

Half-yearly financial report
January 1 to June 30, 2009
Dräger Group
(revised version)



THE DRÄGER GROUP AT A GLANCE

		Six months 2006	Six months 2007	Six months 2008	Six months 2009	Change on 2008 in %
Order intake	€ million	931.5	914.7	954.5	932.8	-2.3
Orders on hand	€ million	370.8	392.1	494.9	439.5	-11.2
Net sales	€ million	819.6	837.4	863.5	893.9	+3.5
EBITDA ¹	€ million	77.7	76.7	86.4	46.0	-46.8
EBIT						
before non-recurring expenses ²	€ million	52.8	50.9	58.9	15.1	-74.4
in % of net sales (EBIT margin)	%	6.4	6.1	6.8	1.7	
Non-recurring expenses	€ million	0.0	0.0	11.3	0.0	
EBIT ²	€ million	52.8	50.9	47.6	15.1	-68.3
Net profit/loss	€ million	23.3	24.1	23.3	1.3	-94.6
Minority interests in net profit/loss	€ million	8.5	5.0	5.5	1.7	-69.1
Earnings per share after minority interests						
per preferred share ³	€	1.03	1.35	1.18	-0.13	
per common share ³	€	1.00	1.32	1.15	-0.16	
Equity	€ million	522.1	502.3	535.2	543.5	+1.5
Equity ratio	%	33.5	31.2	33.8	31.6	
Capital employed ⁴	€ million	941.5	985.5	960.5	944.6	-1.7
EBIT before non-recurring expenses/ capital employed (ROCE)	%	5.6	5.2	6.2	1.6	
Net financial debt	€ million	275.2	344.5	302.1	281.2	-6.9
Headcount as of June 30		9,887	10,169	10,697	11,027	+3.1

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 Conversion to a partnership limited by shares on December 14, 2007

⁴ Capital employed = Total assets less deferred tax assets, cash and cash equivalents and non-interest-bearing liabilities

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Letter from the Executive Board Chairman

Dear Shareholders,

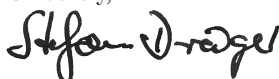
In the second quarter of 2009, the order situation and net sales developed better than expected. We have made substantial progress and, as a result, order intake (net of currency effects) is down just 2.7 percent year on year. Net of currency effects, net sales rose by as much as 3.0 percent compared with the prior year. However, this is no reason for excessive optimism. As before, we expect the second half of 2009 to be weaker and believe net sales could fall by around 5 percent against the prior year.

In addition to currency effects and stiffer competition, the valuation of deep-sea diving systems as a result of production progress and a shift in the product mix is putting considerable pressure on our gross margin compared with the prior year. In the safety division, government orders may largely offset a decline in industrial orders in terms of net sales, but the lower level of profitability of these orders is having a negative impact on earnings. In the medical division, the decrease in net sales in the equipment business, for example anesthesia and ventilation, is also contributing to a decline in earnings.

All this makes the turnaround program presented in June so important – for optimizing revenues, increasing efficiency, reducing costs and investing in future projects. The 400 individual measures developed will have a positive effect on earnings of EUR 100 million per year as of 2011. In the second half of 2009, a substantial portion of these measures will already take effect. So we will have to cushion the negative effects on earnings resulting from the change in the product mix on the one hand, and the effects of the forecast lower net sales on the other. At the same time, we will maintain our very high level of expenditure on research and development in order to invest in our product portfolio, which promises strong growth and earnings for the future.

With the turnaround program, we are laying the foundations for the Company's future competitiveness. The aim is to drastically reduce costs while using the funds freed up as a result in such a way as to increase the Company's value in the long term for customers, employees and suppliers, as well as for you, our shareholders.

Sincerely,



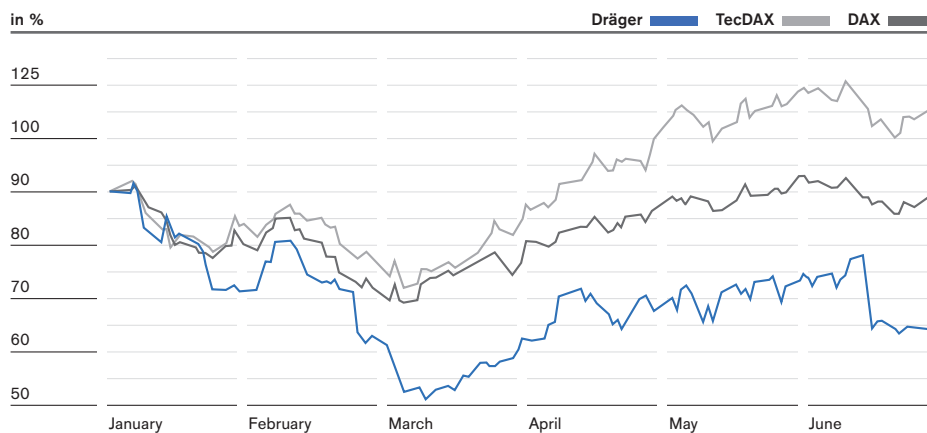
Stefan Dräger

The Dräger share

SHARE PRICE

In the first half of 2009, the Dräger share was substantially weaker than the market, falling by around 32 percent. While the DAX only decreased by approximately 3 percent, the TecDAX grew by as much as 19 percent.

DRÄGER GROUP SHARE PRICE PERFORMANCE 2009 (VERSUS TECDAX + DAX)



On the first trading day of the year, the Dräger share opened at EUR 26.08 and achieved its annual high to date (EUR 26.78) on January 6, 2009. On February 19, 2009, Dräger published an ad-hoc report on the potential buyback of the 25 percent share in Dräger Medical AG & Co. KG. At this point, the share was trading at EUR 20.69. When the preliminary figures were released on February 24, 2009, the share price fell further to EUR 17.54. Even though the stock markets recovered somewhat in March, the Dräger share did not fully benefit from this development and bottomed out in the first half of the year at EUR 13.28 on March 11, 2009. On March 19, 2009, the day the figures for 2008 were released, the share price stood at EUR 14.86. Despite overall performance being volatile, the share price rose to around EUR 20 before the report for the first quarter was published and the annual general meeting convened on May 6 and 8, 2009, respectively. The share price continued to climb until mid-June, reaching around EUR 22. After the turnaround program was announced and another minor market downturn, the Dräger share closed the first half of the year at EUR 17.79.

DRÄGER SHARE INDICATORS

		Six months 2006	Six months 2007	Six months 2008	Six months 2009
Share figures					
No. of shares	No.	12,700,000	12,700,000	12,700,000	12,700,000
thereof common shares	No.	6,350,000	6,350,000	6,350,000	6,350,000
thereof preferred shares	No.	6,350,000	6,350,000	6,350,000	6,350,000
Free-floating preferred shares	%	100	100	100	100
Trading figures					
Average daily trading volume	No.	35,499	40,495	29,400	29,866
High	€	58.00	73.80	50.63	26.78
Low	€	44.25	54.10	34.97	13.28
Share price as of June 30	€	52.15	69.60	35.38	17.79
Market capitalization	€	662,305,000	883,920,000	449,326,000	225,933,000
Earnings figures as of the reporting date					
Earnings per preferred share	€	1.03	1.35	1.18	-0.13
Earnings per common share	€	1.00	1.32	1.15	-0.16
Cash flow (from operating activities) per share	€	-1.65	3.85	3.11	3.48
Equity per share	€	41.11	39.55	42.14	42.79
Price-to-book ratio		1.3	1.8	0.8	0.4

Management report of the Dräger Group for the first half of 2009 (revised version)

General economic conditions

In the first quarter of 2009, gross domestic product (GDP) in the eurozone contracted by 4.8 percent year on year. While private consumer spending declined by a mere 0.5 percent, investments fell by 4.2 percent. The eurozone's exports decreased by 8.1 percent and imports by 7.2 percent. Industrial output in the eurozone fell very sharply in the first quarter of 2009, down 17.7 percent on the same prior-year quarter. This slump affected all of the region's major countries, especially Germany, where GDP was down 6.9 percent. GDP in the US decreased by 2.5 percent according to European calculation methods, while GDP in Japan plummeted 9.1 percent.

According to economic research institutes, the recession slowed considerably in the second quarter of 2009. The Ifo Institute, for example, estimated at the beginning of July that the eurozone economy had contracted by just 0.6 percent compared with the first quarter of 2009 (5.2 percent against the second quarter of 2008). However, industrial output is thought to have decreased further, losing 2.0 percent compared with the previous quarter and therefore 17.8 percent against the second quarter of 2008.

MONETARY POLICY

Since May 13, 2009, the interest rate of the Eurosystem's main refinancing operation has been just 1.0 percent (25 basis points lower than on April 8, 2009). The interest rate for the marginal lending facility was reduced by 50 basis points to 1.75 percent; the interest rate for the deposit facility remained unchanged at 0.25 percent.

EXCHANGE RATE

On June 30, 2009, the euro's nominal effective exchange rate – measured against the currencies of 21 of the eurozone's important trading partners – was down by 0.4 percent against the end of March 2009 and up approximately 1 percent on the prior-year average. The drop in the value of the single currency since the end of March 2009 is primarily attributable to exchange losses against the pound sterling, which were not fully offset by the euro's appreciation against the US dollar and Japanese yen. For Dräger, the currency exchange rate against the US dollar is the most significant. On June 30, 2009, the euro was up 5.9 percent against the end of March at USD 1.41, but still 4.2 percent below the average for 2008.

TURNAROUND PROGRAM ADOPTED

On June 15, 2009, the Executive Board adopted a turnaround program to create the basis for a significant improvement in earnings and cash flow. As of 2011, a positive effect of EUR 100 million per year will be realized (measured against the net sales and cost structure as well as exchange rates in 2008). The majority of the 400 individual measures in total will take effect in 2010, with some measures already making themselves felt in fiscal year 2009. However, given an expected 5 percent decline in net sales and the shift in the product mix, this effect will not be sufficient to achieve the level of income generated in fiscal year 2008. Part of the turnaround program is to maintain investments in research and development (R&D) in the current fiscal year on a par with the high prior-year level, despite the negative earnings trend, and to market 13 new products in the medical division and 16 new products in the safety division.

Overall, 60 percent of the earnings improvements will be achieved by projects aimed at reducing non-personnel expenses, 30 percent as a result of personnel measures and 10 percent through income optimization. Significant savings effects will already make themselves felt in 2009, in particular with respect to procurement. Under the PRIME (Production Improvement for Excellence) optimization program, the production department will improve its efficiency, reduce costs, cut through-put times and space requirements as well as increase quality. In addition, Dräger will conduct a global review of its production sites and production layout based on internal and external benchmarks. In June 2009, monitoring activities were relocated from the US site in Danvers to the Andover site. In logistics, the Company intends to make substantial savings as a result of process changes and more favorable terms with logistics service providers. Administrative expenses will be reduced by using shared services, for example for marketing communication and IT. Travel expenses and vehicle fleet costs will be cut and leases renegotiated. Research and development will increase its efficiency by streamlining project management and prioritizing projects according to market focus. Expenses for sales and marketing will continue to decrease in the medical division as a result of fully utilizing the potential offered by the regional structure introduced in the prior year. Service efficiency will further improve thanks to more streamlined management and standardization of processes. The Company is also using various instruments to increase its operating cash flow while reducing capital tie-up. Implementation of the first measures started in June this year.

WAIVER OF DIVIDENDS

At the 2009 annual general meeting, Executive Board Chairman Stefan Dräger waived his indirect entitlement to dividends of EUR 581,492. Stefan Dräger made a contractual commitment to repay the Company and the capital reserves have increased accordingly.

AMENDMENT TO SUPERVISORY BOARD REMUNERATION FOR 2008

The Supervisory Board resolved to waive dividend-based remuneration for fiscal year 2008. Remuneration of the Supervisory Board for fiscal year 2008 thus amounts to EUR 224,267.50 instead of EUR 310,360 as disclosed in the annual report for 2008.

SITUATION OF THE MEDICAL TECHNOLOGY INDUSTRY

The considerable drop in demand in the US in particular is causing market volume to decline, while the positive market development in Mexico and Canada continues. Replacement programs and hospital modernization work brought forward, thanks in part to the German government's second economic stimulus package, are leading to above-average market growth in Germany. Demand in the rest of Europe is somewhat muted. In particular, the Spanish market is suffering from the consequences of the financial and real estate crisis. After seeing some major tenders in the prior year, eastern Europe's performance is now negative. Market growth in the Asia/Pacific region remains slow. China and Japan's ailing export markets are having a negative impact on their economies, although these effects are being partly offset by measures to boost domestic demand.

Worldwide, the in-demand product mix shifted in favor of the architectural systems as well as service, accessories and consumables units in the first half of 2009. Hospitals are continuing with new buildings and conversion work, but are cutting back on investments in new equipment. In some markets, there is a noticeable trend towards longer replacement intervals. This causes a decrease in the equipment business on the one hand, but growth in suppliers' service business on the other.

SITUATION OF THE SAFETY TECHNOLOGY INDUSTRY

In the fiscal year to date, global demand on the safety technology market has been dominated by the current economic and financial crisis. A slight increase in government orders is contrasted by a drop in industrial orders. Due to the demand for the lower-margin product portfolio and fierce competition, net profit margins are also falling throughout the industry this fiscal year. In addition, the development of orders in some industries has been particularly negative, including the chemical, steel, automotive and supplier industries as well as the mechanical engineering sector, which have adjusted their orders in line with the significant decline in order intake. Government investment programs, which have led to an increased order volume from fire services, for example, can only partly offset this effect.

BUSINESS PERFORMANCE OF THE DRÄGER GROUP

		Second quarter			Six months		
		Second quarter 2009	Second quarter 2008	Change in %	Six months 2009	Six months 2008	Change in %
Order intake	€ million	484.2	460.7	+5.1	932.8	954.5	-2.3
Orders on hand ¹	€ million	439.5	494.9	-11.2	439.5	494.9	-11.2
Net sales	€ million	468.7	457.8	+2.4	893.9	863.5	+3.5
EBITDA ²	€ million	25.0	55.5	-55.0	46.0	86.4	-46.8
Depreciation/amortization ³	€ million	16.4	14.1	+16.3	30.9	27.5	+12.4
EBIT ⁴ before non-recurring expenses	€ million	8.6	41.4	-79.2	15.1	58.9	-74.4
Non-recurring expenses	€ million	0.0	4.2		0.0	11.3	
EBIT ⁴	€ million	8.6	37.2	-76.9	15.1	47.6	-68.3
Net profit	€ million	1.4	19.2	-92.7	1.3	23.3	-94.4
Earnings per share							
per preferred share	€	-0.03	1.15		-0.13	1.18	
per common share	€	-0.04	1.14		-0.16	1.15	
R&D costs	€ million	38.0	34.1*	+11.4	75.2	63.8*	+17.9
Equity ratio ¹	%	31.6	33.8		31.6	33.8	
Cash flow from operating activities	€ million	38.3	21.0	+82.4	44.2	39.5	+11.9
Net financial debt ¹	€ million	281.2	302.1	-6.9	281.2	302.1	-6.9
Investments	€ million	12.4	18.4	-32.6	23.3	39.2	-40.6
Capital employed ^{1, 5}	€ million	944.6	960.5	-1.7	944.6	960.5	-1.7
Net working capital ^{1, 6}	€ million	482.6	495.6	-2.6	482.6	495.6	-2.6
EBIT before non-recurring expenses/net sales	%	1.8	9.0		1.7	6.8	
EBIT before non-recurring expenses/capital employed	%	0.9	4.3		1.6	6.1	
Gearing ⁷	Factor	0.5	0.6		0.5	0.6	
Total headcount ¹		11,027	10,697	+3.1	11,027	10,697	+3.1

¹ Value as of June 30² EBITDA = Earnings before net interest result, income taxes, depreciation, amortization and non-recurring expenses³ Depreciation and amortization excluding non-recurring expenses⁴ EBIT = Earnings before net interest result and income taxes⁵ Capital employed = Total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities⁶ Net working capital = Current, non-interest-bearing assets less current, non-interest-bearing debt⁷ Gearing = Net financial debt/equity

* Due to restructuring in the medical division, some cost centers were assigned to other functional areas. The prior-year figures were adjusted to improve comparability.

The Dräger Group's business performance in the first half of 2009

ORDER INTAKE

in € million	Second quarter		Six months		Change in %	Net of currency effects in %
	Second quarter 2009	Second quarter 2008	Six months 2009	Six months 2008		
Germany	104.3	104.2	203.6	203.1	+0.2	+0.2
Rest of Europe	185.8	194.7	358.6	388.5	-7.7	-4.2
Americas	87.7	76.9	165.8	189.2	-12.4	-16.0
Asia/Pacific	64.0	54.7	129.4	105.3	+22.9	+13.7
Other	42.4	30.2	75.4	68.4	+10.2	+8.9
Total	484.2	460.7	932.8	954.5	-2.3	-2.7

Due to a strong second quarter (net of currency effects: up +4.9 percent year on year), the order shortfall from the first quarter of 2009 was almost closed. After the first six months, order volume (net of currency effects) was down just 2.7 percent compared with the prior year. Both divisions contributed equally to this. Compared with the first half of 2008, the medical division recorded a decline (net of currency effects) of just 3.5 percent (first quarter of 2009: 8.8 percent decline); the safety division was down just 0.8 percent year on year (net of currency effects) (first quarter of 2009: down 10.6 percent). Overall, order intake was 4.4 percent higher than net sales in the first half of 2009 (6 months 2008: 10.5 percent).

ORDERS ON HAND

in € million	June 30, 2009	June 30, 2008	Change in %	Net of currency effects in %
Germany	75.9	93.9	-19.2	-19.2
Rest of Europe	203.8	241.8	-15.7	-14.5
Americas	61.4	89.0	-31.0	-32.8
Asia/Pacific	56.9	41.2	+38.1	+30.1
Other	41.5	29.0	+43.1	+41.0
Total	439.5	494.9	-11.2	-11.7

The equipment orders on hand covered a 2.4-month period, a deterioration compared to a year earlier (June 30, 2008: 2.7 months*). This decline is primarily attributable to a decrease in the safety division.

* The allocation of orders on hand was adjusted due to the reorganization of the medical division.

NET SALES

	Second quarter		Six months		Change in %	Net of currency effects in %
	Second quarter 2009	Second quarter 2008	Six months 2009	Six months 2008		
in € million						
Germany	99.6	103.7	188.6	184.6	+2.2	+2.2
Rest of Europe	184.4	193.3	349.8	363.2	-3.7	-0.1
Americas	93.3	78.6	173.6	153.7	+12.9	+7.8
Asia/Pacific	58.2	52.5	115.9	104.3	+11.1	+2.6
Other	33.2	29.7	66.0	57.7	+14.4	+13.2
Total	468.7	457.8	893.9	863.5	+3.5	+3.0

Net of currency effects, net sales were up again in the second quarter of 2009, increasing by 2.2 percent compared with the prior-year quarter. Both divisions contributed to the rise in net sales in the first six months. The medical division's net sales grew (net of currency effects) by 4.1 percent compared with the first half of 2008; the safety division recorded an increase of 1.3 percent.

EARNINGS

Shifts in the product mix, currency effects and more intense competition impacted the gross margin. In addition, the valuation of construction contracts as a result of production progress on deep-sea diving systems in the safety division caused the cost of sales to increase. Consequently, the gross margin in the first half of 2009 decreased from 47.0 percent in the prior year to 43.8 percent.

Currency effects of EUR 6.9 million – mainly due to the relatively strong US dollar – contributed to a 5.3 percent rise in functional costs (research and development costs, marketing and selling expenses, general administrative expenses and other operating income/expenses). Research and development costs increased substantially to 8.4 percent of net sales (6 months 2008: 7.4 percent). The strength of the US dollar contributed EUR 2.9 million to the rise in research and development costs, since considerable research and development work for the medical division is performed in the US. The increase (net of currency effects) is due to the scheduled continuation of projects to refresh the product portfolio.

The main reasons for the rise in marketing and selling expenses were currency effects of EUR 3.8 million and severance payments amounting to EUR 2.9 million.

Excluding non-recurring expenses of EUR 10.6 million in fiscal year 2008, general administrative expenses rose in the first six months of fiscal year 2009 by EUR 8.0 million

year on year. This is attributable to headcount growth, an increase in purchased IT services as well as higher consulting fees for projects.

The increase in other operating expenses is chiefly due to a EUR 1.9 million allocation to bad debt allowances.

Due to the cancellation of a development project in the medical division, an impairment loss of EUR 2.0 million was charged on trademarks and patent rights. Of this amount, EUR 1.4 million is attributable to sales and marketing and EUR 0.6 million to research and development.

Expenses amounting to EUR 3.5 million were incurred in the second quarter of 2009 for measures under the turnaround program. These break down into cost of sales (EUR 0.5 million), research and development costs (EUR 0.7 million) and marketing and selling expenses (EUR 2.3 million).

The Dräger Group's EBIT before non-recurring expenses decreased by 74.4 percent to EUR 15.1 million year on year (6 months 2008: EUR 58.9 million). As a result, the EBIT margin before non-recurring expenses came to 1.7 percent (6 months 2008: 6.8 percent).

Exchange gains from non-operating financial assets and liabilities improved the financial result by EUR 1.8 million year on year. In the first half of 2009, a write-up on the measurement of interest rate hedges of EUR 0.3 million (6 months 2008: EUR 1.3 million) was recognized as income.

INVESTMENTS

In the first half of 2009, investments in intangible assets totaled EUR 3.8 million (6 months 2008: EUR 2.7 million). During the same period, Dräger invested EUR 19.5 million in property, plant and equipment (6 months 2008: EUR 36.5 million). In the prior-year period, EUR 10.4 million was attributable to the medical division's new administration building in Lübeck. Depreciation and amortization amounted to EUR 30.9 million, including impairment losses of EUR 2.0 million, and covered the investments in full (6 months 2008: 70.2 percent).

CASH FLOW STATEMENT

The measures to improve working capital have had a positive effect. Despite a EUR 22.2 million year-on-year decline in net profit, the net cash provided by operating activities improved by EUR 4.7 million to EUR 44.2 million in the first half of 2009.

This is due to a reduction in trade receivables, a lesser increase in inventories as well as a lesser increase in other assets. By contrast, the reduction in provisions was sharper than in the prior-year period; the total amount of non-cash income and expenses increased.

Net cash used in investing activities decreased from EUR 38.2 million to EUR 23.1 million year on year.

By raising additional note loans with a nominal value of EUR 140.0 million, net cash provided by financing activities was up EUR 130.9 million to EUR 83.0 million despite the repayment of a note loan totaling EUR 25.0 million.

Net cash provided by operating activities includes EUR 7.8 million (6 months 2008: EUR 14.2 million) in income taxes paid, EUR 1.8 million (6 months 2008: EUR 3.2 million) in interest received, and EUR 13.3 million (6 months 2008: EUR 13.9 million) in interest paid.

Cash and cash equivalents as of June 30, 2009 exclusively comprised cash, of which EUR 5.8 million (June 30, 2008: EUR 3.6 million) was subject to restrictions.

Changes in the balance sheet items recognized in the cash flow statement are translated into euros net of currency effects and cannot, therefore, be reconciled with the published balance sheet figures.

Financial management

BORROWING

During the financial market crisis, the Company is monitoring the credit ratings of the main banks it works with to identify potential financing risks and take appropriate action. The credit facilities available to Dräger remained unchanged in the period under review.

Financing activities in the second quarter of 2009 were dominated by new note loans raised for a total of EUR 140.0 million. Note loans serve as general financing for the Company.

RAISING OF ADDITIONAL NOTE LOANS

Maturity up to	in € million	Interest rate (fixed) in %
April 2011	24.5	4.75
April 2013	54.0	5.65
April 2015	61.5	7.07

NET ASSETS

Distributions to shareholders, participation certificates holders and minority shareholders amounting to EUR 19.4 million caused equity to decrease in the first six months of 2009. At the same time, there were positive changes of EUR 5.8 million from the expenses and income recognized directly in equity. Also due to the EUR 65.9 million increase in total assets compared with the prior year, the equity ratio fell to 31.6 percent (December 31, 2008: 33.5 percent).

The increase in total assets is mainly attributable to the note loans raised for a total of EUR 140.0 million, which led to a rise in non-current interest-bearing loans. EUR 115.5 million of these note loans was invested in a three-month time deposit with various banks, thus increasing cash. Current loans and liabilities to banks decreased as a result of the repayment of a note loan of EUR 25.0 million in January 2009.

BUSINESS PERFORMANCE OF THE MEDICAL DIVISION

		Second quarter			Six months		
		Second quarter 2009	Second quarter 2008	Change in %	Six months 2009	Six months 2008	Change in %
Order intake	€ million	310.2	303.0	+2.4	605.4	623.0	-2.8
Orders on hand ¹	€ million	250.2	276.3	-9.4	250.2	276.3	-9.4
Net sales	€ million	309.8	287.1	+7.9	578.1	551.2	+4.9
EBITDA ²	€ million	19.6	30.2	-35.1	29.0	48.3	-40.0
Depreciation/amortization ³	€ million	11.2	6.3	+77.8	17.9	12.3	+45.5
EBIT ⁴ before non-recurring expenses	€ million	8.4	23.9	-64.9	11.1	36.0	-69.2
Non-recurring expenses	€ million	0.0	2.2		0.0	2.6	
EBIT ⁴	€ million	8.4	21.7	-61.3	11.1	33.4	-66.8
Net profit	€ million	5.9	15.2	-61.2	7.6	23.5	-67.7
R&D costs	€ million	28.3	25.9 *	+9.3	55.9	47.8 *	+16.9
Cash flow from operating activities	€ million	32.2	31.6	+1.9	56.4	55.6	+1.4
Net financial debt ¹	€ million	-137.2	-107.6	+27.5	-137.2	-107.6	+27.5
Investments	€ million	4.8	62.6	-92.3	10.3	67.6	-84.8
Capital employed ^{1, 5}	€ million	650.0	681.7 **	-4.7	650.0	681.7 **	-4.7
Net working capital ^{1, 6}	€ million	327.3	361.4	-9.4	327.3	361.4	-9.4
EBIT before non-recurring expenses/net sales	%	2.7	8.3		1.9	6.5	
EBIT before non-recurring expenses/capital employed	%	1.3	3.5 **		1.7	5.3 **	
Gearing ⁷	Factor	-0.2	-0.2		-0.2	-0.2	
Total headcount ¹		6,312	6,276	+0.6	6,312	6,276	+0.6

¹ Value as of June 30

² EBITDA = Earnings before net interest result, income taxes, depreciation, amortization and non-recurring expenses

³ Depreciation and amortization excluding non-recurring expenses

⁴ EBIT = Earnings before net interest result and income taxes

⁵ Capital employed = Total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities

⁶ Net working capital = Current, non-interest-bearing assets less current, non-interest-bearing debt

⁷ Gearing = Net financial debt/equity

* Due to restructuring in the medical division, some cost centers were assigned to other functional areas.

The prior-year figures were adjusted to improve comparability.

** The goodwill from the acquisition of the 10 percent share in Dräger Medical AG & Co. KG from Siemens in 2007 is recognized in the medical segment. The prior-year figures were adjusted accordingly.

Business performance of the medical division

PRODUCTS LAUNCHED/NEW MARKETS TAPPED

The medical division launched more new products in the second quarter of 2009.

Accessories and consumables, for example, continued to expand its comprehensive range by adding the “ComfortStar” anesthesia face mask. To avoid discomfort as well as the nausea that affects some patients, the mask is available in various scents. Color coding gives the masks an appealing look and makes them readily identifiable for ease of use. In addition, a mask cushion that can be adjusted to fit the patient’s face increases wearing comfort. Patient comfort and simplicity of use are the key aspects of this product.

ORDER INTAKE

	Second quarter		Six months		Change in %	Net of currency effects in %
	Second quarter 2009	Second quarter 2008	Six months 2009	Six months 2008		
in € million						
Germany	66.1	68.8	136.4	130.2	+4.8	+4.8
Rest of Europe	118.5	124.4	223.4	242.8	-8.0	-4.5
Americas	58.1	55.0	111.8	137.8	-18.9	-21.6
Asia/Pacific	41.0	33.1	82.7	63.1	+31.1	+18.1
Other	26.5	21.7	51.1	49.1	+4.1	+2.2
Total	310.2	303.0	605.4	623.0	-2.8	-3.5

As a result of a pleasing increase in order intake in the second quarter of 2009 (net of currency effects: 2.0 percent) compared with the prior year, the order shortfall was reduced. Overall, orders received in the first six months (net of currency effects) were down just 3.5 percent compared with the first half of 2008. Excluding a major order received from Latin America at the beginning of 2008, order intake more or less matched the prior-year level.

In terms of products, Dräger increased the orders it received in the service, accessories and consumables, as well as architectural systems and monitoring units. In contrast, equipment orders, for example for anesthesia and ventilation products, decreased.

The primary factors behind the drop in order volume in the rest of Europe were the high prior-year level resulting from a tender contract in southeastern Europe as well as the difficult economic situation in Russia. Nevertheless, in the second quarter of 2009, Dräger won a large order for neonatal care in Croatia, among other orders. Order intake was extremely weak in the Americas region. In addition to the absence of the prior year’s major order from Latin America mentioned above, this was mainly attributable to a sharp

drop in orders in the US of 18.9 percent (net of currency effects). Thanks to large orders in Mexico and a recovery of business in Brazil, the region achieved growth of 3.7 percent in the second quarter of 2009, in spite of the weak US market. As a result, the order shortfall from the first quarter of 2009 was reduced substantially.

The outstanding development in China, in particular a contract won in the second quarter of 2009 to provide equipment for a new Chinese hospital, contributed to the growth in the Asia/Pacific region. Other countries in the region, such as India and Thailand, also helped forge this development.

Successes in monitoring and neonatal care in South Africa and Saudi Arabia were the main drivers behind growth in the other countries region in the second quarter of 2009.

ORDERS ON HAND

in € million	June 30, 2009	June 30, 2008	Change in %	Net of currency effects in %
Germany	47.8	57.4	-16.7	-16.7
Rest of Europe	95.6	108.1	-11.6	-9.8
Americas	43.8	69.1	-36.6	-38.5
Asia/Pacific	35.9	19.6	+83.2	+70.4
Other	27.1	22.1	+22.6	+19.9
Total	250.2	276.3	-9.4	-10.4

As of June 30, 2009, orders on hand (net of currency effects) were down 10.4 percent against the prior-year period. In this context, weak business in the Americas region continued to have a negative impact, although the Asia/Pacific region offset a large portion of this decline.

The equipment orders on hand cover a 2.4-month period (June 30, 2008: 2.5 months*).

* The allocation of orders on hand was adjusted due to the reorganization of the medical division.

NET SALES

in € million	Second quarter		Six months		Change in %	Net of currency effects in %
	Second quarter 2009	Second quarter 2008	Six months 2009	Six months 2008		
Germany	70.3	67.7	129.0	120.9	+6.7	+6.7
Rest of Europe	116.1	110.9	211.0	214.8	-1.8	+2.0
Americas	62.6	57.0	117.3	111.6	+5.1	+1.1
Asia/Pacific	35.7	31.3	72.3	63.2	+14.4	+2.7
Other	25.1	20.2	48.5	40.7	+19.2	+17.4
Total	309.8	287.1	578.1	551.2	+4.9	+4.1

Following a stable first quarter in 2009, the medical division increased its net sales in local currency by 7.8 percent in the second quarter. Net sales in the first six months (net of currency effects) were therefore up 4.1 percent year on year. The service, accessories and consumables as well as architectural systems units were the driving force behind this development. Net sales in the monitoring unit were also pleasing, since a number of projects in this area were invoiced in the second quarter of 2009.

Growth in the accessories and equipment as well as architectural systems units was especially noticeable in Germany and resulted in a 6.7 percent increase in net sales in the first six months.

Thanks to large orders in Mexico and the economic recovery in Brazil, Dräger posted pleasing net sales growth of 8.2 percent in the Americas region in the second quarter of 2009 (net of currency effects), despite the US market continuing to be very weak. Although the first quarter saw a decline in net sales, this resulted in net sales growth in the first six months of 1.1 percent (net of currency effects).

In the Asia/Pacific region, net sales increases in Thailand and Korea offset a decline in Australia. After a stable first quarter in 2009, Dräger achieved an increase in net sales (net of currency effects) of 4.8 percent in the second quarter.

Due to stronger project business in Arab countries than in the prior year, net sales in the other countries region were up considerably year on year. The positive trend in the prior quarter continued, with growth (net of currency effects) coming to 19.7 percent in the second quarter of 2009.

EARNINGS

The gross margin in the first half of 2009 was below the prior-year figure. This was largely attributable to currency effects and changes in the product mix. An increase in net sales

in the service and architectural systems units was contrasted by lower net sales of high-margin equipment.

Increased functional costs also impacted earnings. Research and development expenditure rose 16.9 percent compared with the first half of 2008 (net of currency effects: 10.7 percent). The currency effect is due to the strong US dollar, since approximately 35 percent of research and development costs are incurred in the US.

Expenses amounting to EUR 3.5 million were incurred in the second quarter of 2009 for measures to increase efficiency as part of the turnaround program. Due to the cancellation of a development project, the medical division had to charge an impairment loss of EUR 2.0 million on trademarks and patent rights.

For these reasons, the medical division's EBIT before non-recurring expenses declined by 69.2 percent to EUR 11.1 million. The EBIT margin before non-recurring expenses came to 1.9 percent, substantially lower than in the prior year (6 months 2008: 6.5 percent).

INVESTMENTS

The medical division invested EUR 10.3 million in intangible assets and property, plant and equipment in the first half of 2009 (6 months 2008: EUR 67.6 million). While the construction of an administration building in Lübeck and a building for sales and production in China caused investments to increase in the prior year, investments this year mainly related to replacements. Depreciation and amortization amounted to EUR 17.9 million in the first half of 2009 and covered the investments in full (6 months 2008: 18.2 percent due to the new buildings).

NET ASSETS

As of June 30, 2009, capital employed decreased by EUR 31.7 million to EUR 650.0 million (June 30, 2008: EUR 681.7 million). A lower level of receivables and increased other current liabilities contributed to this decline.

BUSINESS PERFORMANCE OF THE SAFETY DIVISION

		Second quarter			Six months		
		Second quarter 2009	Second quarter 2008	Change in %	Six months 2009	Six months 2008	Change in %
Order intake	€ million	179.8	163.9	+9.7	339.9	343.2	-1.0
Orders on hand ¹	€ million	190.3	219.6	-13.3	190.3	219.6	-13.3
Net sales	€ million	165.7	176.8	-6.3	328.7	324.4	+1.3
EBITDA ²	€ million	13.0	25.6	-49.2	29.0	40.5	-28.4
Depreciation/amortization ³	€ million	5.5	5.6	-1.8	11.0	11.0	+0.0
EBIT ⁴ before non-recurring expenses	€ million	7.5	20.0	-62.5	18.0	29.5	-39.0
Non-recurring expenses	€ million	0.0	0.4		0.0	5.6	
EBIT ⁴	€ million	7.5	19.6	-61.7	18.0	23.9	-24.7
Net profit (before profit/loss transfer)	€ million	4.7	13.9	-66.2	11.4	16.3	-30.1
R&D costs	€ million	9.6	8.2	+17.1	18.4	15.5	+18.7
Cash flow from operating activities	€ million	12.4	-1.8	-788.9	9.6	20.8	-53.8
Net financial debt ¹	€ million	61.7	52.8	+16.9	61.7	52.8	+16.9
Investments	€ million	4.9	6.3	-22.2	9.4	11.7	-19.7
Capital employed ^{1, 5}	€ million	240.2	222.9	+7.8	240.2	222.9	+7.8
Net working capital ^{1, 6}	€ million	161.2	144.6	+11.5	161.2	144.6	+11.5
EBIT before non-recurring expenses/net sales	%	4.5	11.3		5.5	9.1	
EBIT before non-recurring expenses/capital employed	%	3.1	9.0		7.5	13.2	
Gearing ⁷	Factor	0.4	0.3		0.4	0.3	
Total headcount ¹		4,296	4,059	+5.8	4,296	4,059	+5.8

¹ Value as of June 30² EBITDA = Earnings before net interest result, income taxes, depreciation, amortization and non-recurring expenses³ Depreciation and amortization excluding non-recurring expenses⁴ EBIT = Earnings before net interest result and income taxes⁵ Capital employed = Total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities⁶ Net working capital = Current, non-interest-bearing assets less current, non-interest-bearing debt⁷ Gearing = Net financial debt/equity

Business performance of the safety division

PRODUCTS LAUNCHED/NEW MARKETS TAPPED

The updated version of the proven “Dräger HPS 6200” fire helmet offers additional safety and a more modern design and meets the high demands placed on fire helmets in terms of impact and heat resistance. The patented “Dräger Q-Fix” helmet/mask system connects the “Dräger HPS 6200” with the “Dräger FPS 7000” respiratory protection mask. As a result, the head straps no longer need to be attached, which saves precious seconds when preparing for use. The new “Dräger HPS 6200” is the first Dräger helmet to be manufactured by the Company itself.

The tried and tested “Dräger PSS BG 4” breathing apparatus now offers the customer an additional option. In connection with the “Dräger FPS 7000 RP” respiratory protection mask, the user can consume liquids during extended periods of use without having to interrupt the respiratory protection.

ORDER INTAKE

in € million	Second quarter		Six months		Change in %	Net of currency effects in %
	Second quarter 2009	Second quarter 2008	Six months 2009	Six months 2008		
Germany	44.0	41.6	79.7	84.6	-5.8	-5.8
Rest of Europe	67.3	70.3	135.2	145.7	-7.2	-3.7
Americas	29.6	21.9	54.0	51.4	+5.1	-1.2
Asia/Pacific	23.0	21.6	46.7	42.2	+10.7	+7.1
Other	15.9	8.5	24.3	19.3	+25.9	+25.9
Total	179.8	163.9	339.9	343.2	-1.0	-0.8

In the second quarter of 2009, order intake rose by 9.8 percent (net of currency effects) compared with the prior-year quarter, which more or less offset the weak first quarter of 2009. Therefore, orders received in the safety division by the end of the first six months were roughly on a par with the prior year (net of currency effects).

The decline in Germany is essentially due to a lack of orders received from branches of industry hit particularly hard by the economic crisis. This includes the chemical, steel production and automotive industries. The extremely positive trend in orders from fire services and the improved order situation in the second quarter of 2009 were unable to offset this development. In June, the safety division received an order to equip the new “Puma” armored personnel carrier with ABC vehicle filters.

In the rest of Europe region, Dräger's breathalyzer systems and breathing apparatus for fire services were again well received by the market. For instance, the Company won a contract in the second quarter of 2009 to supply the London fire service with the new "Dräger PSS 7000" self-contained breathing apparatus and the "Dräger FPS 7000" respiratory protection mask. The Swiss Army also ordered a substantial quantity of respiratory protection masks.

The positive development in the US and in Latin America came close to matching the orders received from the Canadian Navy and a Mexican oil group in the Americas region in the prior year. Significant factors in this context were business with the "Dräger Interlock XT" electronic immobilizer, an order to supply breathalyzers in Brazil and other core business.

In the Asia/Pacific region, Dräger won orders from the Australian coal mining industry for respiratory protection systems and equipment as well as from the Royal Australian Navy for two fire training systems. In China, major orders came from the chemical industry for the "Dräger PIR 7000" infrared gas detector and from the coal mining industry for the "Dräger PSS BG 4" breathing apparatus. In the second quarter of 2009, the Singaporean Ministry of Health commissioned the delivery of respiratory protection masks.

A significant portion of the increase in the other countries region in the second quarter of 2009 was due to an order received from a petrochemical company in Oman to provide a low pressure supply system.

ORDERS ON HAND

in € million	June 30, 2009	June 30, 2008	Change in %	Net of currency effects in %
Germany	29.1	37.5	-22.4	-22.4
Rest of Europe	108.2	133.7	-19.1	-18.2
Americas	17.6	19.9	-11.6	-13.1
Asia/Pacific	21.0	21.6	-2.8	-6.5
Other	14.4	6.9	+108.7	+108.7
Total	190.3	219.6	-13.3	-13.3

The decline in orders on hand in the Germany region is largely due to the fact that orders for respiratory protection masks and gas detection equipment were completed in the second half of the prior year.

The figure for the rest of Europe includes orders of approximately EUR 63.8 million (prior year: EUR 78.1 million) for deep-sea diving systems. The increase in the other

countries region includes the aforementioned contract from Oman. The equipment orders on hand cover a 2.4-month period (June 30, 2008: 2.9 months).

NET SALES

in € million	Second quarter		Six months		Change in %	Net of currency effects in %
	Second quarter 2009	Second quarter 2008	Six months 2009	Six months 2008		
Germany	36.1	42.1	72.5	75.8	-4.4	-4.4
Rest of Europe	68.3	82.4	138.8	148.4	-6.5	-3.3
Americas	30.7	21.6	56.3	42.1	+33.7	+25.7
Asia/Pacific	22.5	21.2	43.6	41.1	+6.1	+2.4
Other	8.1	9.5	17.5	17.0	+2.9	+2.9
Total	165.7	176.8	328.7	324.4	+1.3	+1.3

Thanks to the good start made in the first quarter of 2009, the safety division generated net sales growth (net of currency effects) of 1.3 percent despite the negative trend in the second quarter.

Due to a lack of orders from branches of industry hit particularly hard by the financial and economic crisis as well as fiercer competition, net sales in Germany remained below the prior-year level. Breathing apparatus for fire services, portable single and multi-gas detection devices and stationary gas monitoring systems continued to be key drivers of net sales.

The negative year-on-year performance in the rest of Europe region was broadly attributable to the fact that a deep-sea diving project was invoiced in the second quarter of 2008. In the first half of 2009, Dräger delivered the “Dräger PSS 90” self-contained breathing apparatus and the “Dräger FPS 7000” full face mask to Danish fire departments and the “Dräger Interlock XT” electronic immobilizer to Sweden. Dräger was also successful in Italy, delivering a large number of new multi-gas detectors and the tried and tested Dräger tubes.

Dräger delivered significant volumes of the new “Dräger PSS 7000” self-contained breathing apparatus and “Dräger Sentinel 7000” electronic module in the Americas region. As far as supplies of the “Dräger Interlock XT” electronic immobilizer are concerned, the North American market continued to perform well. In the second quarter of 2009, the Company completed some of the orders for breathalyzers from Brazil.

With solid core and project business, the safety division maintained its market position in the Asia/Pacific region. Companies in the petrochemical and semi-conductor industries

were supplied with stationary gas detection products. Breathalyzers were delivered to customers in Australia.

In the other countries region, Dräger successfully supplied stationary gas detection products and systems to the oil and gas industry in Oman and the United Arab Emirates. Dräger also delivered diving technology and diving apparatus to the Saudi Arabian Navy as part of a large order.

EARNINGS

Shifts in the product mix and stronger competition again led to a lower gross margin. In addition, the valuation of construction contracts as a result of production progress on the three deep-sea diving systems included in orders on hand led to further negative effects. As planned, research and development costs rose 18.7 percent to EUR 18.4 million year on year. Before non-recurring expenses, marketing, selling and administrative expenses stabilized at the same level as in the prior year.

For the aforementioned reasons, the safety division achieved EBIT before non-recurring expenses of EUR 18.0 million in the first half of 2009 (6 months 2008: EUR 29.5 million), down 39.0 percent compared with the prior year. The EBIT margin before non-recurring expenses came to 5.5 percent (6 months 2008: 9.1 percent).

INVESTMENTS

The safety division continued to invest in manufacturing technologies of the future, with investments in intangible assets and property, plant and equipment totaling EUR 9.4 million (6 months 2008: EUR 11.7 million). Depreciation and amortization of EUR 11.0 million covered the investment volume in full (6 months 2008: 94.0 percent).

NET ASSETS

The division's assets, equity and liabilities are in line with the 2008 financial statements. Due to the increase in inventories at the end of the first half of 2009, capital employed rose to EUR 240.2 million (June 30, 2008: EUR 222.9 million).

After the net cash flow provided by operating activities saw a weak first quarter in 2009 (-EUR 2.8 million), it performed well in the second quarter, coming to EUR 9.6 million as of June 30, 2009 (June 30, 2008: EUR 20.8 million). The change compared with the prior year mainly relates to the reduction in payments received for the deep-sea diving projects.

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

		Second quarter			Six months		
		Second quarter 2009	Second quarter 2008	Change in %	Six months 2009	Six months 2008	Change in %
Order intake Germany	€ million	4.3	3.3	+30.3	8.3	6.9	+20.3
Orders on hand Germany ¹	€ million			+0.0			+0.0
Net sales Germany	€ million	4.3	3.3	+30.3	8.3	6.9	+20.3
EBITDA ²	€ million	28.4	49.5	-42.6	27.0	45.8	-41.0
Depreciation/amortization ³	€ million	2.5	2.2	+13.6	4.8	4.2	+14.3
EBIT ⁴ before non-recurring expenses	€ million	25.9	47.3	-45.2	22.2	41.6	-46.6
Non-recurring expenses	€ million	0.0	1.0		0.0	2.5	
EBIT ⁴	€ million	25.9	46.3	-44.1	22.2	39.1	-43.2
Net profit	€ million	20.0	40.2	-50.2	11.5	28.4	-59.5
R&D costs	€ million	0.1	0.0	+0.0	0.9	0.5	+80.0
Cash flow from operating activities	€ million	61.8	-3.7	-1,770.3	16.4	-35.7	-145.9
Net financial debt ¹	€ million	356.7	356.8	0.0	356.7	356.8	0.0
Investments	€ million	2.6	2.3	+13.0	3.8	12.7	-70.1
Capital employed ^{1, 5}	€ million	678.8	687.0	-1.2	678.8	687.0	-1.2
Net working capital ^{1, 6}	€ million	-13.3	-17.7	-24.9	-13.3	-17.7	-24.9
Total headcount ¹		419	362	+15.7	419	362	+15.7

¹ Value as of June 30² EBITDA = Earnings before net interest result, income taxes, depreciation, amortization and non-recurring expenses³ Depreciation and amortization excluding non-recurring expenses⁴ EBIT = Earnings before net interest result and income taxes⁵ Capital employed = Total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities⁶ Net working capital = Current, non-interest-bearing assets less current, non-interest-bearing debt

Drägerwerk AG & Co. KGaA/other companies

EARNINGS OF DRÄGERWERK AG & CO. KGAA/OTHER COMPANIES

As discussed in the annual report for 2008, Drägerwerk AG & Co. KGaA provides services to the divisions and their subsidiaries.

EBIT before non-recurring expenses of EUR 22.2 million (6 months 2008: EUR 41.6 million) is the product of the operating results of the companies grouped here and the result from investments of EUR 36.4 million (6 months 2008: EUR 49.1 million). In the first half of 2009, this figure contained the distribution by Dräger Medical AG & Co. KG to Dräger Medical Holding GmbH for fiscal year 2008 of EUR 32.2 million (6 months 2008: EUR 34.4 million for fiscal year 2007). The distribution is dependent on the medical division's result. The result excluding investment income was negative as Drägerwerk AG & Co. KGaA mainly performs group functions.

INVESTMENTS

In the first half of 2009, investments in intangible assets and property, plant and equipment totaled EUR 3.8 million (6 months 2008: EUR 12.7 million). In the prior year, EUR 10.4 million was attributable to the medical division's new administration building in Lübeck.

Reconciliation of figures at group level

To reconcile figures at group level, consolidations between the medical division, the safety division and Drägerwerk AG & Co. KGaA and other companies have to be accounted for. These are detailed in the segment report of the notes to the financial statements in this report.

Research and development

The Dräger Group's research and development costs came to EUR 75.2 million (6 months 2008: EUR 63.8 million), representing 8.4 percent of net sales (6 months 2008: 7.4 percent). Dräger recorded the most significant increase in research and development costs in the medical division. At EUR 55.9 million (6 months 2008: EUR 47.8 million), the rate increased to 9.7 percent of net sales (6 months 2008: 8.7 percent). In addition to the planned increase in research and development costs, the relatively strong US dollar was responsible for the higher expenditure. The safety division incurred expenditure amounting to EUR 18.4 million, which corresponds to 5.6 percent of net sales (6 months 2008: EUR 15.5 million, 4.8 percent of net sales).

PATENTS

The Dräger Group filed a total of 67 new patent applications to German and international patent offices in the first six months of 2009 (6 months 2008: 69 patents).

Personnel

PERSONNEL EXPENSES

in € thousand	June 30, 2009	June 30, 2008
Wages and salaries	274,728	261,954
Social security taxes and related employee benefits	47,663	42,703
Pension expenses	7,284	6,443
	329,675	311,100

The rise in the number of employees compared to the prior-year period, the strength of the US dollar and increases under the collective agreement in place in Germany were mainly responsible for the EUR 17.7 million increase in personnel expenses. This figure includes the remuneration of the Executive Board members of the general partner, Drägerwerk Verwaltungs AG, Lübeck. The prior-year figure contained non-recurring expenses of EUR 7.9 million.

HEADCOUNT AS OF THE BALANCE SHEET DATE

	June 30, 2009	December 31, 2008	June 30, 2008
Medical division	6,312	6,326	6,276
Safety division	4,296	4,194	4,059
Drägerwerk AG & Co. KGaA and other companies	419	389	362
Dräger Group total	11,027	10,909	10,697
Germany	4,857	4,817	4,694
Other countries	6,170	6,092	6,003
Turnover in % of employees (average over the past 12 months)	6.8	6.8	6.5
Sick days in % of work days (average over the past 12 months)	2.9	3.0	3.0

The start of operations at the Czech company, Danisevsky spol. s.r.o., with its 79 employees increased the medical division's headcount. This contrasts with a reduction in personnel in the US (down 48 employees) and western and southern Europe (down 29 employees).

In the safety division, the start of the new production of helmets and the expansion of the company in the Czech Republic led to a rise of 29 employees compared to December 31, 2008. The growth of service departments in the US, the Netherlands and Great Britain as well as of production in Sweden added 36 employees to total headcount.

Drägerwerk AG & Co. KGaA hired 15 employees for group IT projects and, due to additional international work, 11 in the field of marketing communications.

The number of temporary employees dropped by 147 to 319 as of June 30, 2009 (December 31, 2008: 466 temporary employees).

Production, procurement and quality

PRODUCTION AND LOGISTICS

At the end of June 2009, production at Danvers in the US was relocated to Andover, which is 30 kilometers away, in the space of just 3 days. All of the monitoring, systems and IT business field's functions are now unified at one site.

In preparation for this move, the production processes were revised under the ongoing PRIME (Production Improvement for Excellence) program, which saw through-put times, inventories and the space needed fall by 35.0 percent on average.

The third soda lime production plant in Lübeck was put into operation in May 2009. In June 2009, production of head protection systems began in Chumotov, Czech Republic. Given the fall in orders on hand in the safety division, production capacity at German sites is being cut back for products experiencing a decline in demand. For more popular products, capacity is being expanded, especially at sites outside of Germany.

Risks to future development

The structure of our risk management system and significant risks to our net assets, financial position and results of operations are outlined in the annual report for fiscal year 2008.

Changed conditions after the close of the interim reporting period

There were no significant changes between the end of the first six months of 2009 and the time this half-yearly financial report was prepared.

Outlook

FUTURE MARKET ENVIRONMENT

At the start of July, the Organisation for Economic Co-operation and Development (OECD) forecast a fall in GDP across the OECD countries by 4.1 percent in 2009, but growth of 0.7 percent in 2010 (March forecast: falls of 4.3 percent and 0.1 percent for 2009 and 2010, respectively). The OECD, as too the International Monetary Fund (IMF), sees the global economy “nearing the bottom”, although the recovery is likely to be “weak and fragile”.

The US economy is now expected to contract by 2.8 percent (previously 4.0 percent fall) in 2009 and by 0.9 percent (previously zero growth) in 2010. Overall, however, business in the US is expected to suffer, in particular from weak investment activity, for some time to come.

The OECD’s forecast for the euro area is more pessimistic, with GDP shrinking 4.8 percent (previously 4.0 percent fall) in 2009 and remaining flat in 2010 (previously 0.3 percent fall). The German economy is even predicted to contract by 6.1 percent (previously 5.3 percent fall) this year, growing again by a slight 0.2 percent in 2010 (as previously forecast).

The OECD continues to expect a dramatic downturn in Japan in 2009 and forecasts -6.8 percent growth compared with the -6.6 percent previously predicted. For 2010, the impetus anticipated from the stimulus measures has led the organization to revise its estimate to growth of 0.7 percent (previously fall of 0.5 percent).

FUTURE SITUATION OF THE COMPANY

The ongoing financial crisis and economic developments are having a negative impact on both divisions and are making it very difficult to make predictions. The turnaround program will cushion the negative effect on earnings resulting from the change in the product mix and the effects of the forecast lower net sales. Dräger will maintain its very high level of expenditure on research and development despite the difficult economic situation in order to keep investing in its product portfolio, which promises strong growth and earnings for the future. This is essential for the Company’s positive development. For 2009, the Executive Board anticipates that consolidated EBIT before non-recurring

expenses will be considerably lower than in the prior year and that net sales will be around 5.0 percent lower. In the medium term, Dräger expects the market for both divisions to grow.

FORWARD-LOOKING STATEMENTS

This management report contains forward-looking statements. The statements are based on the current expectations, presumptions, and forecasts of the Executive Board of Dräger Verwaltungs AG 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. Dräger is under no obligation to update the forward-looking statements contained in this report.

Interim financial statements of the Dräger Group as of June 30, 2009 (revised version)

CONSOLIDATED INCOME STATEMENT OF THE DRÄGER GROUP

	Note	Second quarter 2009	Second quarter 2008 ²	Six months 2009	Six months 2008 ²
		€ thousand	€ thousand	€ thousand	€ thousand
Net sales		468,721	457,795	893,945	863,528
Cost of sales		-269,837	-242,352	-502,018	-457,562
Gross profit		198,884	215,443	391,927	405,966
Research and development costs		-37,999	-32,416	-75,168	-63,867
Marketing and selling expenses		-129,411	-124,513	-253,803	-243,986
General administrative expenses		-22,688	-24,212	-49,289	-51,914
Other operating income		1,216	1,359	2,885	2,512
Other operating expenses		-1,897	-1,198	-3,230	-2,127
		-190,779	-180,980	-378,605	-359,382
		8,105	34,463	13,322	46,584
Profit from investments in associates		0	0	279	248
Other financial result		484	2,733	1,483	742
Financial result (before interest result)	6	484	2,733	1,762	990
EBIT		8,589	37,196	15,084	47,574
Interest result ³	6	-7,815	-6,248	-14,496	-12,585
Earnings before income taxes ³		774	30,948	588	34,989
Income taxes ³	7	595	-11,756	666	-11,737
Net profit ³		1,369	19,192	1,254	23,252
Net profit ³		1,369	19,192	1,254	23,252
thereof minority interests in net profit		1,066	3,522	1,693	5,510
share in net profit for participation certificates (without minimum dividend) ³		682	1,122	1,364	2,929
net profit to be allotted to shareholders ³		-379	14,548	-1,803	14,813
Earnings per share ¹					
per preferred share (in €) ³		-0.03	1.15	-0.13	1.18
per common share (in €) ³		-0.04	1.14	-0.16	1.15

¹ The dividend premium of EUR 0.06 on preferred shares is recognized pro rata on a quarterly basis.

² Due to restructuring in the medical division, some cost centers were assigned to other functional areas. To improve comparability, the prior-year figures were adjusted.

³ The values were adjusted. See Note 4.

CONSOLIDATED BALANCE SHEET OF THE DRÄGER GROUP

	Note	June 30, 2009	December 31, 2008
		€ thousand	€ thousand
Assets			
Intangible assets	8	207,031	211,561
Property, plant and equipment	8	258,457	260,499
Investments in associates		702	702
Other non-current financial assets		14,359	13,774
Non-current tax refund claims		0	1,302
Deferred tax assets		71,223	70,621
Other non-current assets		19,190	18,912
Non-current assets		570,962	577,371
Inventories	9	350,642	329,022
Trade receivables and receivables from construction contracts		478,864	542,811
Other current financial assets	10	20,332	25,865
Cash and cash equivalents		229,823	125,168
Current tax refund claims		21,107	26,187
Other current assets	11	48,909	28,353
Current assets		1,149,677	1,077,406
Total assets		1,720,639	1,654,777

	Note	June 30, 2009	December 31, 2008
		€ thousand	€ thousand
Equity and liabilities			
Capital stock		32,512	32,512
Capital reserves	12	39,448	38,867
Retained earnings ¹	13	283,192	290,913
Participation capital ¹		56,086	56,086
Other comprehensive income		-38,127	-43,717
Minority interests		170,348	179,142
Equity¹		543,459	553,803
Obligations from participation certificates ¹		28,183	27,628
Provisions for pensions and similar obligations		167,115	167,621
Other non-current provisions	14	32,716	32,676
Non-current interest-bearing loans	15	430,416	292,135
Other non-current financial liabilities		6,711	6,764
Deferred tax liabilities ¹		20,842	20,359
Other non-current liabilities		154	243
Non-current liabilities¹		686,137	547,426
Other current provisions ¹	14	144,643	159,919
Current loans and liabilities to banks	15	52,460	87,999
Trade payables and liabilities from construction contracts		107,472	134,173
Other current financial liabilities ¹		58,765	57,676
Current tax liabilities		37,251	35,867
Other current liabilities	16	90,452	77,914
Current liabilities¹		491,043	553,548
Total equity and liabilities		1,720,639	1,654,777

¹ The values were adjusted. See Note 4.

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE OF THE DRÄGER GROUP

	Six months 2009	Six months 2008
	€ thousand	€ thousand
Net profit ¹	1,254	23,252
Currency translation adjustment for foreign subsidiaries	5,595	-7,412
Change in the fair value of financial instruments recognized directly in equity	81	204
Actuarial gains/losses from defined benefit pension plans	193	-474
Deferred taxes on changes in value recognized directly in equity	-22	11
Total income and expense recognized directly in equity after taxes	5,847	-7,671
Net profit and total income and expense recognized directly in equity after taxes ¹	7,101	15,581
net profit to be allotted to shareholders ¹	3,787	8,642
thereof minority interests	1,950	4,010
share in net profit for participation certificates (without minimum dividend, after taxes) ¹	1,364	2,929

The deferred taxes relate to changes in the fair value of financial instruments recognized directly in equity.
No amounts were reclassified from equity to profit or loss in the first half of 2009 (6 months 2008: EUR 40 thousand).

¹ The values were adjusted. See Note 4.

CONSOLIDATED CASH FLOW STATEMENT OF THE DRÄGER GROUP

	Second quarter 2009	Second quarter 2008	Six months 2009	Six months 2008
	€ thousand	€ thousand	€ thousand	€ thousand
Operating activities				
Group net profit ¹	1,369	19,192	1,254	23,252
+ Depreciation/amortization of non-current assets	16,425	14,092	30,891	27,533
- Decrease in provisions ¹	-10,698	-10,629	-15,169	-1,998
-/+ Other non-cash income/expenses ¹	-3,070	-15	-3,588	12,349
- Gain from the disposal of non-current assets	-2	-36	-55	-10
+/- Decrease/increase in inventories	17,143	-9,385	-17,244	-26,538
+/- Decrease/increase in trade receivables	-27	-10,346	71,713	51,408
+/- Decrease/increase in other assets	787	12,585	-8,072	-29,692
+/- Increase/decrease in trade payables	2,221	-1,798	-28,358	-14,340
+/- Increase/decrease in other liabilities ¹	14,165	7,388	12,861	-2,426
Net cash provided by operating activities ¹	38,313	21,048	44,233	39,538
Investing activities				
- Cash outflow for investments in intangible assets	-2,365	-1,886	-3,457	-2,948
+ Cash inflow from the disposal of intangible assets	11	337	59	369
- Cash outflow for investments in property, plant and equipment	-9,848	-16,379	-19,150	-36,249
+ Cash inflow from disposals of property, plant and equipment	297	1,064	708	1,237
- Cash outflow for investments in non-current financial assets	-44	-1,616	-236	-1,642
+ Cash inflow from the disposal of non-current financial assets	0	707	0	1,042
- Cash outflow from the acquisition of subsidiaries	-109	0	-1,039	0
Net cash used in investing activities	-12,058	-17,773	-23,115	-38,191
Financing activities				
- Distribution of dividends ¹	-8,464	-13,831	-8,464	-13,831
+ Cash provided by raising loans	139,782	173	139,782	10,358
- Cash used to redeem loans	-475	-9,896	-27,595	-40,175
-/+ Decrease/increase in the net balance of other bank liabilities	-23,730	-470	-9,770	8,516
- Net balance of finance lease liabilities repaid/incurred	-140	-167	-238	-266
+ Cash inflows from capital increases	205	62	205	62
- Profit distributed to minority interests	-10,853	-12,050	-10,891	-12,554
Net cash provided by/used in financing activities ¹	96,325	-36,179	83,029	-47,890
Change in cash and cash equivalents in the fiscal year	122,580	-32,904	104,147	-46,543
+/- Effect of exchange rates on cash and cash equivalents	-51	51	508	-4,353
+ Cash and cash equivalents at the beginning of the fiscal year	107,294	142,704	125,168	160,747
Cash and cash equivalents as of June 30 of the fiscal year	229,823	109,851	229,823	109,851

For notes to the cash flow statement, please see page 13.

¹ The values were adjusted. See Note 4.

STATEMENT OF CHANGES IN EQUITY OF THE DRÄGER GROUP

	Capital stock	Capital reserves	Retained earnings	Participation capital ¹	Other comprehensive income				Total equity interest held by shareholders of Drägerwerk AG & Co, KGaA	Minority interests	Equity
					Actuarial gains and losses recognized directly in equity	Currency translation differences	Derivative financial instruments	Total other comprehensive income			
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
January 1, 2008 ¹	32,512	38,867	268,645	56,086	-7,024	-23,780	809	-29,995	366,115	179,085	545,200 ¹
Total income and expense recognized directly in equity ¹			18,429		-412	-5,914	155	-6,171	12,258	4,010	16,268 ¹
Distributions ¹			-13,831						-13,831	-12,554	-26,385 ¹
Change in scope of consolidation/ other			11						11	73	84 ¹
June 30, 2008 ¹	32,512	38,867	273,254	56,086	-7,436	-29,694	964	-36,166	364,553	170,614	535,167 ¹
January 1, 2009 ¹	32,512	38,867	290,914	56,086	-6,335	-37,034	-349	-43,718	374,661	179,142	553,803
Total income and expense recognized directly in equity ¹			-440		174	5,374	43	5,591	5,151	1,950	7,101
Capital increase		581						0	581		581
Distributions ¹			-8,464					0	-8,464	-10,891	-19,355
Change in scope of consolidation/ other ¹			1,182					0	1,182	147	1,329
June 30, 2009 ¹	32,512	39,448	283,192	56,086	-6,161	31,660	-306	-38,127	373,111	170,348	543,459

¹ The values were adjusted. See Note 4.

Notes of the Dräger Group as of June 30, 2009 (revised version)

1 BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

Drägerwerk AG & Co. KGaA, Lübeck, prepared its group financial statements for fiscal year 2008 in accordance with the 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 2009, 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. 16 (GAS 16 – Interim Financial Reporting) of the German Accounting Standards Committee (GASC). The half-yearly financial report was not audited or reviewed by an auditor.

The interim report was prepared in euros. Unless stated otherwise, all figures are disclosed in thousands of euros (EUR thousand); rounding differences may arise as a result.

2 ACCOUNTING POLICIES

The same accounting principles as in the group financial statements for 2008 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 2008. 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 SCOPE OF CONSOLIDATION AND CONSOLIDATION PRINCIPLES

There were no significant changes to the scope of consolidation compared to December 31, 2008 and compared to June 30, 2008. The same consolidation principles as in the group financial statements for 2008 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 half year of 2009 decreased to a net profit of EUR 1.3 million (6 months 2008: increased to EUR 23.3 million) due to the interest result decreasing by EUR 0.6 million (6 months 2008: increasing by EUR 3.1 million) and income taxes by EUR 0.2 million (6 months 2008: increasing by EUR 0.5 million). The increase in equity attributable to participation certificates came to EUR 32.3 million as of June 30, 2009 (December 31, 2008: EUR 36.2 million).

5 SEGMENT REPORT

BUSINESS PERFORMANCE OF THE SEGMENTS

		Medical division	
		Six months 2009	Six months 2008
Order intake	€ million	605.4	623.0
Orders on hand	€ million	250.2	276.3
Net sales	€ million	578.1	551.2
thereof intersegment net sales	€ million	1.8	0.4
thereof third-party net sales	€ million	576.3	550.8
EBITDA	€ million	29.0	48.3
Depreciation/amortization	€ million	15.9	12.3
Impairment losses	€ million	2.0	0.0
EBIT before non-recurring expenses	€ million	11.1	36.0
Non-recurring expenses	€ million	0.0	2.6
EBIT	€ million	11.1	33.4
Net profit (safety division: before profit/loss transfer)	€ million	7.6	23.5
thereof profit/loss from investments in associates	€ million	–	–
Net profit after minority interests	€ million	–	–
Earnings per share			
per preferred share	€	–	–
per common share	€	–	–
R&D costs²	€ million	55.9	47.8
Cash flow from operating activities	€ million	56.4	55.6
Capital employed	€ million	650.0	681.7³
Assets	€ million	936.9	946.1³
thereof investments in associates	€ million	–	–
Liabilities	€ million	265.1	237.7
Net financial debt	€ million	–137.2	–107.6
Investments	€ million	10.3	67.6
Non-cash expenses ¹	€ million	54.6	46.1
EBIT before non-recurring expenses/net sales	%	1.9	6.5
EBIT before non-recurring expenses/capital employed	%	1.7	5.3³
Gearing	Factor	–0.2	–0.2
Total headcount		6,312	6,276

¹ As of fiscal year 2009 including allocation during the year to current tax accruals (prior-year figures were adjusted).

² Due to restructuring in the medical division, some cost centers were assigned to other functional areas. The prior-year figures were adjusted to improve comparability.

³ The goodwill from the acquisition of the 10 percent share in Dräger Medical AG & Co. KG from Siemens in 2007 is recognized in the medical segment. The prior-year figures were adjusted accordingly.

Consolidation amounts essentially relate to the elimination of order intake and net sales as well as income between segments, the elimination of income from investments and, in the case of assets, the effects of accounting for acquisitions.

	Safety division		Drägerwerk AG & Co. KGaA/ other companies		Consolidation		Dräger Group	
	Six months 2009	Six months 2008	Six months 2009	Six months 2008	Six months 2009	Six months 2008	Six months 2009	Six months 2008
	339.9	343.2	8.3	6.9	-20.8	-18.6	932.8	954.5
	190.3	219.6	0.0	0.0	-1.0	-1.0	439.5	494.9
	328.7	324.4	8.3	6.9	-21.2	-19.0	893.9	863.5
	12.8	13.8	6.6	4.8	-21.2	-19.0	-	-
	315.9	310.6	1.7	2.1	0.0	0.0	893.9	863.5
	29.0	40.5	27.0	45.8	-39.0	-48.2	46.0	86.4
	11.0	11.0	4.8	4.2	-2.8	0.0	28.9	27.5
	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0
	18.0	29.5	22.2	41.6	-36.2	-48.2	15.1	58.9
	0.0	5.6	0.0	2.5	0.0	0.6	0.0	11.3
	18.0	23.9	22.2	39.1	-36.2	-48.8	15.1	47.6
	11.4	16.3	11.5	28.4	-29.2	-44.9	1.3	23.3
	-	-	0.3	0.3	0.0	0.0	0.3	0.3
	-	-	-	-	-	-	-0.4	17.7
	-	-	-	-	-	-	-0.13	1.18
	-	-	-	-	-	-	-0.16	1.15
	18.4	15.5	0.9	0.5	0.0	0.0	75.2	63.8
	9.6	20.8	16.4	-35.7	-38.2	-1.2	44.2	39.5
	240.2	222.9	678.8	687.0	-624.4	-631.1³	944.6	960.5
	375.9	355.0	722.2	729.5	-642.3	-653.8³	1,392.7	1,376.8
	0.4	0.5	0.3	0.2	0.0	0.0	0.7	0.7
	127.2	122.3	39.1	37.0	-15.5	-24.4	415.9	372.6
	61.7	52.8	356.7	356.8	0.0	0.1	281.2	302.1
	9.4	11.7	3.8	12.7	-0.2	-52.8	23.3	39.2
	24.0	24.0	7.3	13.0	-5.6	0.6	80.3	83.7
	5.5	9.1					1.7	6.8
	7.5	13.2					1.6	6.1
	0.4	0.3	0.0	0.0	0.0	0.0	0.5	0.6
	4,296	4,059	419	362	0	0	11,027	10,697

The key figures from the segment report are as follows:

EBIT/EBITDA

in € thousand	Six months 2009	Six months 2008
Net profit	1,254	23,252
+ Interest result	14,496	12,585
+ Income taxes	-666	11,737
EBIT	15,084	47,574
+ Non-recurring expenses	0	11,342
EBIT before non-recurring expenses	15,084	58,916
+ Depreciation/amortization	30,891	27,533
EBITDA before non-recurring expenses	45,975	86,449

CAPITAL EMPLOYED

in € thousand	June 30, 2009	June 30, 2008
Total assets	1,720,639	1,582,049
- Deferred tax assets	-71,223	-68,877
- Cash and cash equivalents	-229,823	-109,851
- Non-interest-bearing liabilities	-474,960	-442,794
Capital employed	944,633	960,527

ASSETS

in € thousand	June 30, 2009	June 30, 2008
Total assets	1,720,639	1,582,049
- All other financial assets	-5,760	-4,217
- Deferred tax assets	-71,223	-68,877
- Tax refund claims (current and non-current)	-21,107	-22,273
- Cash and cash equivalents	-229,823	-109,851
Assets	1,392,726	1,376,831

LIABILITIES

in € thousand	June 30, 2009	June 30, 2008
Liabilities recognized in the balance sheet	1,177,180	1,046,882
- Provisions for pensions and similar obligations	-167,115	-169,527
- Tax liabilities, tax provisions, tax accruals and deferred tax liabilities	-79,940	-88,739
- Interest-bearing liabilities	-514,263	-415,972
Liabilities	415,862	372,644

NET FINANCIAL DEBT

in € thousand	June 30, 2009	June 30, 2008
Participation capital	28,183	27,104
+ Non-current interest-bearing loans	430,416	297,166
+ Current loans and liabilities to banks	52,460	87,682
– Cash and cash equivalents	–229,823	–109,851
Net financial debt	281,236	302,101

NON-CASH EXPENSES

in € thousand	Six months 2009	Six months 2008
Write-downs on inventories	10,396	9,347
+ Losses from bad debt allowances	2,931	981
+ Allocations to provisions	66,998	73,421
Non-cash expenses	80,325	83,749

Gearing is the ratio of net financial debt to equity.

GEARING

in € thousand	June 30, 2009	June 30, 2008
Participation capital	28,183	27,104
+ Non-current interest-bearing loans	430,416	297,166
+ Current loans and liabilities to banks	52,460	87,682
– Cash and cash equivalents	–229,823	–109,851
Net financial debt	281,236	302,101
Equity	543,459	535,167
Gearing (net financial debt/equity)	0.5	0.6

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 FINANCIAL RESULT

FINANCIAL RESULT

in € thousand	Six months 2009	Six months 2008
Financial result (before interest result)	1,762	990
Interest and similar income	2,275	3,180
Interest and similar expenses	-16,771	-15,765
Interest result	-14,496	-12,585

Income from the valuation of derivatives from hedging financial transactions improved the financial result.

7 INCOME TAXES

The income taxes for the first half of 2009 were calculated on the basis of an anticipated group tax rate of 38 percent and reduced by a tax refund for prior years of EUR 0.9 million.

8 NON-CURRENT ASSETS (SELECTED ITEMS)

NON-CURRENT ASSETS (SELECTED ITEMS)

in € thousand	Carrying amount January 1, 2009	Additions	Disposals/ other changes	Depreciation/ amortization	Carrying amount June 30, 2009
Intangible assets	211,561	3,843	594	8,967	207,031
Property, plant and equipment	260,499	19,466	416	21,924	258,457

9 INVENTORIES

INVENTORIES

in € thousand	June 30, 2009	December 31, 2008
Finished products and merchandise	166,998	158,374
Work in process	59,462	53,632
Raw materials, consumables and supplies	99,921	102,112
Prepayments made	24,261	14,904
	350,642	329,022

The Dräger Group's inventories had risen by approximately EUR 12.3 million as of June 30, 2009. An increase of EUR 4.9 million against the prior year ensures that a high level of materials is available at all times to safeguard the Group's supply capability. It also serves to mitigate the risk of supplier default, which has risen.

More stringent criteria for customers as regards payment guarantees lead to delays in the supply of finished products. The EUR 9.4 million increase in prepayments made reflects the level of project business and the corresponding prepayments made by customers.

10 OTHER CURRENT FINANCIAL ASSETS

The decrease in current financial assets is largely due to a EUR 5.4 million decrease in the fair value of derivative financial instruments. This decrease can be attributed to the reduction in the hedging volume as trade receivables and payables denominated in foreign currency as of June 30, 2009 were lower than as of December 31, 2008.

11 OTHER CURRENT ASSETS

OTHER CURRENT ASSETS

in € thousand	June 30, 2009	December 31, 2008
Prepaid expenses and tax accruals	36,014	17,501
All other current assets	12,895	10,852
	48,909	28,353

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

12 CAPITAL RESERVES

At the 2009 annual general meeting, Executive Board Chairman Stefan Dräger waived his indirect entitlement to dividends of EUR 581,492. Stefan Dräger made a contractual commitment to repay the Company and the capital reserves have increased accordingly.

13 RETAINED EARNINGS

As of fiscal year 2009, group net profit is disclosed under retained earnings. Thus group net earnings are not disclosed separately in equity. The prior-year figures were adjusted accordingly.

14 OTHER NON-CURRENT AND CURRENT PROVISIONS

Other non-current provisions as of June 30, 2009 mainly comprise provisions for personnel obligations of EUR 17,443 thousand (December 31, 2008: EUR 17,062 thousand).

Other current provisions as of June 30, 2009 also include monthly cut-offs and chiefly consist of tax provisions of EUR 21,847 thousand (December 31, 2008: EUR 25,011 thousand), provisions for personnel obligations of EUR 39,684 thousand (December 31, 2008: EUR 52,958 thousand) and warranty provisions of EUR 26,258 thousand (December 31, 2008: EUR 25,519 thousand).

15 NON-CURRENT INTEREST-BEARING LOANS/CURRENT LOANS AND LIABILITIES TO BANKS

The change in non-current interest-bearing loans is primarily due to the raising of non-current note loans of a nominal EUR 140.0 million (with terms of between two and six years).

Current loans and liabilities to banks decreased due to the repayment of a note loan of EUR 25 million in January 2009.

16 OTHER CURRENT LIABILITIES

The EUR 12.5 million increase in other current liabilities relates to obligations under annual service agreements which are billed at the start of the year and expensed as incurred by Dräger.

17 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

There were no significant changes in contingent liabilities and other financial obligations as of June 30, 2009 compared to those disclosed in the annual report for 2008.

18 RELATED PARTY TRANSACTIONS

Business was transacted in 2009 with the following related companies that are part of the widespread share portfolio of the Dräger family: Dräger GmbH, Dräger Object 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 877 thousand in the first six months of fiscal year 2009 (6 months 2008: EUR 857 thousand).

Services were rendered for companies and foundations related to the Dräger family for EUR 39 thousand in the first six months of fiscal year 2009 (6 months 2008: EUR 29 thousand). 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 25, 2010

The general partner
Drägerwerk Verwaltungs AG
represented by its Executive Board

Stefan Dräger
Herbert Fehrecke
Gert-Hartwig Lescow
Dieter Pruss
Ulrich Thibaut

Management compliance statement

We confirm to the best of our knowledge that, in accordance with the applicable financial reporting framework for interim financial reporting, the group financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, the group management report presents business performance including business results and the situation of the Group so as to give a true and fair view, and that the significant opportunities and risks relating to the Group's development in the remainder of the fiscal year have been described.

Lübeck, Germany, April 25, 2010

The general partner
Drägerwerk Verwaltungs AG
represented by its Executive Board

Stefan Dräger
Herbert Fehrecke
Gert-Hartwig Lescow
Dieter Pruss
Ulrich Thibaut

FINANCIAL CALENDAR

Report as of June 30, 2009, conference call, Lübeck	August 6, 2009
Report as of September 30, 2009, conference call, Lübeck	November 5, 2009
Annual general meeting, Lübeck	May 7, 2010

Drägerwerk AG & Co. KGaA

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