; net of currency effects: 36.7 percent). The subsidiary in South Africa was particularly successful. In the Middle East, the petrochemical industry placed an order for system technology to supply employees with breathing air within a production complex.

Innovations underline our competitive edge

The Safety division continues to safeguard its technological future through a high level of research and development (R&D) expenditure. Expenses totaled EUR 7.3 million, representing 4.9 percent of net sales (Q1/2007: EUR 6.6 million, 4.8 percent).

Key R&D projects at the Safety division include the development and integration of sensors in miniaturized devices and networked instruments for personal protection and contamination monitoring. Investment was also directed at finalizing the “Dräger Drug Test”. This is a technological platform which can be used to detect drug consumption easily and reliably in saliva. In the field of personal protection equipment, integrated products consisting of a combination of masks, respiratory devices, protective clothing and sensors are being developed. Developers are looking into suitable technologies for voice and data communication between firefighters and the command center.

Stable outlook

As well as a deterioration in the macroeconomic conditions, the Safety division anticipates further consolidation in its markets in 2008 and 2009. The new providers established in this process will position themselves in the individual regions to varying degrees. For the markets of North America and western Europe, growth of 2 percent to 3 percent is forecast for the next two years. In the growth markets of Latin America, Asia, southeast and eastern Europe, growth of more than 5 percent is expected. Safety is represented in all relevant markets – mostly by its own companies – and has an up-to-date, market-driven product portfolio which is currently being enhanced.

Thanks to the continuous improvement of its global processes, the Safety division and its product range are set to remain a reliable partner for its customers and further strengthen its market stance.

BUSINESS PERFORMANCE OF DRÄGERWERK AG & CO. KGAA AND OTHER COMPANIES

		Q1/2008	Q1/2007	Change in %
Total order intake	**€ million**	**3.6**	**1.7**	**111.8**
Germany	€ million	3.6	1.7	111.8
Rest of Europe	€ million			0.0
Americas	€ million			0.0
Asia/Pacific	€ million			0.0
Other	€ million	0.0	0.0	0.0
Total net sales	**€ million**	**3.6**	**1.7**	**111.8**
Germany	€ million	3.6	1.7	111.8
Rest of Europe	€ million			0.0
Americas	€ million			0.0
Asia/Pacific	€ million			0.0
Other	€ million	0.0	0.0	0.0
EBITDA [1]	**€ million**	**(3.7)**	**2.3**	
Depreciation/amortization	€ million	2.0	2.2	–9.1
EBIT [2] **before non-recurring expenses**	**€ million**	**(5.7)**	**0.1**	
Non-recurring expenses	€ million	1.5	0.0	
EBIT [2]	**€ million**	**(7.2)**	**0.1**	
Net profit/loss	**€ million**	**(11.8)**	**(5.6)**	**110.7**
R&D costs	**€ million**	**0.5**	**0.1**	**400.0**
Cash flow from operating activities	**€ million**	**(32.0)**	**(9.7)**	**229.9**
Net financial debt	**€ million**	**389.1**	**367.5**	**5.9**
Investments	**€ million**	**10.4**	**7.3**	**42.5**
Capital employed [3]	**€ million**	**693.0**	**654.9**	**5.8**
Net working capital [4]	**€ million**	**(16.9)**	**(36.8)**	**(54.1)**
EBIT before non-recurring expenses/net sales	**%**			
EBIT before non-recurring expenses/capital employed	**%**			
Gearing [5]	**Factor**			
Headcount as of March 31		**344**	**223**	**54.3**

[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 & Co. KGaA and other companies

The business performance of Drägerwerk AG & Co. KGaA and other companies is mainly shaped by the performance of Drägerwerk AG & Co. KGaA. Its functions serve to fulfill the core tasks of the Company as well as to provide services to the divisions and their entities. These functions include the services provided to the Company and the Group by the legal, tax, insurance, treasury, corporate communications, investor relations, financial control, Group accounting, 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 have already been set up as shared services for all Group companies at Drägerwerk AG & Co. KGaA, and in order to make better use of economies of scope it is planned to extend the shared service activities to other suitable functions.

The EBIT of –EUR 7.2 million (Q1/2007: EUR 0.1 million) is the product of the operating results of the companies grouped in this segment and Drägerwerk AG & Co. KGaA's result from investments of –EUR 3.7 million (Q1/2007: EUR 5.6 million). As is the case every year, the operating result is negative, as Drägerwerk AG & Co. KGaA in particular performs group functions.

Reconciliation of figures at group level

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

Interim financial statements of the Dräger Group as of March 31, 2008 (amended version)

CONSOLIDATED INCOME STATEMENT OF THE DRÄGER GROUP

	Note	Q1/2008	Q1/2007
		€ million	€ million
Net sales	**6**	**405.7**	**392.5**
Cost of sales		(214.0)	(195.1)
Gross profit		**191.7**	**197.4**
Research and development costs		(29.7)	(29.6)
Marketing and selling expenses		(116.9)	(118.2)
General administrative expenses		(33.3)	(31.0)
Other operating income		1.2	1.4
Other operating expenses		(0.9)	(2.2)
		12.1	**17.8**
Profit from investments in associates		0.3	0.2
Other financial result		(2.0)	(0.6)
Financial result (before interest result)	**7**	**(1.7)**	**(0.4)**
EBIT		**10.4**	**17.4**
Interest result [2]	**7**	**(6.3)**	**(5.3)**
Earnings before income taxes [2]		**4.1**	**12.1**
Income taxes [2]	8	0.0	(4.6)
Net profit [2]		**4.1**	**7.5**

Net profit [2]		**4.1**	**7.5**
minority interests in net profit		2.0	1.6
share in net profit for participation certificates (without minimum dividend) [2]		1.8	1.1
net profit to be allotted to shareholders [2]		0.3	4.8
Earnings per share [1]			
per limited preferred share (in €) [2]		0.03	0.39
per limited common share (in €) [2]		0.01	0.37

[1] The dividend premium of EUR 0.06 on limited 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

	Note		March 31, 2008	December 31, 2007
		€ million	€ million	€ million
Assets				
Intangible assets	9	220.3		223.7
Property, plant and equipment	9	247.2		240.6
Investments in associates		0.7		0.7
Other non-current financial assets	10	17.9		19.5
Non-current tax refund claims		1.1		1.2
Deferred tax assets		69.4		70.6
Other non-current assets	11	8.8		10.1
Non-current assets			**565.4**	**566.4**
Inventories	12	317.6		308.2
Trade receivables and construction contracts		477.0		550.0
Other current financial assets	13	25.3		16.1
Cash and cash equivalents		142.7		160.7
Current tax refund claims		24.7		14.3
Other current assets	14	45.0		21.8
Current assets			**1,032.3**	**1,071.1**
Total assets			**1,597.7**	**1,637.5**

	Note		March 31, 2008	December 31, 2007
		€ million	€ million	€ million
Equity and liabilities				
Capital stock		32.5		32.5
Capital reserves		38.9		38.9
Retained earnings [1]		262.0		262.0
Participation capital [1]		56.1		56.1
Other comprehensive income		(38.8)		(30.0)
Group net earnings [1]		8.7		6.6
Minority interests		178.0		179.1
Equity [1]			**537.4**	**545.2**
Obligations from participation certificates [1]		26.8		26.6
Provisions for pensions and similar obligations		169.7		169.9
Other non-current provisions	15	29.1		28.8
Non-current interest-bearing loans	16	275.9		300.7
Other non-current financial liabilities	17	6.9		7.3
Non-current tax liabilities [1]		18.7		18.8
Other non-current liabilities		0.1		0.1
Non-current liabilities [1]			**527.2**	**552.2**
Other current provisions	15	155.6		148.9
Current loans and liabilities to banks	16	119.2		107.3
Trade payables		99.8		113.8
Other current financial liabilities [1]	18	49.8		63.2
Current tax liabilities		33.2		34.0
Other current liabilities	19	75.5		72.9
Current liabilities [1]			**533.1**	**540.1**
Total equity and liabilities			**1,597.7**	**1,637.5**

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE OF THE DRÄGER GROUP

	Q1/2008	Q1/2007
	€ million	€ million
Change in the fair value of financial instruments recognized directly in equity	(0.5)	0.0
Currency translation adjustment for foreign subsidiaries	(10.9)	(1.5)
Changes in value recognized directly in equity	**(11.4)**	**(1.5)**
Earnings after taxes [1]	4.1	7.5
Earnings after taxes and changes in value recognized directly in equity [1]	**(7.3)**	**6.0**
net profit to be allotted to shareholders [1]	(8.5)	3.7
minority interests	(0.6)	1.2
share in net profit for participation certificates (without minimum dividend, after taxes) [1]	1.8	1.1

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

CONSOLIDATED CASH FLOW STATEMENT OF THE DRÄGER GROUP

		Q1/2008 € million	Q1/2007 € million
Operating activities			
	Group net profit [1]	4.1	7.5
+	Depreciation/amortization of non-current assets	13.4	12.9
+	Increase in provisions	8.6	2.8
+	Other non-cash expenses [1]	12.3	1.0
–	Gain on the disposal of non-current assets	0.0	(0.1)
–	Increase in inventories	(17.2)	(39.1)
+	Decrease in trade receivables	61.8	81.5
–	Increase in other assets	(42.2)	(13.2)
–	Decrease in trade payables	(12.5)	(17.3)
–	Decrease in other liabilities [1]	(9.8)	(7.7)
	Net cash provided by operating activities	**18.5**	**28.3**
Investing activities			
–	Cash outflow for investments in intangible assets	(1.1)	(42.4)
–	Cash outflow for investments in property, plant and equipment	(19.8)	(15.1)
+	Cash inflow from disposals of property, plant and equipment	0.2	0.3
–	Cash outflow for investments in non-current financial assets	0.0	(0.1)
+	Cash inflow from disposals of non-current financial assets	0.3	0.1
	Net cash used in investing activities	**(20.4)**	**(57.2)**
Financing activities			
–/+	Net balance of bank loans raised/redeemed and other liabilities to banks	(11.1)	108.1
–	Net balance of finance lease liabilities repaid/incurred	(0.1)	(0.1)
–	Reduction in equity due to buyback of 10 percent interest in Medical	0.0	(69.9)
–	Profit distributed to minority interests	(0.5)	(0.9)
	Net cash used in/provided by financing activities	**(11.7)**	**37.2**
	Change in cash and cash equivalents in the period under review	**(13.6)**	**8.3**
–	Effect of exchange rates on cash and cash equivalents	(4.4)	(1.1)
+	Cash and cash equivalents at the beginning of the fiscal year	160.7	185.6
	Cash and cash equivalents as of March 31 of the fiscal year	**142.7**	**192.8**

For further notes to the cash flow statement, please see Note 20.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed capital			Earned equity			Minority interests	Equity
	Capital stock	Capital reserve	Partici-pation capital[1]	Retained earnings	Group net earnings	Other compre-hensive income		
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
January 1, 2007[1]	**32.5**	**38.9**	**56.1**	**219.2**	**6.6**	**(27.9)**	**251.5**	**576.9**
Distributions							(0.9)	(0.9)
Currency translation differences						(1.1)	(0.4)	(1.5)
Group net profit[1]					7.5			7.5
Minority interests in net profit					(1.6)		1.6	0.0
Buyback of 10 percent interest in Dräger Medical AG & Co. KG							(69.9)	(69.9)
Change in scope of consolidation/other[1]				1.1		0.3	0.1	1.5
March 31, 2007[1]	**32.5**	**38.9**	**56.1**	**220.3**	**12.5**	**(28.7)**	**182.0**	**513.6**
January 1, 2008[1]	**32.5**	**38.9**	**56.1**	**262.0**	**6.6**	**(30.0)**	**179.1**	**545.2**
Distributions							(0.5)	(0.5)
Change in fair values						(0.4)	(0.1)	(0.5)
Currency translation differences						(8.4)	(2.5)	(10.9)
Group net profit[1]					4.1			4.1
Minority interests in net profit					(2.0)		2.0	0.0
Change in scope of consolidation/other								0.0
March 31, 2008[1]	**32.5**	**38.9**	**56.1**	**262.0**	**8.7**	**(38.8)**	**178.0**	**537.4**

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

Notes of the Dräger Group as of March 31, 2008 (amended version)

1 Basis of preparation of the interim financial statements

As in 2006, Drägerwerk AG & Co. KGaA, Lübeck, prepared its Group financial statements for fiscal year 2007 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 2008, 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 principles

The same accounting principles as in the Group financial statements for 2007 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 Group financial statements in the annual report for 2007. 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.

Scope of consolidation and consolidation principles

There were no changes to the scope of consolidation compared to December 31, 2007 and the changes compared to March 31, 2007 were insignificant. The same consolidation principles as in the Group financial statements for 2007 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 quarter of 2008 increased, going up to a net profit of EUR 4.1 million (Q1/2007: EUR 7.5 million) due to the interest result increasing by EUR 1.6 million (Q1/2007: EUR 1.6 million) and unchanged income taxes (Q1/2007: increasing by EUR 0.6 million). The increase in equity attributable to participation certificates came to EUR 41.3 million as of March 31, 2008 (December 31, 2007: EUR 39.7 million).

Please refer to Note 3 in the notes to the 2007 annual report (page 102) for more information.

5 Segment report

BUSINESS PERFORMANCE OF THE SEGMENTS

		Dräger Medical	
		Q1/2008	Q1/2007
Order intake	**€ million**	**320.0**	**275.7**
Net sales	**€ million**	**264.1**	**260.0**
thereof intersegment net sales	€ million	0.2	0.2
EBITDA	**€ million**	**18.1**	**14.2**
Depreciation/amortization	€ million	6.0	5.7
EBIT before non-recurring expenses	**€ million**	**12.1**	**8.5**
Non-recurring expenses	€ million	0.4	–
EBIT	**€ million**	**11.7**	**8.5**
Net profit/loss (Safety: before profit/loss transfer)	**€ million**	**8.3**	**6.2**
thereof profit/loss from investments in associates	€ million	–	–
Net profit/loss after minority interests	€ million	–	–
Earnings per share			
per limited preferred share	€	–	–
per limited common share	€	–	–
R & D costs	**€ million**	**21.9**	**22.9**
Cash flow from operating activities	**€ million**	**24.0**	**36.4**
Capital employed	**€ million**	**587.4**	**630.3**
Assets	**€ million**	**840.5**	**885.1**
thereof investments in associates	€ million	–	–
Liabilities	**€ million**	**233.6**	**220.0**
Net financial debt	**€ million**	**(140.1)**	**(111.2)**
Investments	**€ million**	**5.0**	**5.4**
Non-cash expenses	€ million	28.2	27.5
EBIT before non-recurring expenses/net sales	**%**	**4.6**	**3.3**
EBIT before non-recurring expenses/capital employed	**%**	**2.1**	**1.3**
Gearing	**Factor**	**(0.2)**	**(0.2)**
Headcount		**6,184**	**6,051**

Consolidation amounts essentially relate to elimination of order intake and net sales between segments, the elimination of income from investments and, in the case of assets, effects of capital consolidation.

Dräger Safety		Drägerwerk AG & Co. KGaA Other companies		Consolidation		Dräger Group	
Q1/2008	**Q1/2007**	**Q1/2008**	**Q1/2007**	**Q1/2008**	**Q1/2007**	**Q1/2008**	**Q1/2007**
179.3	**174.9**	**3.6**	**1.7**	**(9.1)**	**(7.4)**	**493.8**	**444.9**
147.6	**138.9**	**3.6**	**1.7**	**(9.6)**	**(8.1)**	**405.7**	**392.5**
6.8	6.6	2.6	1.3	(9.6)	(8.1)	–	–
14.9	**17.3**	**(3.7)**	**2.3**	**1.6**	**(3.5)**	**30.9**	**30.3**
5.4	5.0	2.0	2.2	–	0.0	13.4	12.9
9.5	**12.3**	**(5.7)**	**0.1**	**1.6**	**(3.5)**	**17.5**	**17.4**
5.2	–	1.5	–	–	–	7.1	–
4.3	**12.3**	**(7.2)**	**0.1**	**1.6**	**(3.5)**	**10.4**	**17.4**
2.4	**8.1**	**(11.8)**	**(5.6)**	**5.2**	**(1.2)**	**4.1**	**7.5**
–	–	0.3	0.2	–	–	0.3	0.2
–	–	–	–	–	–	2.1	5.9
–	–	–	–	–	–	0.03	0.39
–	–	–	–	–	–	0.01	0.37
7.3	**6.6**	**0.5**	**0.1**	**–**	**–**	**29.7**	**29.6**
22.6	**6.4**	**(32.0)**	**(9.7)**	**3.9**	**(4.8)**	**18.5**	**28.3**
199.6	**219.9**	**693.0**	**654.9**	**(540.4)**	**(551.5)**	**939.6**	**953.6**
345.1	**333.9**	**739.4**	**705.8**	**(568.5)**	**(569.6)**	**1,356.5**	**1,355.2**
0.5	0.5	0.2	0.3	–	–	0.7	0.8
135.9	**107.4**	**40.9**	**45.0**	**(26.9)**	**(19.4)**	**383.5**	**353.0**
30.3	**54.5**	**389.1**	**367.5**	**–**	**(4.7)**	**279.3**	**306.1**
5.4	**5.0**	**10.4**	**7.3**	**–**	**40.1**	**20.8**	**57.8**
13.1	15.5	9.7	8.0	–	–	51.0	51.0
6.4	**8.9**	**–**	**–**	**–**	**–**	**4.3**	**4.4**
4.8	**5.6**	**–**	**–**	**–**	**–**	**1.9**	**1.8**
0.2	**0.4**	**–**	**–**	**–**	**–**	**0.5**	**0.6**
4,004	**3,795**	**344**	**223**	**–**	**–**	**10,532**	**10,069**

The investments of EUR 40.1 million in 2007 disclosed under consolidation entries comprise goodwill from the acquisition of a 10 percent interest in Dräger Medical AG & Co. KG.

The key figures from the segment report are as follows:

EBIT/EBITDA

In € million	Q1/2008	Q1/2007
Net profit	4.1	7.5
+ Interest result	6.3	5.3
+ Income taxes	0.0	4.6
EBIT	**10.4**	**17.4**
+ Non-recurring expenses	7.1	0.0
EBIT before non-recurring expenses	**17.5**	**17.4**
+ Depreciation/amortization	13.4	12.9
EBITDA	**30.9**	**30.3**

CAPITAL EMPLOYED

In € million	Q1/2008	Q1/2007
Total assets	1,597.7	1,656.9
– Deferred tax assets	(69.4)	(77.1)
– Current securities	0.0	(12.1)
– Cash and cash equivalents	(142.7)	(192.8)
– Non-interest bearing liabilities	(446.1)	(421.3)
Capital employed	**939.6**	**953.6**

ASSETS

In € million	Q1/2008	Q1/2007
Total assets	1,597.7	1,656.9
– All other financial assets	(3.3)	(4.5)
– Deferred tax assets	(69.4)	(77.1)
– Tax refund claims (current and non-current)	(25.8)	(15.2)
– Current securities	0.0	(12.1)
– Cash and cash equivalents	(142.7)	(192.8)
Assets	**1,356.5**	**1,355.2**

LIABILITIES

In € million	Q1/2008	Q1/2007
Liabilities recognized in the balance sheet	1,060.3	1,143.3
– Provisions for pensions and similar obligations	(169.7)	(194.9)
– Tax liabilities, tax provisions, tax accruals and deferred tax liabilities	(81.3)	(92.4)
– Interest-bearing liabilities	(425.8)	(503.0)
Liabilities	**383.5**	**353.0**

NET FINANCIAL DEBT

In € million	Q1/2008	Q1/2007
Obligations from participation certificates	26.8	25.8
+ Non-current interest-bearing loans	275.9	276.0
+ Current loans and liabilities to banks	119.2	197.1
– Cash and cash equivalents	(142.7)	(192.8)
Net financial debt	**279.2**	**306.1**

NON-CASH EXPENSES

In € million	Q1/2008	Q1/2007
Write-downs on inventories	4.3	3.6
+ Losses from bad debt allowances	0.4	1.9
+ Allocations to provisions	46.3	45.5
Non-cash expenses	**51.0**	**51.0**

Gearing is the ratio of net financial debt to equity.

Tax accruals and deferrals during the year are taken into account in the capital employed, assets and liabilities items of the segment report.

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.

6 Net sales

NET SALES

In € million	Q1/2008	Q1/2007
Dräger Medical	264.1	260.0
Dräger Safety	147.6	138.9
Drägerwerk AG & Co. KGaA and other companies	3.6	3.7
Segment net sales	**415.3**	**402.6**
Intersegment net sales	(9.6)	(10.1)
Net sales	**405.7**	**392.5**

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

7 Financial result

FINANCIAL RESULT

In € million	Q1/2008	Q1/2007
Financial result (before interest result)	**(1.7)**	**(0.4)**
Interest and similar income	1.6	2.5
Interest and similar expenses	(7.9)	(7.8)
Interest result	**(6.3)**	**(5.3)**

8 Income taxes

The income taxes for the first quarter of 2008 were calculated on the basis of an anticipated Group tax rate of 38 percent. Due to the tax refund of EUR 0.9 million received in 2008 for prior years, no income taxes were recognized in the income statement.

9 Non-current assets (selected items)

NON-CURRENT ASSETS (SELECTED ITEMS)

In € million	Carrying amount January 1, 2008	Additions	Disposals/ other changes	Depreciation/ amortization	Carrying amount March 31, 2008
Intangible assets	223.7	1.0	(0.7)	3.7	220.3
Property, plant and equipment	240.6	19.8	(3.5)	9.7	247.2

EUR 9.8 million for the Medical division's new building is included in the additions to property, plant and equipment.

10 Other non-current financial assets

OTHER NON-CURRENT FINANCIAL ASSETS

In € million	March 31, 2008	December 31, 2007
Trade receivables	7.6	8.2
Finance lease receivables (lessor)	5.6	5.6
Other loans	2.4	2.7
Positive fair values of derivatives	1.4	2.1
All other non-current financial assets	0.9	0.9
	17.9	**19.5**

11 Other non-current assets

OTHER NON-CURRENT ASSETS

In € million	March 31, 2008	December 31, 2007
Equipment leased out	3.6	3.7
All other non-current assets	5.2	6.4
	8.8	**10.1**

12 Inventories

INVENTORIES

In € million	March 31, 2008	December 31, 2007
Finished products and merchandise	156.7	151.4
Work in process	55.3	48.2
Raw materials, consumables and supplies	93.9	96.2
Prepayments made	11.7	12.4
	317.6	**308.2**

The increase in work in process and finished products and merchandise is chiefly connected to the rise in the Safety division’s order volume.

13 Other current financial assets

OTHER CURRENT FINANCIAL ASSETS

In € million	March 31, 2008	December 31, 2007
Positive fair values of derivatives	9.3	4.9
Receivables from investment allowances	4.1	4.1
Notes receivable	6.3	2.6
Receivables from employees	2.5	2.3
Finance lease receivables (lessor)	1.7	1.2
Receivables from associates	1.2	0.9
Other current financial assets	0.2	0.1
	25.3	**16.1**

14 Other current assets

OTHER CURRENT ASSETS

In € million	March 31, 2008	December 31, 2007
Prepaid expenses and tax accruals	30.6	10.2
All other current assets	14.4	11.6
	45.0	**21.8**

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

15 Other non-current and current provisions

Other non-current provisions as of March 31, 2008 mainly comprise provisions for personnel obligations of EUR 17.0 million (December 31, 2007: EUR 16.9 million).

Other current provisions as of March 31, 2008 also include monthly cut-offs and chiefly consist of tax provisions of EUR 29.4 million (December 31, 2007: EUR 26.7 million), provisions for personnel obligations of EUR 48.9 million (December 31, 2007: EUR 53.8 million) and warranty provisions of EUR 21.7 million (December 31, 2007: EUR 21.7 million).

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

The shift between non-current and current loans and liabilities to banks is primarily due to the reclassification of loans totaling EUR 25 million which are due in the first quarter of 2009.

17 Other non-current financial liabilities

OTHER NON-CURRENT FINANCIAL LIABILITIES

In € million	March 31, 2008	December 31, 2007
Finance lease liabilities (lessee)	2.6	2.7
All other non-current financial liabilities	4.3	4.6
	6.9	**7.3**

18 Other current financial liabilities

OTHER CURRENT FINANCIAL LIABILITIES

In € million	March 31, 2008	December 31, 2007
Other liabilities to employees and for social security	32.8	36.4
Distribution for participation capital	0.0	7.8
Finance lease liabilities (lessee)	1.3	1.4
Negative fair values of derivatives	0.4	0.4
Liabilities to associates	0.0	0.0
Other liabilities	15.3	17.2
	49.8	**63.2**

19 Other current liabilities

OTHER CURRENT LIABILITIES

In € million	March 31, 2008	December 31, 2007
Prepayments received	53.7	51.1
Deferred income	21.8	21.8
	75.5	**72.9**

20 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.

Net cash provided by operating activities includes EUR 1.7 million (2007: EUR 3.2 million) in income taxes paid, EUR 1.6 million (2007: EUR 2.3 million) in interest received, and EUR 9.2 million (2007: EUR 5.7 million) in interest paid.

Cash and cash equivalents as of March 31, 2008 exclusively comprise cash, EUR 6.0 million (March 31, 2007: EUR 2.8 million) of which is subject to restrictions.

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

21 Contingent liabilities and other financial obligations

There were no significant changes in contingent liabilities and other financial obligations as of March 31, 2008 compared to those disclosed in the annual report for 2007.

22 Related party transactions

Business was transacted in 2008 with the following related companies 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 & Co. KGaA which are located close to the latter's Moislinger Allee head office. Rental payments came to EUR 420 thousand in the first quarter of 2008.

Services were rendered for companies and foundations related to the Dräger family for EUR 12 thousand. In addition, Herbert Rehn GmbH generated net sales of EUR 456 thousand from glass products and installation contracts. This resulted in receivables of EUR 180 thousand from Dräger Group companies. Mrs. Claudia Dräger is an employee of Drägerwerk AG & Co. KGaA.

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

Lübeck, Germany, April 28, 2010

The general partner
Drägerwerk Verwaltungs AG
represented by its 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 2008

Q1/2008 report, conference call, Lübeck	May 8, 2008
Annual general meeting, Lübeck	May 9, 2008
H1/2008 report, conference call, Lübeck	August 7, 2008
Q3/2008 report, conference call, Lübeck	November 6, 2008
Annual general meeting, Lübeck	May 8, 2009

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