GEA Group

Interim Report for the 2nd Quarter 2006

January 1 to June 30, 2006

Focus on core business

Key Figures for the GEA Group

EUR million

	Q2 2006	Q2 2005	Change in %	Q1–Q2 2006	Q1–Q2 2005	Change in %
Results of operations						
Sales	**1,280.0**	1,076.9	18.9	**2,371.4**	2,019.8	17.4
thereof outside Germany	**962.2**	876.1	9.8	**1,808.2**	1,595.0	13.4
thereof in Germany	**317.7**	200.9	58.2	**563.2**	424.8	32.6
New orders	**1,435.9**	1,128.4	27.3	**2,963.1**	2,287.8	29.5
Order book	**3,553.3**	2,788.3	27.4	**3,553.3**	2,788.3	27.4
EBITDA	**56.3**	38.4	46.6	**100.6**	71.7	40.3
Operating EBIT[1]	**56.2**	21.5	161.3	**83.1**	37.0	124.6
% of sales	**4.4**	2.0	–	**3.5**	1.8	–
EBIT	**– 14.5**	21.5	– 167.1	**12.4**	37.0	– 66.4
% of sales	**– 1.1**	2.0	–	**0.5**	1.8	–
Earnings before tax on continuing operations	**– 24.5**	9.9	– 346.0	**– 6.6**	12.1	– 154.5
% of sales	**– 1.9**	0.9	–	**– 0.3**	0.6	–
Net loss/income on continuing operations	**– 14.6**	6.0	– 344.0	**– 4.0**	7.3	– 155.2
Net income on discontinued operations	**0.0**	12.0	– 100.0	**0.0**	21.5	– 100.0
Net loss/income	**– 14.6**	18.0	– 181.4	**– 4.0**	28.9	– 114.0
Minority interest	**0.1**	– 1.0	106.4	**0.0**	– 1.4	103.0
Net assets						
Total assets	**5,045.9**	5,382.2	– 6.2	**5,045.9**	5,382.2	– 6.2
Equity	**1,546.1**	1,701.1	– 9.1	**1,546.1**	1,701.1	– 9.1
% of total assets	**30.6**	31.6	–	**30.6**	31.6	–
Net position[2]	**115.2**	30.1	283.3	**115.2**	30.1	283.3
cash	**265.6**	316.0	– 16.0	**265.6**	316.0	– 16.0
securities	**11.7**	6.5	80.1	**11.7**	6.5	80.1
bank debt + bonds	**162.1**	292.4	– 44.6	**162.1**	292.4	– 44.6
Gearing in %[3]	**– 7.5**	– 1.8	–	**– 7.5**	– 1.8	–
Financial position						
Cash flow from operating activities	**22.5**	31.0	– 27.4	**– 108.8**	– 200.3	45.7
Free cash flow[4]	**– 3.0**	31.5	– 109.6	**– 147.5**	– 229.3	35.7
Investment (at balance sheet date)[1/5]	**2,300.4**	2,162.0	6.4	**2,300.4**	2,162.0	6.4
ROCE in %[1/6]	**2.4**	1.0	–	**3.6**	1.7	–
Capital expenditure incl. finance leases	**29.6**	60.5	– 51.1	**51.6**	97.2	– 46.9
Employees[7]						
Employees at balance sheet date	**18,472**	17,142	7.8	**18,472**	17,142	7.8
thereof in Germany	**7,701**	7,395	4.1	**7,701**	7,395	4.1
thereof outside Germany	**10,771**	9,747	10.5	**10,771**	9,747	10.5
GEA Group's shares						
Share price at balance sheet date (EUR)	**13.40**	9.98	34.3	**13.40**	9.98	34.3
Basic earnings per share (EUR)	**– 0.08**	0.09	– 185.8	**– 0.02**	0.15	– 114.6
thereof on discontinued operations	**0.00**	0.06	– 100.0	**0.00**	0.11	– 100.0
Dividend per share (EUR)[8]	**0.10**	–	–	**0.10**	–	–
Weighted average number of shares outstanding (million)	**188.0**	188.0	–	**188.0**	188.0	–
Economic value added[1]	**7.5**	– 13.9	153.8	**– 6.5**	– 34.7	81.2

Customized Systems

EUR million

	Q2 2006	Q2 2005	Change in %
Sales	**197.8**	178.5	10.8
New orders	**224.4**	225.7	– 0.6
Order book	**235.7**	196.6	19.9
EBITDA	**15.7**	14.0	11.7
EBIT	**12.4**	11.0	12.7
% of sales	**6.3**	6.2	–
Earnings before tax	**12.2**	11.2	9.3
Cash flow[9]	**7.4**	– 14.0	152.8
Employees at balance sheet date[7]	**4,324**	4,300	0.6

Process Equipment

EUR million

	Q2 2006	Q2 2005	Change in %
Sales	**338.0**	273.3	23.7
New orders	**341.0**	293.9	16.0
Order book	**389.9**	289.7	34.6
EBITDA	**40.7**	34.0	19.8
EBIT	**35.5**	29.1	21.9
% of sales	**10.5**	10.6	–
Earnings before tax	**33.8**	26.8	25.9
Cash flow[9]	**25.2**	6.9	263.7
Employees at balance sheet date[7]	**6,067**	5,654	7.3

Process Engineering

EUR million

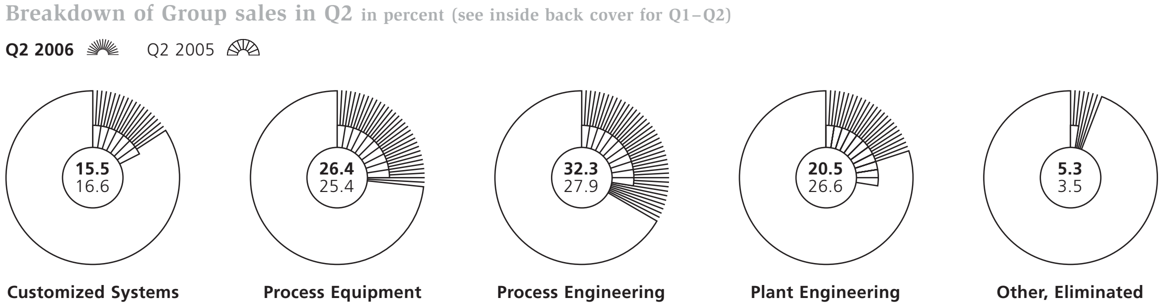
	Q2 2006	Q2 2005	Change in %
Sales	**413.8**	300.2	37.8
New orders	**392.1**	382.7	2.4
Order book	**1,158.8**	895.9	29.3
EBITDA	**27.6**	20.5	34.4
EBIT	**24.1**	17.1	40.7
% of sales	**5.8**	5.7	–
Earnings before tax	**23.1**	17.3	33.0
Cash flow[9]	**– 13.7**	29.6	– 146.2
Employees at balance sheet date[7]	**5,508**	4,592	20.0

Plant Engineering

EUR million

	Q2 2006	Q2 2005	Change in %
Sales	**263.0**	286.1	– 8.1
New orders	**410.7**	242.8	69.1
Order book	**1,801.1**	1,416.1	27.2
EBITDA	**– 26.4**	– 21.7	– 21.4
Operating EBIT[1]	**– 11.1**	– 24.4	54.7
% of sales	**– 4.2**	– 8.5	–
EBIT	**– 81.7**	– 24.4	– 234.6
% of sales	**– 31.1**	– 8.5	–
Earnings before tax	**– 80.8**	– 25.1	– 221.9
Cash flow[9]	**31.2**	33.8	– 7.8
Employees at balance sheet date[7]	**2,164**	2,106	2.8

Breakdown of Group sales in Q2 in percent (see inside back cover for Q1–Q2)



1) Adjusted for non-recurring charges of EUR 70.7 million for Zimmer division

2) Net position = cash + securities – bonds – bank debt

3) Gearing = net position[2] / equity

4) Free cash flow = cash flow from operating activities + cash flow from investing activities

5) Investment = non-current assets + current assets – trade payables – other liabilities – advances received – cash

6) ROCE = EBIT / investment

7) Full-time equivalents (FTEs), excl. trainees

8) Dividend for fiscal 2005

9) Cash flow from operating activities

Second quarter of 2006: focus on core business

- New orders up 27 percent
- Sales up 19 percent
- Operating EBIT up 161 percent
- Non-recurring charges at Zimmer
- Disposal of Plant Engineering

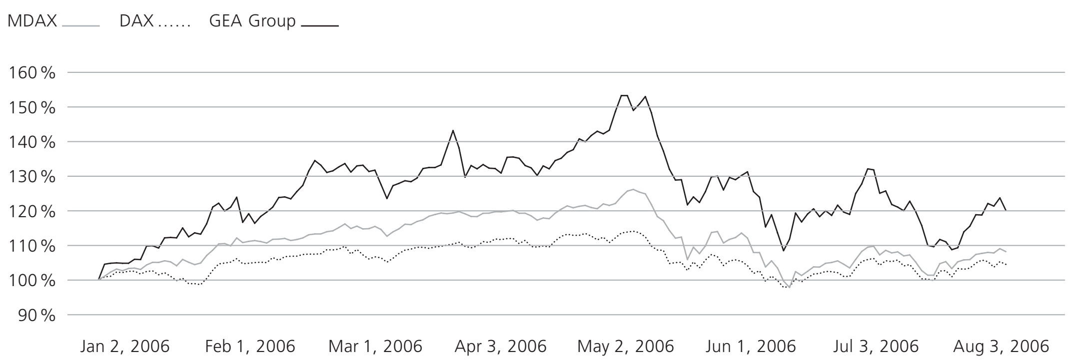
Interim Report for the 2nd Quarter 2006

GEA Group's Shares

GEA Group's Shares

During the first half of 2006, GEA Group's share price rose by around 28 percent, outperforming the strong gain in the MDAX. This index was up 8 percent in the first six months, itself outperforming the DAX, which added only about 5 percent. In July, GEA Group's shares gave up more ground than both of these indexes in what was generally a weak market before rallying again to close at EUR 12.60 on August 3.

Performance of GEA Group's share price against the DAX and MDAX



The company's shares hit a first-half high of EUR 16.08 on May 5 and 8. On January 2 they fell to their first-half low of EUR 10.97 and closed the first half at EUR 13.40.

The GEA Group's market capitalization amounted to EUR 2.52 billion on June 30, 2006 based on a total of 188.0 million shares; on June 30 of last year, its capitalization had totaled EUR 1.88 billion with the same number of shares. When calculating market capitalization, Deutsche Börse AG only includes the free float and, on this basis, determined a figure of EUR 2.01 billion at June 30, 2006. This put the GEA Group in 41st place (end of March 2006: 51st) among all German publicly traded companies. In terms of trading volumes, the company was in 48th place, having been 54th at the end of March. This improvement is attributable to the performance of the company's share price relative to the MDAX and to the larger free float of 82 percent (2005: 61.4 percent), which resulted from the sale of Dr. Otto Happel's shareholding.

The average daily trading volume in the first six months of 2006 was 1.3 million shares, which was 167 percent above the 0.5 million in the same period of last year. The vast majority of this trading volume was settled through the XETRA electronic trading system. The GEA Group did not repurchase any of its own stock in the first half of 2006 and therefore continued to hold the roughly 6.4 million shares it had held at the end of March 2006.

Shares and options held by directors and employees

At March 31, 2006, employees of the company held 912,000 options, members of the Executive Board held 60,000 options and members of the Supervisory Board held 8,000 options. Because the program target for the sixth tranche (2003/2006) was not achieved, these options expired in the second quarter of 2006.

Dr. Jürgen Heraeus, chairman of the Supervisory Board, purchased 17,000 shares in the second quarter. Jürg Oleas (chairman of the Executive Board) acquired 6,000 shares and Hartmut Eberlein (chief financial officer) purchased 5,000 shares in the second quarter. On July 18, Peter Schenk (member of the Executive Board) purchased 5,430 shares and now holds a total of 6,000 shares.

GEA Group's shares: key performance indicators

	Q2 2006	Q2 2005	**Q1–Q2 2006**	Q1–Q2 2005
Number of shares at June 30 (million)	**188.0**	188.0	**188.0**	188.0
Average number of shares (million)	**188.0**	188.0	**188.0**	188.0
Share price at June 30 (EUR)	**13.40**	9.87	**13.40**	9.87
Highest share price (EUR)	**16.08**	10.06	**16.08**	10.60
Lowest share price (EUR)	**11.38**	8.50	**10.97**	8.50
Market capitalization at June 30 (EUR billion)	**2.52**	1.88	**2.52**	1.88
Basic earnings per share (EUR)	**– 0.08**	0.09	**– 0.02**	0.15
thereof on discontinued operations	**–**	0.03	**–**	0.11

Prices: Xetra closing prices

The loss per share reported in the quarter under review is solely attributable to the non-recurring charges of the Zimmer division. Adjusted for these one-off expenses after tax, earnings per share improved substantially year-on-year in both periods, rising to EUR 0.15 in the second quarter and EUR 0.21 in the first half of 2006, based on the same number of shares.

GEA Group's shares: key data

SIN	660 200
ISIN	DE0006602006
Reuters code	G1AG.DE
Bloomberg code	G1A.GR
Xetra	G1A.DE

Management Report

Preliminary Comment

In the second quarter of 2006, the level of new orders, sales, and earnings before interest and tax (EBIT) reported by the three core segments continued the positive trend of the first quarter. In the Plant Engineering segment, the Gas-to-Chemicals, Synthetic Fuels and Biofuels division (Lurgi) delivered a significant year-on-year earnings improvement in the second quarter and, following the traditionally weak first quarter, reported satisfactory earnings before tax, thus building on its encouraging performance in the second half of 2005. The "Other" companies achieved a positive EBIT.

Economic Environment

Unfazed by the extremely high prices on the international commodity markets, the global economy continued its recovery in the second quarter of 2006. The regional economic trends discernible in the first three months of the year remained largely intact. Although the signs of an end to the real estate boom in the U.S. intensified, this has not yet dented the country's strong economy. The Asian economies once again delivered particularly strong growth. Given the further rise in the prices of oil, nonferrous metals, iron ore and steel scrap compared with the first quarter, commodity-exporting countries' propensity to invest remained high.

Given this favorable scenario, sentiment in the European Union countries remained optimistic. The German economy was boosted by the continued strength of exports and the level of capital spending on equipment. By contrast, the persistent weakness of consumer demand in particular had a dampening effect. On the whole, however, German trade and industry's assessment of its situation at midyear was better than it had been for over ten years, according to the ifo Institute of Economic Research.

Demand in the German engineering sector continued to surge. According to the German Engineering Federation, the volume of new orders received in the second quarter of 2006 grew by 13 percent compared with the same period of last year. The volume of domestic orders increased by 19 percent mainly as a result of a sharp rise in plant engineering business, with June being the eighth month in a row to produce double-digit growth rates. Orders from outside Germany increased by 10 percent year on year in the second quarter of 2006.

Business Performance

Disposal of Plant Engineering

The unsatisfactory volume of new orders at Zimmer AG forced the Executive Board to take drastic measures. As a first step, up to 100 employees will have to be made redundant. The Executive Board is currently talking to prospective buyers of Zimmer's scaled-down operations. Alternatively, the company would be integrated into the Lurgi division.

An investment bank is being engaged to help sell the Energy and Environment division (Lurgi Lentjes) by the end of the year. The Executive Board is already talking to prospective buyers.

The Lurgi division's outstanding performance has produced a large number of enquiries from parties interested in acquiring this business. The Executive Board has hired an investment bank to quickly find an attractive buyer that would be far better able to take this business forward in future than the GEA Group.

Provisions of EUR 17.0 million have been set aside for a redundancy scheme and other restructuring measures at Zimmer AG. In addition, the goodwill for the PET and Fibers division (Zimmer) has been written off. Total one-off expenses amount to EUR 70.7 million. It is not possible at present to put a figure on the charges resulting from a possible sale of the Lentjes division.

The planned disposal of the Plant Engineering segment will mean that the advances received for projects relating to this business will be transferred to the eventual buyers. These advances from clients constituted a welcome form of funding for the GEA Group. The Executive Board estimates that the company's net position will deteriorate by roughly EUR 700 million from EUR 115 million at June 30, 2006 on a like-for-like basis. This amount includes the pension reserves attributable to the Plant Engineering segment but not the sale price.

Once the steps outlined above have been completed, the GEA Group will be clearly focused on its core segments. The Executive Board believes that these three core segments offer significant sustainable growth potential. Even after the above measures have been implemented and fully funded, the Executive Board sees scope for further major acquisitions in 2007 and beyond.

New orders

New orders in EUR million

	Q2 2006	Q2 2005	Change in %	Q1–Q2 2006	Q1–Q2 2005	Change in %
Customized Systems	**224.4**	225.7	– 0.6	**433.5**	391.0	10.9
Process Equipment	**341.0**	293.9	16.0	**688.1**	571.5	20.4
Process Engineering	**392.1**	382.7	2.4	**979.5**	715.9	36.8
Total	**957.5**	902.4	6.1	**2,101.1**	1,678.4	25.2
Plant Engineering	**410.7**	242.8	69.1	**736.1**	642.5	14.6
Other and Eliminated[1]	**67.7**	– 16.8	502.7	**125.9**	– 33.2	479.2
GEA Group	**1,435.9**	1,128.4	27.3	**2,963.1**	2,287.8	29.5

1) The effects of consolidation exceeded the volume of new orders received in 2005.

The **GEA Group** once again reported consistently strong demand in the second quarter of 2006. This was reflected in its volume of new orders received, which grew by 27.3 percent to EUR 1.436 billion compared with the same quarter of last year. Growth was particularly strong in the Plant Engineering segment. Its impressive performance in the reporting period meant that the Group's volume of new orders in the first six months of 2006 increased by 29.5 percent to EUR 2.963 billion compared with the first half of 2005. The 25.2 percent growth achieved by the three core segments was primarily organic.

In the **Customized Systems** segment, the market environment remained distinctly benign in the second quarter of 2006, especially for the Refrigeration division. Although the segment's new orders stagnated at EUR 224.4 million (2005: EUR 225.7 million), this was due to a big-ticket order worth around EUR 24 million in 2005. In the first half of 2006, the volume of new orders grew year on year by 10.9 percent to EUR 433.5 million.

The **Process Equipment** segment continued on its upward trend in the reporting period, increasing its new orders by 16.0 percent to EUR 341.0 million after it had already reported growth of 25.0 percent in the first quarter – mainly driven by the Process Equipment division. The cumulative volume of new orders for the first half of the year came to EUR 688.1 million, an increase of 20.4 percent.

New orders received by the **Process Engineering** segment improved to EUR 392.1 million in the second quarter (a year-on-year increase of 2.4 percent). The Energy Technology division in this segment benefited from consistently strong demand in the global power plant engineering sector and in the gas liquefaction market. In the first half of 2006, new orders grew by 36.8 percent to EUR 979.5 million.

The **Plant Engineering** segment, which depends to a large extent on big-ticket orders, increased its new orders sharply by 69.1 percent to EUR 410.7 million in the second quarter of 2006. The volume for the first half of 2006 thus grew by 14.6 percent to EUR 736.1 million. The Lurgi division saw persistently strong demand for plant in its product portfolio, especially in the area of biofuels. The Lurgi Lentjes division fell well short of the level of new orders in 2005. Market conditions in the Zimmer division remained difficult.

Sales

Sales in EUR million

	Q2 2006	Q2 2005	Change in %	**Q1–Q2 2006**	Q1–Q2 2005	Change in %
Customized Systems	**197.8**	178.5	10.8	**366.0**	325.0	12.6
Process Equipment	**338.0**	273.3	23.7	**610.1**	512.7	19.0
Process Engineering	**413.8**	300.2	37.8	**736.5**	549.5	34.0
Total	**949.6**	752.0	26.3	**1,712.6**	1,387.2	23.5
Plant Engineering	**263.0**	286.1	– 8.1	**529.5**	551.1	– 3.9
Other and Eliminated[1]	**67.3**	38.8	73.7	**129.2**	81.4	58.7
GEA Group	**1,280.0**	1,076.9	18.9	**2,371.4**	2,019.8	17.4

1) Includes elimination of intersegment transactions on consolidation

The increase in demand in the second quarter of 2006 had a positive impact on the **Group's** sales. Compared with the same period of 2005, sales rose by 18.9 percent to EUR 1.280 billion. Growth in the second quarter of 2006 was therefore slightly stronger than in the first three months. In the first half of the year, the Group's sales achieved largely organic growth of 17.4 percent to EUR 2.371 billion.

The **Customized Systems** segment continued to benefit from the brisk demand that had started in the third quarter of 2005, raising its second-quarter of 2006 sales by 10.8 percent to EUR 197.8 million. In the first half of 2006 its sales grew by 12.6 percent to EUR 366.0 million.

The **Process Equipment** segment increased its sales in the second quarter of 2006 by 23.7 percent to EUR 338.0 million, largely on the back of consistently strong unit sales of plate heat exchangers. First-half sales grew by 19.0 percent to EUR 610.1 million.

In the second quarter of 2006, the **Process Engineering** segment once again generated above-average sales growth of 37.8 percent to EUR 413.8 million, and in the first six months increased its sales by 34.0 percent to EUR 736.5 million due to robust demand for gas liquefaction and the ongoing boom in power plant engineering.

Because of the long throughput times in the **Plant Engineering** segment, the larger volume of new orders did not yet have any impact, so that sales in this segment fell year on year by 8.1 percent to EUR 263.0 million. The segment's first-half sales decreased by 3.9 percent to EUR 529.5 million. Falling sales in the Zimmer and Lurgi Lentjes divisions were not quite compensated for by a strong rise in the Lurgi division.

Order book

Order book in EUR million

	06/30/2006	06/30/2005	Change in %
Customized Systems	**235.7**	196.6	19.9
Process Equipment	**389.9**	289.7	34.6
Process Engineering	**1,158.8**	895.9	29.3
Total	**1,784.3**	1,382.1	29.1
Plant Engineering	**1,801.1**	1,416.1	27.2
Other and Eliminated[1]	**– 32.1**	– 9.9	– 224,5
GEA Group	**3,553.3**	2,788.3	27.4

1) Includes elimination of intersegment transactions on consolidation

The **GEA Group's** order book at June 30, 2006 expanded by 27.4 percent year-on-year to EUR 3.553 billion, driven by the strong growth in new orders. This was an improvement of EUR 472.7 million, or 15.3 percent, on December 31, 2005 (EUR 3.081 billion).

Results of operations

Earnings in EUR million

	Q2 2006	Q2 2005	Change in %	**Q1–Q2 2006**	Q1–Q2 2005	Change in %
EBIT						
Customized Systems	**12.4**	11.0	12.7	**19.1**	16.3	17.1
Process Equipment	**35.5**	29.1	21.9	**55.4**	46.4	19.3
Process Engineering	**24.1**	17.1	40.7	**33.8**	25.2	34.2
Total	**71.9**	57.2	25.8	**108.3**	87.9	23.2
Plant Engineering	**– 11.1**	– 24.4	54.7	**– 18.2**	– 29.4	38.1
Other and Eliminated[1]	**– 4.6**	– 11.3	58.7	**– 7.0**	– 21.5	67.6
Operating EBIT[2]	**56.2**	21.5	161.3	**83.1**	37.0	124.6
Non-recurring charges at Zimmer	**– 70.7**	0.0		**– 70.7**	0.0	
EBIT	**– 14.5**	21.5		**12.4**	37.0	
Net interest expense	**– 10.0**	– 11.6		**– 19.0**	– 24.9	
EBT	**– 24.5**	9.9		**– 6.6**	12.1	
Taxes	**9.8**	– 3.9		**2.6**	– 4.8	
Net loss/income on continuing operations	**– 14.6**	6.0		**– 4.0**	7.3	
Net income on discontinued operations	**0.0**	12.0		**0.0**	21.5	
Net loss/income	**– 14.6**	18.0		**– 4.0**	28.9	

1) Includes elimination of intersegment transactions on consolidation

2) Includes non-recurring charges of EUR 70.7 million for Zimmer division

The **Group's** operating EBIT for the second quarter of 2006 came to EUR 56.2 million, an increase of 161.3 percent on the same quarter of last year. In the first half to June 30, the Group reported operating EBIT of EUR 83.1 million, a year-on-year rise of EUR 46.1 million, or 124.6 percent. All four segments achieved significant year-on-year improvements in operating EBIT.

The **Customized Systems** segment raised its EBIT in the reporting period by EUR 1.4 million to EUR 12.4 million. EBIT for the first half grew by EUR 2.8 million to EUR 19.1 million. This increase was attributable to volume growth in the Refrigeration division. The **Process Equipment** segment improved its second-quarter EBIT by EUR 6.4 million to EUR 35.5 million on the back of the strong performance in the Process Equipment and Dairy Farm Systems divisions. EBIT in the first half of the year rose by EUR 9.0 million to EUR 55.4 million. The **Process Engineering** segment raised its second-quarter EBIT by EUR 7.0 million to EUR 24.1 million despite the sharp year-on-year rise in the cost of materials. EBIT for the first half grew by EUR 8.6 million to EUR 33.8 million.

In the second quarter of 2006, the **Plant Engineering** segment reduced its losses – measured in terms of operating EBIT – to EUR 11.1 million compared with losses of EUR 24.4 million in the same quarter of last year. The Lurgi division improved significantly, while the Gas Cleaning division maintained its impressive return on sales. By contrast, the Lurgi Lentjes division posted heavy losses, its earnings depressed by the processing of individual orders. Zimmer's persistently sluggish volume of new orders led to an unsatisfactory level of capacity utilization. The Plant Engineering segment improved its first-half operating EBIT by EUR 11.2 million to a loss of EUR 18.2 million.

The "Other" companies reported positive EBIT for the quarter. As holding-company costs were reduced, the EBIT generated by the "Other and Eliminated" segment in the reporting period improved substantially from a loss of EUR 11.3 million to a loss of EUR 4.6 million.

The Executive Board decided to implement a drastic restructuring of the Zimmer division during the reporting period to address the problem of its persistently unsatisfactory level of capacity utilization. To this end, provisions totaling EUR 17.0 million had been accrued at June 30, 2006 for a redundancy scheme and other restructuring measures. In addition, the goodwill for the Zimmer division was written off. After allowing for one-off expenses of EUR 70.7 million for Zimmer, the Group's EBIT fell to a loss of EUR 14.5 million in the second quarter of 2006 and to EBIT of plus EUR 12.4 million for the first half.

The figure for net interest expense improved as a result of the year-on-year reduction in debt. Owing to the non-recurring charges outlined above, the Group reported a net loss of EUR 14.6 million on continuing operations for the second quarter of 2006 compared with a net income of plus EUR 6.0 million in the same quarter of last year. The net income of EUR 12.0 million on discontinued operations for the second quarter of 2005 relates exclusively to the Dynamit Nobel Plastics business, which was sold at the end of 2005.

Financial position

Summary cash flow statement in EUR million

	Q1–Q2 2006	Q1–Q2 2005	Change (absolute)
Cash flow from operating activities	**– 108.8**	– 200.3	91.5
Cash flow from investing activities	**– 38.6**	– 28.9	– 9.7
Free cash flow	**– 147.5**	– 229.3	81.8
Cash flow from financing activities	**– 11.5**	– 48.8	37.3
Net position at June 30, 2006	**115.2**	30.1	85.1
Gearing at June 30, 2006 (%)	**– 7.5**	– 1.8	–

The significant improvement in cash flow from operating activities was due to the fact that there were no further outflows of funds from discontinued operations and that the GEA Group posted a strong operating performance.

The net position improved by more than EUR 85 million, bringing the gearing ratio to minus 7.5 percent.

After Moody's, the credit rating agency, had raised GEA Group AG's rating to Baa3 "outlook stable" in the first quarter, the favorable credit and capital market environment enabled the company to have its syndicated loan facility amounting to EUR 500 million repriced in July 2006. The GEA Group managed to agree much more favorable terms for this credit line, which now runs for another five years, with the essentially unchanged syndicate consisting of over 20 German and international financial institutions.

Net assets

Summary consolidated balance sheet in EUR million

	06/30/2006	**% of total assets**	12/31/2005	% of total assets	Change in %
Assets					
Non-current assets	**2,622.9**	**52.0**	2,460.8	51.4	6.6
thereof goodwill	**1,240.6**	**24.6**	1,280.3	26.8	– 3.1
thereof deferred taxes	**764.2**	**15.1**	581.0	12.1	31.5
Current assets	**2,405.7**	**47.7**	2,300.7	48.1	4.6
Assets held for sale	**17.4**	**0.3**	23.4	0.5	– 25.6
Total assets	**5,045.9**	**100.0**	4,784.9	100.0	5.5

Continuation of summary consolidated balance sheet

	06/30/2006	% of total assets	12/31/2005	% of total assets	Change in %
Equity and liabilities					
Equity	**1,546.1**	**30.6**	1,584.1	33.1	– 2.4
Non-current liabilities	**1,255.6**	**24.9**	1,085.8	22.7	15.6
thereof deferred taxes	**215.7**	**4.3**	39.9	0.8	440.1
Current liabilities	**2,244.1**	**44.5**	2,102.1	43.9	6.8
Liabilities related to assets held for sale	**0.0**	**0.0**	12.9	0.3	– 100.0
Total equity and liabilities	**5,045.9**	**100.0**	4,784.9	100.0	5.5

Total assets at June 30, 2006 had grown by 5.5 percent compared with December 31, 2005. This increase largely resulted from the fact that deferred taxes are not netted during the course of the year. Assets held for sale mostly relate to real estate held for sale. Because of the non-recurring charges at Zimmer as well as deferred taxes shown as gross figures, the equity ratio fell from 33.1 percent to 30.6 percent. Following the disposal of Claus Queck GmbH, liabilities related to assets held for sale were reduced to zero.

Employees in the GEA Group excluding apprentices and trainees

	06/30/2006	06/30/2005
Customized Systems	**4,324**	4,300
Process Equipment	**6,067**	5,654
Process Engineering	**5,508**	4,592
Total	**15,899**	14,546
Plant Engineering	**2,164**	2,106
Other	**408**	490
GEA Group	**18,472**	17,142

Employees

The number of employees, excluding apprentices and trainees, was 1,330 higher at the end of the second quarter of 2006 than it was at June 30, 2005. This increase is mainly due to acquisitions in the Process Equipment (Flatplate, Membraflow) and Process Engineering segments (2H Kunststoff, GEA Process Engineering India, Lyophil, Huppmann) and the impact of first-time consolidations (mainly China).

Excluding the effect of changes in the companies included in the consolidation group, the number of employees rose by 415. This increase reflects organic growth in the Process Engineering segment, especially in the Energy Technology division, and in the Lurgi division of the Plant Engineering segment.

Research and development

Research and development (R&D) costs in the second quarter of 2006 came to EUR 23.1 million compared with EUR 17.5 million in the same quarter of last year. R&D costs for the first half of 2006 rose to EUR 45.9 million as against EUR 31.8 million in the six months to June 30, 2005. In addition to these expenses there are other R&D costs that are charged to customers as part of the overall cost of long-term contracts and are included in the cost of sales (contract costs).

Risks

There are no discernible risks that may jeopardize the continued existence of the GEA Group. During the reporting period there were no material changes in other internal and external risks or in the contingent assets and contingent liabilities in the GEA Group in comparison with the situation described in the report on the first quarter of 2006.

Changes on the Supervisory Board

Once the "status proceedings" (Statusverfahren) had been completed, the mandates of the Supervisory Board members ended at the close of the Annual Shareholders' Meeting on May 4, 2006. The Annual Shareholders' Meeting on this date elected Dr. Jürgen Heraeus, Dieter Ammer, Ahmad M.A. Bastaki, Louis Graf von Zech, Dr. Dietmar Kuhnt and Dr. Helmut Perlet as shareholder representatives on the Supervisory Board. Dr. Otto Happel and Andreas Rittstieg stepped down from the Supervisory Board at the close of the Annual Shareholders' Meeting. The employee representatives on the Supervisory Board are now Reinhold Siegers, Rainer Gröbel, Klaus Hunger, Michael Kämpfert, Kurt-Jürgen Löw and Joachim Stöber; they were appointed with effect from the close of the Annual Shareholders' Meeting as a result of a resolution adopted by the local court in Bochum on April 12, 2006. The constituent Supervisory Board meeting, which was held immediately after the Annual Shareholders' Meeting, elected Dr. Jürgen Heraeus as Supervisory Board chairman and Reinhold Siegers as his deputy. Gerd Delaveaux and Christine Kruse officially left the Supervisory Board at the close of the Annual Shareholders' Meeting on May 4, 2006.

Dividend

In May 2006, GEA Group AG paid a dividend of EUR 0.10 per no-par-value share carrying dividend rights for the previous 2005 fiscal year; this amounted to a total dividend payout of EUR 18.9 million.

Outlook

Even though the signs that the global economic upswing is slowing have intensified, the world's economy is forecast to grow in 2006 at around the same level as last year. The outlook for the U.S. and Japan has deteriorated only slightly. However, this is unlikely to depress global economic activity much, especially as the prospects for the Asian emerging markets are reckoned to be improving. The eurozone economy is expected to continue strengthening.

In Germany, demand for exports and the sharp increase in capital spending on equipment remain the key growth drivers. Furthermore, the situation in the German construction industry has continued to improve. Forecasts for the German engineering sector have been raised significantly. According to its latest estimates, the German Engineering Federation now expects output to grow by 5 percent in real terms in 2006, having previously forecast a rise of only 2 percent.

The Executive Board believes that the volume of new orders received by the three core segments and Lurgi will continue to post strong year-on-year growth. The sharp rise in the cost of materials will offset a substantial amount of the earnings improvement resulting from the strong performance of sales. Over the year as a whole, the Executive Board is expecting sales to grow by more than 10 percent and EBIT to exceed EUR 250 million – an increase of over 20 percent – before allowing for the necessary restructuring costs for parts of the Plant Engineering segment.

At present it is too early to make any statements about dividends because we first need to wait until we have a better idea of the proceeds we are likely to earn from our disposals in the Plant Engineering segment.

The Executive Board expects the three core segments to continue generating a large volume of new orders in 2007. Given the outstanding level of orders on hand it should be possible to generate double-digit sales growth and increase EBIT.

Financial Statements for the 2nd Quarter 2006

Consolidated Balance Sheet

at June 30, 2006

Assets in EUR thousand

	06/30/2006	12/31/2005	Change at 12/31/2005 in %
Property, plant and equipment	**413,126**	412,753	0.1
Investment property	**62,227**	55,303	12.5
Goodwill	**1,240,555**	1,280,333	– 3.1
Other intangible assets	**36,409**	24,876	46.4
Investments in enterprises reported at equity	**16,746**	20,804	– 19.5
Other non-current financial assets	**89,578**	85,825	4.4
Deferred taxes[1]	**764,216**	580,954	31.5
Non-current assets	**2,622,857**	2,460,848	6.6
Inventories	**541,839**	422,127	28.4
Trade receivables	**1,356,321**	1,225,670	10.7
Income tax assets	**13,250**	6,408	106.8
Other current financial assets	**228,697**	181,755	25.8
Cash and cash equivalents	**265,550**	464,739	– 42.9
Current assets	**2,405,657**	2,300,699	4.6
Assets held for sale	**17,390**	23,358	– 25.6
Total assets	**5,045,904**	4,784,905	5.5

1) Deferred taxes were only netted at year-end.

Equity and liabilities in EUR thousand

	06/30/2006	12/31/2005	Change at 12/31/2005 in %
Issued capital	**496,890**	496,890	0.0
Additional paid-in capital	**1,077,076**	1,077,076	0.0
Retained earnings	**35,210**	58,086	– 39.4
Accumulated other comprehensive income	**1,273**	16,418	– 92.2
Treasury shares	**– 65,263**	– 65,263	0.0
Minority interest	**961**	884	8.7
Equity	**1,546,147**	1,584,091	– 2.4
Non-current provisions	**272,473**	280,801	– 3.0
Non-current obligations to employees	**695,132**	695,764	– 0.1
Non-current financial liabilities	**63,551**	59,778	6.3
Other non-current liabilities	**8,798**	9,489	– 7.3
Deferred taxes[1]	**215,675**	39,931	440.1
Non-current liabilities	**1,255,629**	1,085,763	15.6
Current provisions	**282,309**	265,775	6.2
Current obligations to employees	**142,748**	139,715	2.2
Current financial liabilities	**116,028**	98,127	18.2
Trade payables	**826,096**	836,298	– 1.2
Income tax liabilities	**31,418**	22,106	42.1
Other current liabilities	**845,529**	740,087	14.2
Current liabilities	**2,244,128**	2,102,108	6.8
Liabilities related to assets held for sale	**0**	12,943	– 100.0
Total equity and liabilities	**5,045,904**	4,784,905	5.5

1) Deferred taxes were only netted at year-end.

Consolidated Income Statement

April 1 – June 30, 2006

EUR thousand

	Q2 2006	Q2 2005	Change in %
Sales	**1,279,954**	1,076,933	18.9
Cost of sales	**– 983,541**	– 847,333	– 16.1
Gross profit	**296,413**	229,600	29.1
Selling expenses	**– 112,961**	– 100,047	– 12.9
Administrative expenses	**– 113,579**	– 97,289	– 16.7
Other income	**16,244**	14,348	13.2
Other expenses	**– 29,816**	– 26,843	– 11.1
Non-recurring charges for Zimmer division	**– 70,676**	0	–
Net loss/income on enterprises reported at equity	**– 79**	1,407	– 105.6
Other financial income	**4**	345	– 98.8
Other financial expenses	**0**	– 1	– 100.0
Earnings before interest and tax (EBIT)	**– 14,450**	21,520	– 167.1
Interest and similar income	**3,032**	5,410	– 44.0
Interest expense and similar charges	**– 13,033**	– 16,989	23.3
Earnings before tax on continuing operations	**– 24,451**	9,941	– 346.0
Income taxes	**9,824**	– 3.946	349.0
thereof current	**– 11,820**	– 9,161	– 29.0
thereof deferred	**21,644**	5,215	315.0
Net loss/income on continuing operations	**– 14,627**	5,995	– 344.0
Net income on discontinued operations	**0**	11,968	– 100.0
Net loss/income	**– 14,627**	17,963	– 181.4
thereof minority interest	**23**	979	– 97.7
thereof attributable to shareholders of GEA Group Aktiengesellschaft	**– 14,650**	16,984	– 186.3

per share in EUR

Basic earnings per share	**– 0.08**	0.09	– 186.3
thereof on continuing operations	**– 0.08**	0.03	– 392.1
thereof on discontinued operations	**0.00**	0.06	– 100.0
Diluted earnings per share	**– 0.08**	0.09	– 186.3
Weighted average number of shares outstanding (million)	**188.0**	188.0	0.0

Consolidated Income Statement

January 1 – June 30, 2006

EUR thousand

	Q1–Q2 2006	Q1–Q2 2005	Change in %
Sales	**2,371,368**	2,019,758	17.4
Cost of sales	**– 1,837,933**	– 1,575,275	– 16.7
Gross profit	**533,435**	444,483	20.0
Selling expenses	**– 217,223**	– 198,582	– 9.4
Administrative expenses	**– 212,769**	– 191,031	– 11.4
Other income	**34,116**	28,095	21.4
Other expenses	**– 54,687**	– 48,079	– 13.7
Non-recurring charges for Zimmer division	**– 70,676**	0	–
Net loss/income on enterprises reported at equity	**– 30**	1,478	– 102.0
Other financial income	**279**	642	– 56.5
Other financial expenses	**– 12**	– 5	– 140.0
Earnings before interest and tax (EBIT)	**– 12,433**	37,001	– 66.4
Interest and similar income	**8,155**	8,966	– 9.0
Interest expense and similar charges	**– 27,197**	– 33,835	19.6
Earnings before tax on continuing operations	**– 6,609**	12,132	– 154.5
Income taxes	**2,571**	– 4,816	153.4
thereof current	**– 17,062**	– 14,433	– 18.2
thereof deferred	**19,633**	9,617	104.1
Net loss/income on continuing operations	**– 4,038**	7,316	– 155.2
Net income on discontinued operations	**0**	21,544	– 100.0
Net loss/income	**– 4,038**	28,860	– 114.0
thereof minority interest	**43**	1,448	– 97.0
thereof attributable to shareholders of GEA Group Aktiengesellschaft	**– 4,081**	27,412	– 114.9

per share in EUR

Basic earnings per share	**– 0.02**	0.15	– 114.9
thereof on continuing operations	**– 0.02**	0.03	– 169.6
thereof on discontinued operations	**0.00**	0.11	– 100.0
Diluted earnings per share	**– 0.02**	0.15	– 114.9
Weighted average number of shares outstanding (million)	**188.0**	188.0	0.0

Consolidated Cash Flow Statement

January 1 – June 30, 2006

EUR thousand

	Q1–Q2 2006	Q1–Q2 2005
Net income	**– 4,038**	28,860
plus income taxes	**– 2,571**	4,816
plus net income on discontinued operations	**0**	– 21,544
Earnings before tax on continuing operations	**– 6,609**	12,132
Net interest income	**19,042**	24,869
Earnings before interest and tax (EBIT)	**12,433**	37,001
Depreciation, amortization, impairment and reversal of impairment on non-current assets	**88,153**	32,850
Other non-cash income and expenses	**– 249**	– 2,576
Obligations to employees	**– 12,937**	– 12,546
Change in provisions	**1,426**	– 53,801
Gains/losses on disposal of non-current assets	**– 3,815**	– 423
Change in inventories, incl. unbilled PoC receivables[1]	**– 140,456**	– 69,783
Change in trade receivables	**– 3,926**	– 20,815
Change in trade payables	**– 8,355**	– 66,973
Change in other operating assets and liabilities	**– 26,512**	47,094
Tax payments	**– 14,592**	– 35,828
Cash flow from operating activities of discontinued operations	**0**	– 54,547
Cash flow from operating activities	**– 108,830**	– 200,346
Proceeds from disposal of non-current assets	**5,041**	7,441
Cash payments for purchase of property, plant and equipment and intangible assets	**– 37,832**	– 32,886
Cash payments for purchase of non-current financial assets	**– 10,069**	– 8,526
Acquisition of minority interest in GEA AG (squeeze-out)	**0**	– 36,200
Proceeds from disposal of securities	**0**	50,523
Interest and dividend income	**5,989**	8,804
Cash payments for acquisitions	**– 2,923**	– 18,077
Proceeds from disposal of enterprises	**1,169**	0
Cash flow from investing activities	**– 38,625**	– 28,921
Cash payments for purchase of treasury shares	**0**	– 457
Dividend paid by GEA Group AG for 2005	**– 18,795**	0
Change in finance lease liabilities	**– 1,845**	– 2,786
Cash receipts from finance facilities	**46,090**	6,461
Cash payments for redemption of finance facilities	**– 29,500**	– 50,000
Interest payments	**– 7,465**	– 2,011
Cash flow from financing activities	**– 11,515**	– 48,793
Exchange-rate-related and other changes in cash and cash equivalents	**– 4,900**	2,342
Change in unrestricted cash and cash equivalents	**– 163,870**	– 275,718
Unrestricted cash and cash equivalents at beginning of year	**424,363**	583,447
Unrestricted cash and cash equivalents at balance sheet date	**260,493**	307,729
Restricted cash and cash equivalents	**5,057**	8,225
Cash and cash equivalents reported on the face of the balance sheet	**265,550**	315,954

1) Including advances received

Consolidated Statement of Changes in Equity

at June 30, 2006

EUR million

	Issued capital	Additional paid-in capital	Retained earnings	Accumu-lated other compre-hensive income/loss	Treasury shares	Minority interest	Total
Balance at 12/31/2004							
(188,020,616 shares)	496.9	1,077.1	124.6	– 0.4	– 64.6	38.9	**1,672.5**
Net loss			– 64.3				**– 64.3**
Minority interest			– 2.2			2.2	**–**
Accumulated other comprehensive income/loss				16.8		– 0.3	**16.5**
Total income and expense for the year							**– 47.8**
thereof minority interest							**1.9**
thereof attributable to shareholders							
of GEA Group AG							**– 49.7**
Purchase of treasury shares					– 0.7		**– 0.7**
Acquisition of minority interest							
in GEA AG (squeeze-out)						– 14.5	**– 14.5**
Deduction of minority interest due to disposal						– 24.5	**– 24.5**
Change in other minority interest						– 0.9	**– 0.9**
Balance at 12/31/2005							
(187,945,616 shares)	496.9	1,077.1	58.1	16.4	– 65.3	0.9	**1,584.1**
Net loss			– 4.0				**– 4,0**
Minority interest			– 0.0			0.0	**–**
Accumulated other comprehensive loss				– 15.1		– 0.0	**– 15.2**
Total income and expense for the year							**– 19.2**
thereof minority interest							**0.0**
thereof attributable to shareholders							
of GEA Group AG							**– 19.2**
Purchase of treasury shares							**–**
Dividend paid by GEA Group AG			– 18.8				**– 18.8**
Change in other minority interest						0.0	**0.0**
Balance at 06/30/2006							
(187,945,616 shares)	**496.9**	**1,077.1**	**35.2**	**1.3**	**– 65.3**	**1.0**	**1,546.1**

Accumulated other comprehensive income/loss in EUR million

	Cumulative translation adjustment	Available-for-sale securities	Hedge accounting	Total
Balance at 12/31/2004	– 10.7	0.3	10.0	**– 0.4**
Accumulated other comprehensive income/loss	34.3	0.5	– 18.1	**16.8**
Balance at 12/31/2005	23.6	0.8	– 8.0	**16.4**
Accumulated other comprehensive income/loss	– 26.6	– 0.2	11.6	**– 15.1**
Balance at 06/30/2006	**– 3.0**	**0.7**	**3.6**	**1.3**

Notes to the Consolidated Financial Statements

Basis of presentation

The interim financial statements of GEA Group Aktiengesellschaft and the interim financial statements of its consolidated subsidiaries are consistent with the International Financial Reporting Standards (IFRSs).

The accounting policies applied in these interim financial statements are unchanged since December 31, 2005 and were described in detail on pages 44 to 55 of the annual report and consolidated IFRS financial statements of the GEA Group. Otherwise, no IFRS accounting pronouncements of relevance to the GEA Group were issued or adopted during the reporting period.

The interim financial statements give a fair presentation of the GEA Group's financial position and financial performance during the reporting period.

The preparation of interim financial statements requires estimates and assumptions to be made that impact on the company's net assets, liabilities, provisions, deferred tax assets and liabilities, income and expenses, as well as the contingent assets and liabilities reported. Although such estimates and assumptions are made carefully and in good faith, the actual amounts may differ from the estimates used in these interim financial statements.

Factors that may cause these amounts to differ from projections are a deterioration in the global economy, movements in exchange rates and interest rates, significant litigation, and changes in environmental or other legislation. Production errors, the loss of key customers, and changes in funding can also impair the GEA Group's future performance.

In certain cases, prior-year figures have been adjusted in line with the current basis of presentation. All amounts stated on the face of the balance sheet, the income statement, the cash flow statement, the statement of changes in equity, and in the segment reporting have been rounded. Consequently, differences between the sum of individual values and the total value could be in the order of EUR 0.1 million.

Basis of consolidation

Turkish air treatment specialist ISISAN (trading as ISISAN TESISAT INSAAT TAAHHÜT TICARET VE SANAYI A.S.), which is headquartered in Istanbul, was consolidated for the first time in the Air Treatment division with effect from April 1, 2006, having been acquired in the first quarter of 2006. The acquisition of the Huppmann Group, which is based in Kitzingen, Germany, has enabled the Process Engineering division to strengthen its brewery business. Once the antitrust authorities had approved the deal in April 2006 and the necessary internal reporting structures had been put in place, Huppmann AG and its subsidiaries were consolidated for the first time, on a provisional basis, on the balance sheet prepared at June 30, 2006. Three recently established subsidiaries were also consolidated.

The EUR 13.8 million spent on acquisitions corresponds to the “cash payments for acquisitions” figure reported on the face of the cash flow statement before the deduction of cash and cash equivalents acquired. The net assets acquired as part of these acquisitions therefore do not form part of the capital expenditure reported.

Polytrade GmbH, which was part of the Zimmer division, was sold to Zoom Developers Pvt. Ltd., Mumbai, India, on April 28, 2006.

Discontinued operations

The Dynamit Nobel Plastics business was sold to Plastal Group AB, Kungälv, Sweden, on December 30, 2005. In the corresponding period of last year this business was separately reported as a discontinued operation in accordance with the requirements of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. At the respective balance sheet date last year, the assets and liabilities of the Dynamit Nobel Plastics business were therefore reported on the face of the GEA Group’s consolidated balance sheet as “assets held for sale” and “liabilities related to assets held for sale” and, consequently, form part of the segment information reported for 2005. Last year’s income statement for the Dynamit Nobel Plastics business was therefore reported under the GEA Group’s net income/loss on discontinued operations.

In the corresponding period of 2005, net income on discontinued operations of EUR 21.5 million includes the net income for the Dynamit Nobel Plastics business including the effects of no longer applying depreciation/amortization charges to assets in accordance with IFRS 5.25. In the corresponding period of 2005, the sales generated by this business amounted to EUR 476.3 million.

Financial income, net

The net interest income shown in the segment tables on pages 26 and 27 comprises interest expense, interest income, and income from securities. Net interest income under IFRS includes the interest cost of other provisions and the net interest cost of provisions for pensions and supplementary healthcare benefits after having been netted with the anticipated return on any plan assets. Net interest income as defined above represents the interest component of EBITDA and EBIT.

Taxes

In line with IAS 34.30, the taxes recognized for the reporting period were estimated using the taxation rate of 38.9 percent expected for fiscal 2005. In the corresponding period of 2005, this rate was 39.7 percent. In connection with the non-recurring charges of the Zimmer division, a notional tax benefit was therefore reported in the second quarter to reflect the estimated taxation rate. In the 2006 interim reporting period, as in 2005, no netting has been carried out in respect of deferred taxes. Where permitted, deferred tax assets and liabilities were netted on the balance sheet at December 31, 2005.

Cash flow statement

The cash flow statement is prepared using the indirect method. Interest payments, interest proceeds and income tax payments are shown separately. Consequently, the computation of cash flow is based on earnings before interest and tax (EBIT). Whereas interest payments and interest proceeds are reported in the sections containing interest-bearing items, cash flow from income taxes is reported as cash flow from operating activities.

In the 2005 reporting period, the different elements of the cash flow statement were fully adjusted for discontinued operations. The reporting of net cash flow from discontinued operations in the individual sections, as required by IFRS 5.33, has not been carried out in the cash flow statement of the interim report for reasons of transparency. In the cash flow statement, the net cash flow from discontinued operations is included in the cash flow from operating activities. The cash outflow of EUR 54.547 million in the second quarter of 2005 includes the intercompany financial liabilities of the Dynamit Nobel Plastics business eliminated within the Group.

The cash flow statement for the Dynamit Nobel Plastics business in detail:

EUR million

	Q1–Q2 2005
Cash flow from operating activities	– 24.4
Cash flow from investing activities	– 16.1
Cash flow from financing activities	38.2
Change in unrestricted cash and cash equivalents	**– 2.3**

Cash flow statement segment information in EUR thousand

	Customized Systems	Process Equipment	Process Engineering	Plant Engineering	Other	GEA Group
01/01 – 06/30/2006						
Cash flow from operating activities	**4,374**	**1,058**	**– 5,462**	**– 41,156**	**– 67,644**	**– 108,830**
Cash flow from investing activities	**– 9,397**	**– 3,158**	**– 14,971**	**– 4,206**	**– 6,893**	**– 38,625**
Cash flow from financing activities	**18,841**	**8,290**	**55,930**	**– 7,643**	**– 86,933**	**– 11,515**
Exchange-rate-related changes in cash and cash equivalents	**0**	**1,260**	**– 5,896**	**360**	**– 624**	**– 4,900**
Change in unrestricted cash and cash equivalents	**13,818**	**7,450**	**29,601**	**– 52,645**	**– 162,094**	**– 163,870**
01/01 – 06/30/2005						
Cash flow from operating activities	– 39,306	– 40,627	– 42,144	2,245	– 80,514	– 200,346
Cash flow from investing activities	– 6,898	– 2,862	– 25,694	– 3,954	10,487	– 28,921
Cash flow from financing activities	45,805	46,500	86,082	15,038	– 242,218	– 48,793
Exchange-rate-related changes in cash and cash equivalents	0	500	0	0	1,842	2,342
Change in unrestricted cash and cash equivalents	– 399	3,511	18,244	13,329	– 310,403	– 275,718

Segment Information

IAS 14 (“Segment reporting") stipulates that segment reporting must be based on a company’s internal organizational and reporting structures. However, these segments may be further defined in terms of their potential risks and opportunities (“risk and reward approach”). IAS 14 distinguishes between two reporting formats. For the GEA Group, its operating business segments constitute its primary reporting format, while its geographical segments are the secondary reporting format.

Continuing operations that do not form part of the core business are reported in the “Other” segment. This segment includes GEA Group Aktiengesellschaft, the subsidiaries Ruhr-Zink GmbH and mg vermögensverwaltung gmbh, and the U.S.-based GEA North America, Inc.

Primary reporting format – business segments

Segment information in EUR million

	Customized Systems	Process Equipment	Process Engineering	Plant Engineering	Other	Eliminated	GEA Group
Q2 2006							
Sales	**197.6**	**317.0**	**414.9**	**263.0**	**87.5**	**–**	**1,280.0**
Intersegment sales	**0.2**	**21.0**	**– 1.1**	**0.0**	**2.1**	**– 22.2**	**–**
Total sales	**197.8**	**338.0**	**413.8**	**263.0**	**89.6**	**– 22.2**	**1,280.0**
EBITDA	**15.7**	**40.7**	**27.6**	**– 26.4**	**– 1.3**	**–**	**56.3**
EBIT	**12.4**	**35.5**	**24.1**	**– 81.7**[1]	**– 4.6**	**–**	**14.5**[1]
Segment earnings before tax (EBT)	**12.2**	**33.8**	**23.1**	**– 80.8**[1]	**– 12.8**	**–**	**– 24.5**[1]
Financial income	**0.9**	**1.1**	**1.9**	**6.7**	**4.4**	**– 12.1**	**3.0**
Financial expenses	**1.0**	**3.0**	**2.7**	**5.7**	**12.6**	**– 12.1**	**13.0**
Equity method income/loss in							
net financial income	**–**	**– 0.3**	**0.2**	**–**	**–**	**–**	**– 0.1**
Capital expenditure	**6.0**	**4.5**	**4.2**	**1.5**	**2.9**	**–**	**19.2**
Depreciation, amortization and impairment	**3.3**	**5.2**	**3.5**	**55.3**	**3.3**	**–**	**70.7**
Q2 2005							
Sales	178.0	258.2	295.6	286.1	58.9	–	1,076.9
Intersegment sales	0.5	15.1	4.6	0.0	4.1	– 24.3	–
Total sales	178.5	273.3	300.2	286.1	63.1	– 24.3	1,076.9
EBITDA	14.0	34.0	20.5	– 21.7	– 13.1	4.7	38.4
EBIT	11.0	29.1	17.1	– 24.4	– 16.0	4.7	21.5
Segment earnings before tax (EBT)	11.2	26.8	17.3	– 25.1	– 20.4	–	9.9
Financial income	1.2	2.0	3.2	5.9	5.0	– 10.0	7.2
Financial expenses	0.9	3.5	1.9	6.5	9.3	– 5.2	17.0
Equity method income/loss in							
net financial income	–	0.5	0.9	–	–	–	1.4
Net income on discontinued operations	–	–	–	–	12.0	–	12.0
Sales from discontinued operations	–	–	–	–	253.1	–	–
Capital expenditure	5.1	3.8	6.2	1.1	4.9	–	21.1
Depreciation, amortization and impairment	3.0	4.9	3.4	2.7	2.8	–	16.9

1) Includes non-recurring charges of EUR 70.7 million for Zimmer division

Continuation of table „Segment information"

	Customized Systems	Process Equipment	Process Engineering	Plant Engineering	Other	Eliminated	**GEA Group**
Q1–Q2 2006							
Sales	**365.7**	**565.5**	**731.7**	**529.5**	**179.0**	**–**	**2,371.4**
Intersegment sales	**0.3**	**44.7**	**4.8**	**0.0**	**4.0**	**– 53.7**	**–**
Total sales	**366.0**	**610.1**	**736.5**	**529.5**	**183.0**	**– 53.7**	**2,371.4**
EBITDA	**25.5**	**65.9**	**40.7**	**– 31.2**	**– 0.4**	**–**	**100.6**
EBIT	**19.1**	**55.4**	**33.8**	**– 88.9**[1]	**– 7.0**	**–**	**12.4**[1]
Segment earnings before tax (EBT)	**18.8**	**52.0**	**32.2**	**– 87.2**[1]	**– 22.4**	**–**	**– 6.6**[1]
Financial income	**1.7**	**2.7**	**3.9**	**12.7**	**10.2**	**– 22.8**	**8.4**
Financial expenses	**1.9**	**6.1**	**5.2**	**11.0**	**25.7**	**– 22.8**	**27.2**
Equity method income/loss in							
net financial income	**–**	**– 0.2**	**0.1**	**–**	**–**	**–**	**0.0**
Segment assets	**802.0**	**1,582.6**	**1,500.5**	**1,555.4**	**2,222.3**	**– 2,617.0**	**5,045.9**
Segment liabilities	**298.1**	**616.2**	**882.2**	**1,253.0**	**1,962.0**	**– 1,511.6**	**3,499.8**
Capital expenditure	**8.7**	**8.8**	**11.0**	**2.9**	**6.4**	**–**	**37.8**
Depreciation, amortization and impairment	**6.4**	**10.6**	**6.9**	**57.7**	**6.5**	**–**	**88.2**
Number of employees[2]	**4,324**	**6,067**	**5,508**	**2,164**	**408**	**–**	**18,472**
Q1–Q2 2005							
Sales	324.5	480.7	542.5	551.1	120.9	–	2,019.8
Intersegment sales	0.5	32.0	7.0	0.0	6.2	– 45.7	–
Total sales	325.0	512.7	549.5	551.1	127.1	– 45.7	2,019.8
EBITDA	22.4	56.1	31.8	– 22.7	– 16.7	0.8	71.7
EBIT	16.3	46.4	25.2	– 29.4	– 22.3	0.8	37.0
Segment earnings before tax (EBT)	16.8	42.1	25.4	– 31.5	– 40.6	–	12.1
Financial income	2.3	3.3	4.6	9.9	9.8	– 18.8	11.1
Financial expenses	1.9	6.7	3.4	12.0	27.9	– 18.0	33.8
Equity method income/loss in							
net financial income	–	0.6	0.9	–	–	–	1.5
Net income on discontinued operations	–	–	–	–	21.5	–	21.5
Sales from discontinued operations	–	–	–	–	476.3	–	–
Segment assets	770.1	1,500.2	1,295.7	1,353.9	3,220.8	– 2,758.6	5,382.2
thereof from discontinued operations	–	–	–	–	673.7	–	–
Segment liabilities	273.3	605.6	690.4	1,074.7	2,647.9	– 1,610.8	3,681.1
thereof from discontinued operations	–	–	–	–	437.1	–	–
Capital expenditure	8.4	6.7	8.8	2.0	7.5	–	33.4
Depreciation, amortization and impairment	6.1	9.7	6.6	6.7	5.6	–	34.7
Number of employees[2]	4,300	5,654	4,592	2,106	490	–	17,142

1) Includes non-recurring charges of EUR 70.7 million for Zimmer division

2) Full-time equivalents (FTEs), excl. trainees

Secondary reporting format – geographical segments

Segmentation by region in EUR million

	Germany	Europe	Americas	Asia, Oceania	Africa	**Total**
01/01–06/30/2006						
Sales	**563.2**	**774.0**	**393.5**	**590.3**	**50.4**	**2,371.4**
% of total	**23.7**	**32.7**	**16.6**	**24.9**	**2.1**	**100.0**
Segment assets	**2,829.7**	**1,422.0**	**503.8**	**249.6**	**40.8**	**5,045.9**
Capital expenditure	**21.5**	**11.1**	**3.1**	**2.0**	**0.1**	**37.8**
Employees[1]	**7,701**	**6,835**	**2,046**	**1,514**	**376**	**18,472**
01/01–06/30/2005						
Sales	424.8	807.7	297.9	441.5	47.9	2,019.8
% of total	21.0	40.0	14.8	21.8	2.4	100.0
Segment assets	3,239.3	1,469.7	488.8	143.3	41.1	5,382.2
thereof from						
discontinued operations	423.8	221.3	23.7	4.8	0.0	673.7
Capital expenditure	17.3	9.5	2.2	4.4	0.0	33.4
Employees[1]	7,395	6,677	1,843	867	360	17,142

1) Full-time equivalents (FTEs), excl. trainees

Capital expenditure and depreciation, amortization and impairment

Capital expenditure in the segment information relates to cash acquisitions of intangible assets and property, plant and equipment, plus – unlike the cash flow statement – additionally capitalized liabilities under finance leases. Depreciation, amortization and impairment represent the diminution in the value of non-current assets.

Customized Systems

EUR million

	Q1–Q2 2006	Q1–Q2 2005	Change in %
Sales	**366.0**	325.0	12.6
New orders	**433.5**	391.0	10.9
Order book	**235.7**	196.6	19.9
EBITDA	**25.5**	22.4	14.0
EBIT	**19.1**	16.3	17.1
% of sales	**5.2**	5.0	–
Earnings before tax	**18.8**	16.8	12.2
Cash flow[9]	**4.4**	– 39.3	111.1
Employees at balance sheet date[7]	**4,324**	4,300	0.6

Process Equipment

EUR million

	Q1–Q2 2006	Q1–Q2 2005	Change in %
Sales	**610.1**	512.7	19.0
New orders	**688.1**	571.5	20.4
Order book	**389.9**	289.7	34.6
EBITDA	**65.9**	56.1	17.5
EBIT	**55.4**	46.4	19.3
% of sales	**9.1**	9.1	–
Earnings before tax	**52.0**	42.1	23.6
Cash flow[9]	**1.1**	– 40.6	102.6
Employees at balance sheet date[7]	**6,067**	5,654	7.3

Process Engineering

EUR million

	Q1–Q2 2006	Q1–Q2 2005	Change in %
Sales	**736.5**	549.5	34.0
New orders	**979.5**	715.9	36.8
Order book	**1,158.8**	895.9	29.3
EBITDA	**40.7**	31.8	28.1
EBIT	**33.8**	25.2	34.2
% of sales	**4.6**	4.6	–
Earnings before tax	**32.2**	25.4	27.1
Cash flow[9]	**– 5.5**	– 42.1	87.0
Employees at balance sheet date[7]	**5,508**	4,592	20.0

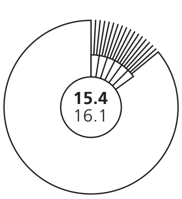
Plant Engineering

EUR million

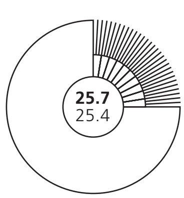
	Q1–Q2 2006	Q1–Q2 2005	Change in %
Sales	**529.5**	551.1	– 3.9
New orders	**736.1**	642.5	14.6
Order book	**1,801.1**	1,416.1	27.2
EBITDA	**– 31.2**	– 22.7	– 37.1
Operating EBIT[1]	**– 18.2**	– 29.4	38.1
% of sales	**– 3.4**	– 5.3	–
EBIT	**– 88.9**	– 29.4	– 202.1
% of sales	**– 16.8**	– 5.3	–
Earnings before tax	**– 87.2**	– 31.5	– 176.9
Cash flow[9]	**– 41.2**	2.2	< – 1,000
Employees at balance sheet date[7]	**2,164**	2,106	2.8

Breakdown of Group sales in Q1–Q2 in percent (see inside front cover for Q2)

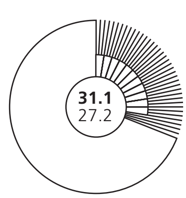
Q1–Q2 2006 Q1–Q2 2005



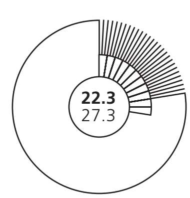
Customized Systems



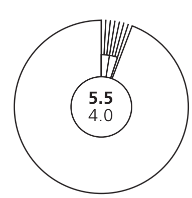
Process Equipment



Process Engineering

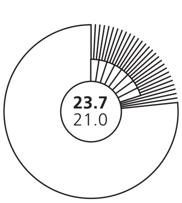


Plant Engineering

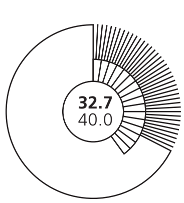


Other, Eliminated

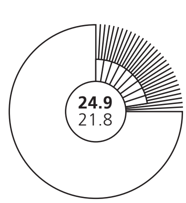
Group sales by region in percent



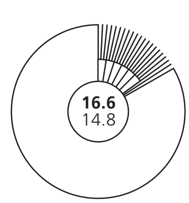
Germany



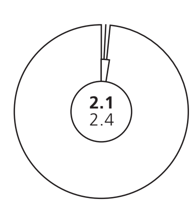
Europe



Asia, Oceania



Americas



Africa

Financial Calendar

November 9, 2006	Interim Report for the period to September 30, 2006
March 21, 2007	Financial Statements Press
	Conference & Analysts' Meeting for 2006
April 30, 2007	Annual Shareholders' Meeting for 2006
May 9, 2007	Interim Report for the period to March 31, 2007
August 2, 2007	Interim Report for the period to June 30, 2007
October 31, 2007	Interim Report for the period to September 30, 2007

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