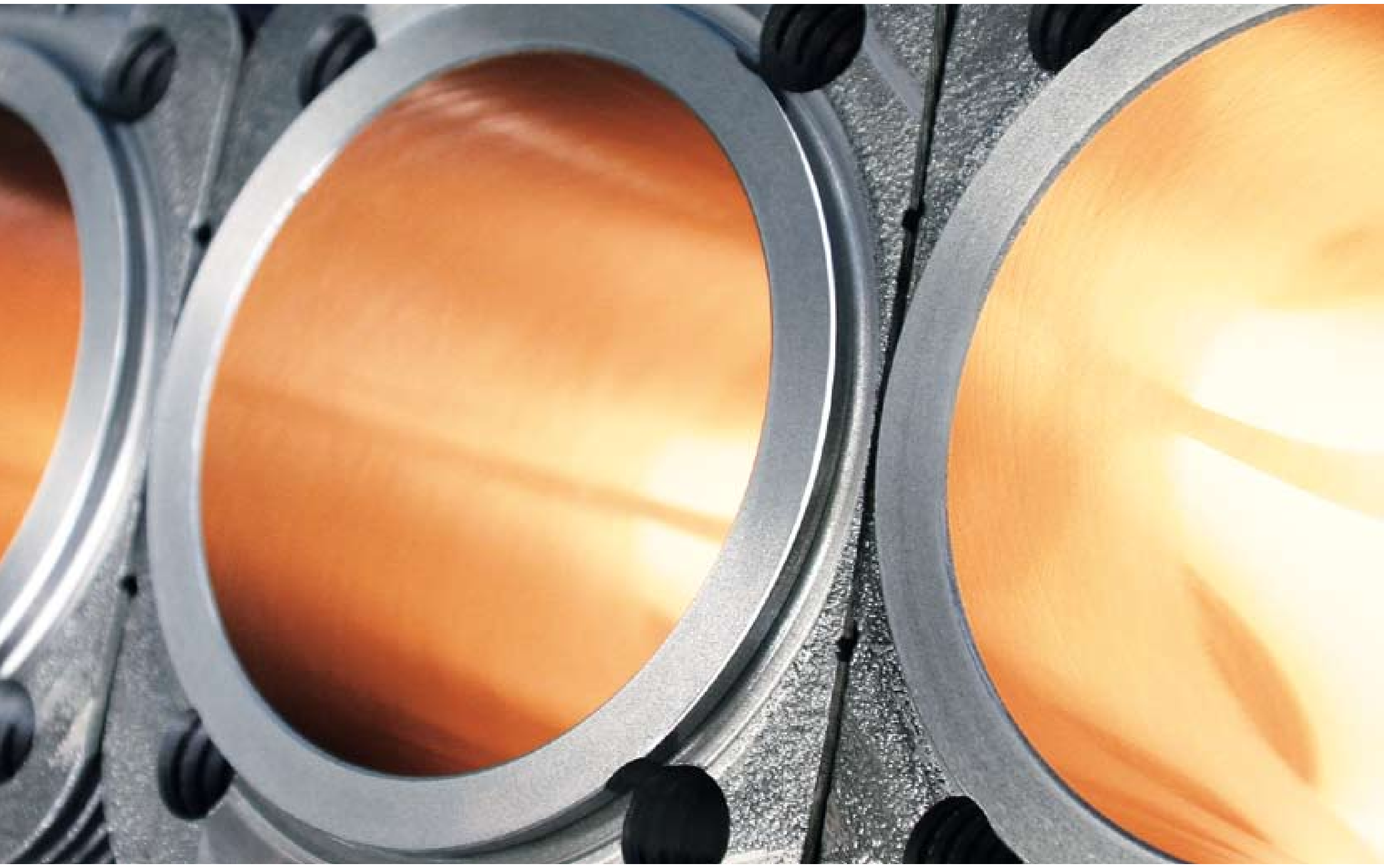
Interim Report 1st Half-year 2007



- DEUTZ Power Systems sold for €360 million
- Operating profit grows by 26 per cent
- Net income up 53 per cent to €26 million
- Joint venture in China due to be launched on schedule
- Outlook remains positive

DEUTZ®

The 1st Half-year at a Glance

DEUTZ Group: Key figures

	4–6/2007	4–6/2006	1–6/2007	1–6/2006
€ million				
New orders	480.2	421.3	995.9	818.4
Unit sales	71,065	56,936	134,835	108,932
Revenue	448.6	335.5	839.5	645.0
thereof excl. Germany (in %)	79.7	73.2	79.5	73.9
EBITDA	46.8	37.9	78.0	66.5
EBIT	29.7	21.1	42.8	34.1
Operating profit (EBIT before one-off items)	29.7	21.1	42.8	34.1
EBIT margin before one-off items (in %)	6.6	6.3	5.1	5.3
Net income before taxes	23.2	15.7	30.4	21.3
Net income	20.6	13.4	26.4	17.3
Earnings per share, basic, in €	0.18	0.13	0.23	0.17
Earnings per share, diluted, in €	0.17	0.10	0.22	0.14
Total assets (30 June)	1,217.2	1,063.3	1,217.2	1,063.3
Equity (30 June)	391.6	311.7	391.6	311.7
Equity ratio (in %)	32.2	29.3	32.2	29.3
Cash flow from operating activities	2.5	16.8	–8.2	–8.9
Net financial debt[1]	62.2	53.2	62.2	53.2
Capital expenditure (excl. capitalisation of R&D)	14.2	13.1	33.3	22.8
Research and development	14.3	17.1	29.8	32.8
Employees as at 30 June (number)	5,844	5,288	5,844	5,288

[1] Net financial debt: bank debt minus cash and cash equivalents.

DEUTZ share

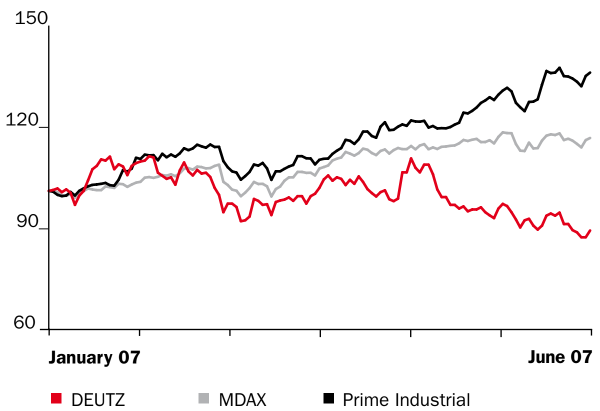
	1–6/2007	1–6/2006
Number of shares (30 June)	117,296,343	112,710,471
Number of shares (average)	115,013,543	101,064,807
Share price (30 June) in €	9.62	6.15
Share price (high) in €	12.02	8.32
Share price (low) in €	9.40	6.15
Market capitalisation (30 June) in € million	1,128.4	693.2

Based on Xetra closing prices

DEUTZ Group: Segments

	4–6/2007	4–6/2006	1–6/2007	1–6/2006
€ million				
New orders				
Compact Engines	301.1	238.9	641.6	464.9
DEUTZ Customised Solutions	95.6	88.2	192.8	175.9
DEUTZ Power Systems	83.5	94.2	161.5	177.6
Total	**480.2**	**421.3**	**995.9**	**818.4**
Unit sales				
Compact Engines	62,396	47,976	119,525	91,180
DEUTZ Customised Solutions	8,551	8,804	15,094	17,505
DEUTZ Power Systems	118	156	216	247
Total	**71,065**	**56,936**	**134,835**	**108,932**
Revenue				
Compact Engines	299.0	197.9	568.2	382.4
DEUTZ Customised Solutions	83.3	72.0	149.5	142.9
DEUTZ Power Systems	66.3	65.6	121.8	119.7
Total	**448.6**	**335.5**	**839.5**	**645.0**
Operating profit (EBIT before one-off items)				
Compact Engines	10.5	10.2	19.5	18.7
DEUTZ Customised Solutions	12.6	8.1	17.8	13.3
DEUTZ Power Systems	3.7	2.6	2.4	0.4
Other	2.9	0.2	3.1	1.7
Total	**29.7**	**21.1**	**42.8**	**34.1**

Performance of the DEUTZ share
in %



Dear shareholders,

We continued to generate strong growth in the first six months of the year. As in 2006, we achieved double-digit growth rates in our unit sales, revenue and operating profit. We are therefore highly satisfied with our performance in the first half of the year. The volume of new orders for the first six months increased by around 22 per cent, while engine unit sales reached almost 135,000, a rise of 24 per cent. Consequently, revenue grew by 30 per cent to €840 million. At least half of this increase stemmed from the new commercial-vehicle engine, which is now in series production. Operating profit rose by 26 per cent to just under €43 million. Net income came to €26 million, a year-on-year increase of roughly 53 per cent.

Global demand for our engines was much stronger than originally planned and caused bottlenecks in our inhouse production of components and with major suppliers. Since the middle of last year we have been working intensively to expand our production capacities in Germany and Spain. The situation regarding components that we manufacture inhouse – such as crankcases, cylinder heads and con-rods – will improve significantly in the second half of the year. Our suppliers have now completed most of the investment needed to expand their capacities, and the relevant equipment is in the ramp-up phase. We also expect to see a noticeable improvement in the supply of parts here in the second half of the year. In the first half, however, we had to contend with higher logistics and production costs. In addition, the cost of materials for parts in short supply rose in some areas. We will be able to offset some of these cost increases by raising our prices in the second half of the year.

We have now received all the necessary approvals from the authorities for the launch of our Chinese joint venture with FAW Jiefang. This venture will therefore commence business on schedule on 1 August this year. The funds for the purchase of our 50 per cent stake in the joint venture will also be transferred in August. We have financed this long-term investment by issuing bonds in the United States, selling debt securities worth US$ 274 million to US institutional investors as part of a private placement. Most of this amount will be used to finance our growth, and €60 million will go into our joint venture. A further €77 million will be used to pay compensation for post-employment benefits and pension entitlements. We have offered to pay compensation to our pensioners and those with pension entitlements in lieu of their vested company pension rights. 60 per cent of those affected have accepted this offer. This will result in a 29 per cent reduction in our pension provisions.

We are raising our unit-sales target for the current year to between 280,000 and 290,000 engines. Consequently, our revenue will rise by between 20 per cent and 25 per cent. Although our operating profit will improve significantly on 2006 and clearly exceed €100 million, our profitability will be impaired by the extraordinary costs in logistics and production and by the start-up costs of our Chinese joint venture. Our EBIT margin will rise further to over six per cent. Net income will increase by a double-digit million euro amount.

Although the sale of DEUTZ Power Systems to 3i on 30 July will affect our operating profit in absolute terms at the end of 2007 because of the loss of DEUTZ Power Systems' contribution, our margin target will remain unchanged. Our net income will turn out much higher than forecast owing to the proceeds from this sale. In future we will be focussing completely on our core competence: the development and manufacture of compact diesel engines. The proceeds of €360 million from this sale will enable us to fully exploit the growth potential of this market.

Yours sincerely

Gordon Riske
Chairman of the Management Board

Interim Management Report 1st Half-year 2007

INTRODUCTION

2006 saw the creation of the new DEUTZ Customised Solutions business unit, which specifically covers all air-cooled series activities, together with those involving liquid-cooled engines with a capacity greater than eight litres. Previously, these activities formed part of the Compact Engines segment. From the first quarter of 2007 a major change was made to the reporting structure, allowing DEUTZ Customised Solutions to be reported as a separate segment. The prior-year figures affected by this new segment structure have been broken down and assigned to Compact Engines and DEUTZ Customised Solutions accordingly. Also from Q1 2007, revenue in the Marine application segment has been aggregated under "Other" because of the low amounts involved. The figures for the corresponding prior-year periods mentioned in this report – the second quarter and first half of 2006 – have also been restated.

ECONOMIC ENVIRONMENT

Global economy remains robust

The global economy remains robust and is undergoing a strong expansion. However, the pace of growth in the US is slowing. Consequently, US gross domestic product (GDP) is forecast to grow by only two per cent in 2007. The fall in house-building investment in the United States is making itself felt, while the increase in expenditure on commercial real estate is tailing off. The most important driver of growth is still Asia, where experts are forecasting GDP growth of 8.7 per cent for this year. Gross domestic product in the euro-zone countries is expected to grow by 2.8 per cent, with export growth remaining strong for the time being despite the stable euro. The German economy is forecast to grow by 2.6 per cent.

The excellent order situation in the engineering sector has caused the German Engineering Federation (VDMA) to raise its growth forecast for 2007 from 4 per cent to 9 per cent. Many companies are operating at close to full capacity, with capacity utilisation at an all-time high of over 93 per cent.

BUSINESS PERFORMANCE IN THE DEUTZ GROUP

New orders up 22 per cent, orders on hand up 29 per cent

In the first half of 2007, DEUTZ increased its new orders by 21.7 per cent to €995.9 million (H1 2006: €818.4 million). The growth rates for both engines and services in the Compact Engines and DEUTZ Customised Solutions segments continued to outperform forecasts. Orders on hand as at 30 June 2007 had grown to €523.4 million, an increase of 28.5 per cent on the same period in 2006 (H1 2006: €407.3 million).

Revenue growth of 30 per cent

With unit sales of 134,835 engines in the reporting period, DEUTZ exceeded the 108,932 engines sold in the corresponding period of 2006 by 23.8 per cent. On the back of the growth in unit sales, revenue for the first half of 2007 increased by 30.2 per cent year on year to €839.5 million (H1 2006: €645.0 million). This strong growth stemmed largely from the Compact Engines segment. The ramped-up production of the commercial-vehicle engine accounted for approximately 50 per cent of revenue growth and impacted on the figures reported for the European countries outside Germany. Revenue from the Asia-Pacific region rose by 15 per cent. This growth was attributable to the significant increase in deliveries of parts and engines to China. Growth in the Americas region amounted to roughly eight per cent. Revenue from Germany advanced by almost seven per cent.

DEUTZ Group: Revenue by regions
€ million (2006 figures)

- **666.2** (487.7): Europe/Middle East/Africa
- **110.4** (102.6): Americas
- **62.9** (54.7): Asia-Pacific

Operating profit rises by 26 per cent

Operating profit (EBIT before one-off items) for the first half of 2007 increased by 25.5 per cent year on year to €42.8 million (H1 2006: €34.1 million) despite being impaired by higher-than-planned logistics costs and by the rise in production costs. Capacity bottlenecks at suppliers and in DEUTZ's inhouse production forced up logistics costs, which had a disproportionate effect on the rise in the cost of materials and impacted on the company's other operating expenses. This cost situation will return to normal during the second half of the year once additional inhouse and external capacities have come on stream and their production has been ramped up. The extra shifts needed in the production areas also incurred additional costs. Despite these effects, the EBIT margin before one-off items fell only slightly from 5.3 per cent to 5.1 per cent.

The segment breakdown of consolidated operating profit was as follows: Compact Engines contributed €19.5 million (H1 2006: €18.7 million), DEUTZ Customised Solutions €17.8 million (H1 2006: €13.3 million) and DEUTZ Power Systems €2.4 million (H1 2006: €0.4 million).

Other operating profit for the first six months amounted to €3.1 million (H1 2006: €1.7 million). Once all warranty periods had expired in the second quarter, a further amount of €5.0 million accrued from the sale of the Marine Service business.

Net income up by over 50 per cent

Net income before taxes rose from €21.3 million to €30.4 million, an increase of 42.7 per cent, with net interest expenses virtually unchanged on the corresponding period of 2006. DEUTZ generated net income of €26.4 million in the reporting period compared with €17.3 million in the first half of 2006, an increase of 52.6 per cent.

Second-quarter revenue grows by 34 per cent

In the second quarter of 2007 the DEUTZ Group's volume of new orders expanded by 14.0 per cent to €480.2 million (Q2 2006: €421.3 million). This increase was largely attributable to the new orders received by the Compact Engines segment on the back of persistently strong demand for engines used in construction equipment and commercial vehicles. A total of 71,065 engines were sold between April and June. This was an increase of approximately 25 per cent on the second quarter of 2006, when 56,936 engines were sold. This growth in unit sales was primarily due to the fact that production of the commercial-vehicle engine was ramped up. Consequently, second-quarter revenue advanced by roughly 34 per cent to €448.6 million after revenue of €335.5 million had been generated in the second quarter of 2006.

BUSINESS PERFORMANCE IN THE COMPACT ENGINES SEGMENT

- New orders up 38 per cent
- Revenue up almost 50 per cent

	4–6/2007	4–6/2006	1–6/2007	1–6/2006
€ million				
New orders	301.1	238.9	641.6	464.9
Unit sales	62,396	47,976	119,525	91,180
Revenue	299.0	197.9	568.2	382.4
Operating profit (EBIT before one-off items)	10.5	10.2	19.5	18.7

New orders continue to grow

In the first half of 2007 the Compact Engines segment received a high level of new orders for its commercial-vehicle engine and reported significantly stronger demand from customers in the construction-equipment sector in particular. Consequently, the volume of new orders rose to €641.6 million (H1 2006: €464.9 million), an increase of 38.0 per cent.

Delivery of commercial vehicle engines boosts unit sales

Sales of engines rose by 31.1 per cent to 119,525 units (H1 2006: 91,180). Liquid-cooled engines with a capacity of four to eight litres achieved the strongest growth of some 52 per cent due to the ramp-up of production of the commercial vehicle engine. Unit sales of this type of engine were significantly higher between January and June of the current year than they had been in the first half of 2006, when series production of these engines started.

Revenue growth of almost 50 per cent

Revenue in this segment rose significantly by 48.6 per cent to €568.2 million in the first six months of 2007 on the back of the strong growth in unit sales (H1 2006: €382.4 million). The sharpest rise resulted from the increase in deliveries of the commercial vehicle engine in the Automotive application segment. Revenue from the Mobile Machinery application segment grew by over 30 per cent, with engines used in construction equipment and materials-handling equipment making a particularly valuable contribution to this sharp increase. In addition, business in engines used in gensets in the Stationary Equipment application segment achieved double-digit growth rates. The growth in the parts business caused service revenue to increase significantly by around 15 per cent.

Rise in operating profit despite higher logistics costs

Operating profit for the first six months of 2007 improved from €18.7 million to €19.5 million, an increase of 4.3 per cent. The company’s inhouse production and its suppliers operated at close to full capacity in some areas in order to meet the demand for engines, which was well in excess of forecasts. This caused logistics costs in particular to rise disproportionately, partly due to extra shipments of materials and finished engines. The extra shifts needed in the production areas also incurred additional costs. Furthermore, the cost of materials for parts in short supply rose in some areas. This situation will return to normal in the company’s inhouse production during the second half of the year as the capital investment in capacity expansion in both 2006 and 2007 takes effect. The removal of bottlenecks in the external supply of parts as a result of suppliers’ ongoing expansion of their capacities will cause logistics processes and, consequently, the cost situation to return to normal towards the end of the year. In addition, the higher costs incurred will be partly offset by price increases in the second half of the year.

Compact Engines: Revenue by application segments
€ million (2006 figures)

Second-quarter unit sales and revenue boosted by commercial vehicle engines

In the second quarter of 2007 this segment sold 62,396 engines, an increase of 30.1 per cent on the same quarter of last year (Q2 2006: 47,976) because production of the commercial vehicle engine had been fully ramped up at the end of 2006. Consequently, second-quarter revenue in 2007 rose by over 50 per cent to €299.0 million (Q2 2006: €197.9 million). The volume of new orders also performed very encouragingly, growing by 26.0 per cent to €301.1 million.

Logistics costs and cost of joint venture depress Q2 operating profit

Apart from higher-than-planned logistics and production costs, the operating profit for the second quarter of 2007 contains costs of €1.0 million for the DEUTZ Dalian joint venture currently being established. This meant that the second-quarter operating profit of €10.5 million was only slightly higher year on year (Q2 2006: €10.2 million).

Launch of joint venture on schedule

We have now received the necessary approvals from the authorities to launch DEUTZ Dalian with our partner FAW Jiefang. The joint venture will therefore commence business on 1 August this year.

BUSINESS PERFORMANCE IN THE DEUTZ CUSTOMISED SOLUTIONS SEGMENT

- Operating profit grows by 34 per cent
- New orders up 10 per cent

	4–6/2007	4–6/2006	1–6/2007	1–6/2006
€ million				
New orders	95.6	88.2	192.8	175.9
Unit sales	8,551	8,804	15,094	17,505
Revenue	83.3	72.0	149.5	142.9
Operating profit (EBIT before one-off items)	12.6	8.1	17.8	13.3

New orders increase by 10 per cent

The DEUTZ Customised Solutions segment reported strong demand in the first half of 2007, with the volume of new orders expanding by 9.6 per cent to €192.8 million (H1 2006: €175.9 million). As expected, sales of engines declined by 13.8 per cent to 15,094 units (H1 2006: 17,505 units) following the relocation of production of air-cooled engines from Cologne to Ulm at the beginning of January. The loss of production caused by this relocation will be recovered during the course of the year. Segment revenue for the first half of the year rose to €149.5 million, largely on the back of strong service revenue, and was therefore slightly higher year on year (H1 2006: €142.9 million). The largest increases in new orders and revenue came from applications used in mobile machinery, automotive and agricultural machinery. Service revenue performed very encouragingly in the first half of 2007, primarily as a result of business in reconditioned exchange parts and engines.

DEUTZ Customised Solutions: Revenue by application segments
€ million (2006 figures)

Operating profit up 34 per cent

With revenue slightly higher year on year, operating profit for the first half of 2007 rose by 33.8 per cent year on year to €17.8 million (H1 2006: €13.3 million). The main reason for this increase was the contribution made by service business in reconditioned exchange parts and engines.

Second-quarter revenue up 16 per cent

The volume of new orders received in the second quarter of 2007 grew by 8.4 per cent year on year to €95.6 million (Q2 2006: €88.2 million). Although the number of engines sold declined slightly to 8,551 units (Q2 2006: 8,804), revenue for the period from April to June rose by 15.7 per cent to €83.3 million owing to the product mix (Q2 2006: €72.0 million). Operating profit for the second quarter advanced by 55.6 per cent year on year to €12.6 million on the back of service business in reconditioned exchange parts and engines (Q2 2006: €8.1 million).

BUSINESS PERFORMANCE IN THE DEUTZ POWER SYSTEMS SEGMENT

- Encouraging growth in operating profit
- Revenue in line with previous year despite lower unit sales

	4–6/2007	4–6/2006	1–6/2007	1–6/2006
€ million				
New orders	83.5	94.2	161.5	177.6
Unit sales	118	156	216	247
Revenue	66.3	65.6	121.8	119.7
Operating profit (EBIT before one-off items)	3.7	2.6	2.4	0.4

New orders lower due to delays in projects

The volume of new orders received by the DEUTZ Power Systems segment in the first half of 2007 fell by 9.1 per cent year on year to €161.5 million due to delays in projects (H1 2006: €177.6 million). These orders are expected to materialise in the second half of the year. As in 2006, the volume of new orders includes business in gas engines for applications in commercial greenhouses in the Benelux countries. Furthermore, the Asian market performed encouragingly, in line with forecasts, with significant volumes of orders being received from India for the first time.

Unit sales fell by 12.6 per cent to 216 engines (H1 2006: 247 engines), the critical factor in this case being a decrease of around 14 per cent in unit sales of gas gensets compared with the corresponding period in 2006. Delays in projects were another contributing factor here.

DEUTZ Power Systems: Revenue by application segments
€ million (2006 figures)

- **60.5** (58.6): Stationary Equipment
- **61.3** (58.7): Service
- – (2.4): Marine

Jump in operating profit

Segment revenue rose slightly year on year to €121.8 million (H1 2006: €119.7 million). Delays in projects affected revenue, as they did new orders. New engines business with gas engines had a positive impact, growing by almost twelve per cent, with gas engines accounting for 93 per cent of total new engines business revenue (H1 2006: 83 per cent). Service revenue grew by over four per cent. Operating profit for the first half of 2007 jumped to €2.4 million (H1 2006: €0.4 million).

Second-quarter operating profit very encouraging at €3.7 million

The volume of new orders in the second quarter of 2007 contracted by 11.4 per cent to €83.5 million (Q2 2006: €94.2 million). Orders that had been scheduled for the first six months are expected to materialise in the second half of the year. Although second-quarter sales of engines fell by roughly 24 per cent year on year to 118 units (Q2 2006: 156), revenue rose slightly to €66.3 million (Q2 2006: €65.6 million) owing to the different product mix compared with 2006. Operating profit performed very encouragingly in the second quarter of 2007, advancing to €3.7 million (Q2 2006: €2.6 million). This result was largely due to the higher operating profit reported by the Dutch subsidiary, whose business with commercial greenhouses continued to perform very well.

NET ASSETS AND FINANCIAL STRUCTURE

Payment of compensation for pensions affects structure of balance sheet

Given the significant growth in the volume of business, DEUTZ's total assets at the end of the first half of 2007 had grown by €54.3 million, or approximately five per cent, from €1,162.9 million at the end of 2006 to €1,217.2 million. The level of inventories at the end of the first half had been increased by €80.0 million since the beginning of the year to €329.6 million in order to process the large volume of orders on hand. Working capital rose in the first half of 2007 to €318.6 million, an increase of €83.5 million on the end of 2006, mainly as a result of the growth in inventories. This figure was approximately €29 million higher than in the first half of 2006. Despite this, the average working capital ratio (ratio of working capital to revenue) improved from 20.8 per cent in the first half of 2006 to 17.0 per cent in H1 2007. Current and non-current provisions decreased by over €25 million to €376.0 million compared with the end of December 2006. The reason for this is that DEUTZ AG offered to pay compensation to its pensioners and those with pension entitlements in lieu of their vested company pension rights and that a certain number of these persons had accepted this offer by 30 June 2007. Consequently, the company's pension provisions were reduced by €31 million as at 30 June. The corresponding obligations were reclassified as other current liabilities because this compensation is due to be paid in August of this year. Around 60 per cent of those affected had accepted this offer by the prescribed deadline on 20 July, which will enable the company's pension provisions to be reduced by a further €52 million or so in the third quarter.

Further improvement in equity ratio

Equity had increased by €33.1 million to €391.6 million by the balance sheet date of 30 June 2007, primarily as a result of the high level of net income (31 December 2006: €358.5 million). The conversion of bonds and profit-sharing rights also had a positive impact. Consequently, the equity ratio improved further to 32.2 per cent (31 December 2006: 30.8 per cent).

Net financial debt increased from €10.8 million as at 31 December 2006 to €62.2 million, primarily as a consequence of significantly lower cash levels at the end of the first half of the year. This figure was €9 million higher than at the end of the first half of 2006.

Cash outflow from investing activities rises by over 50 per cent

The cash flow from operating activities in the first half of 2007 amounted to minus €8.2 million owing to the larger amount of working capital needed (30 June 2006: minus €8.9 million). Because the level of capital expenditure increased, cash flow from investing activities amounted to minus €38.8 million (H1 2006: minus €24.9 million). Cash flow from financing activities amounted to €11.6 million (H1 2006: minus €3.5 million). This amount includes interest payments and short-term bank loans raised to finance the larger volume of business.

CAPITAL EXPENDITURE

Capital expenditure in the first half of 2007 amounted to €41.6 million (H1 2006: €31.2 million) including capitalised development costs. The capitalised development costs of €8.3 million remained virtually unchanged year on year (H1 2006: €8.4 million).

€29.6 million of this investment was attributable to the Compact Engines segment (H1 2006: €29.8 million) and €5.8 million to the DEUTZ Customised Solutions segment (H1 2006: €0.5 million). Both of these segments received capital expenditure to expand capacity, in particular for the manufacture of components at the production sites in Cologne and Zafra (Spain). A significant proportion of the capital investment at the Ulm site in the first half of 2007 was spent on the construction of a new high-bay storage facility. The company also invested in the development of its engines. Capital expenditure in the DEUTZ Power Systems segment amounted to €6.2 million (H1 2006: €0.9 million). In Mannheim, DEUTZ started in the second quarter of 2007 to expand a genset testing field for series production and to build new genset test stands in the trial department in addition to the distribution centre already under construction.

RESEARCH AND DEVELOPMENT

Expenditure on research and development (R&D) in the first half of 2007 came to €29.8 million (H1 2006: €32.8 million). The ratio of R&D expenditure to revenue in the new engine business fell in line with the budget from 6.6 per cent to 4.4 per cent.

R&D expenditure on the development and support of engine series production in the Compact Engines and DEUTZ Customised Solutions segments amounted to €19.1 million (H1 2006: €22.6 million) and €4.2 million (H1 2006: €4.1 million) respectively in the first half of 2007. R&D in the Compact Engines segment was focussed on support for all engine series, pre-development for future emissions standards and the further development of engines for commercial vehicle and construction equipment applications. R&D on air-cooled engines in the DEUTZ Customised Solutions segment centred on series production support as well as improvements in noise levels and design. DEUTZ Power Systems spent €6.5 million on the ongoing refinement of its existing product range in the first half of 2007 (H1 2006: €6.1 million).

EMPLOYEES

DEUTZ employed 5,844 people worldwide as at 30 June 2007. This was 556 people, or 10.5 per cent, more than at the end of June 2006 (H1 2006: 5,288). The increase is primarily attributable to the expansion in production capacity for the significantly intensified production programme in the Compact Engines segment. In the first half of 2007 an average of 401 people were employed on temporary contracts, which was an increase of 229 over the corresponding period in 2006.

The number of employees in Germany rose by 386 to 4,456 (H1 2006: 4,070), and in other countries by 170 to 1,388 (H1 2006: 1,218). The rise in Germany is largely attributable to the capacity increase in Cologne and the expansion of the Ulm site in connection with the relocation of production of air-cooled engines from Cologne to Ulm. Outside Germany, DEUTZ increased its capacity for the manufacture of components in Zafra, Spain.

At the end of June 2007 the Compact Engines segment employed 3,977 people (H1 2006: 3,524), while the DEUTZ Customised Solutions segment had 858 employees (H1 2006: 774). The headcount of 1,009 employees in the DEUTZ Power Systems segment was virtually unchanged on the second half of 2006 (H1 2006: 990).

DEUTZ SHARES

DEUTZ shares weaker in second quarter

The performance of DEUTZ's share price in the second quarter of 2007 was slightly subdued. Starting at a price of €11.40 at the beginning of April, its shares dipped below the €10 mark on 6 June before closing at €9.62 on the final trading day in June. This was a decrease of 4.3 per cent on the end of December 2006. Over the same period the MDAX index rose by 17.2 per cent and the Prime Industrial sectoral index gained 37.0 per cent. The highest DEUTZ share price in the first half of 2007 was €12.02 and the lowest was €9.40.

The number of DEUTZ shares as at 30 June 2007 had increased to 117.3 million owing to the conversion of bonds. A total of 2,969,747 convertible bonds and 180 profit-sharing rights were converted into shares between January and June. On this basis, the company's market capitalisation at the end of the first half of the year was €1,128.4 million (31 December 2006: €1,148.9 million). However, its market value increased by 62.8 per cent compared with the end of June 2006. At the end of March 2007, DEUTZ therefore came 58th (December 2006: 52nd) in Deutsche Börse AG's share rankings (which only take the free float into account). In terms of trading volume, DEUTZ was ranked 44th at the end of the first half of 2007 (December 2006: 47th).

EVENTS AFTER THE BALANCE SHEET DATE

At the end of July, DEUTZ AG sold its gas engines and diesel engines business for decentralised power generation (DEUTZ Power Systems) to 3i. The agreed sale price is €360 million. The aim is to complete the commercial transfer of this business by the end of the third quarter. The sale is subject to approval by the Supervisory Board of DEUTZ AG and the antitrust authorities.

There is relatively little overlap between the Compact Engines business and DEUTZ Power Systems because of their differing business processes, customer profiles and market conditions. The sale represents a continuation of the strategy of focus that was launched with the sale of the Marine Service business.

RISK REPORT

As a group operating in different application segments at a global level, DEUTZ is exposed to various business and regional risks. These risks are described in detail in the 2006 Annual Report. There were no subsequent changes to these risks during the first half of 2007.

Reform of corporation tax

Because Germany's new corporation tax legislation for 2008 was passed by the Bundesrat (second chamber of the German parliament) on 6 July 2007, the country's corporation tax reforms for 2008 do not yet apply to the measurement of tax assets and tax liabilities in this interim report on the first half of 2007.

IAS 12.48 states that the measurement of current and deferred tax assets and tax liabilities should generally be based on the prevailing taxation rates and tax legislation. In tax jurisdictions where the announcement of new taxation rates and tax legislation by the government has the material effect of de facto enforcement, the new taxation rates and tax legislation should be used to measure current and deferred tax assets and tax liabilities as soon as this announcement has been made. In Germany these announcements were made, as far as IAS 12.48 is concerned, when the relevant legislation was approved by the Bundestag (first chamber of the German parliament) on 25 May 2007 and by the Bundesrat on 6 July 2007, i.e. after the balance sheet date of this interim report.

OUTLOOK

DEUTZ's projections for 2007 assume that exchange rates will remain in line with those in 2006. As far as the cost of raw materials is concerned, DEUTZ again expects the situation to remain essentially unchanged. However, bottlenecks in both inhouse and suppliers' production affecting deliveries of components will cause logistics and production costs to rise, which will depress the company's operating profit. This will affect the Compact Engines segment in particular.

Outlook for 2007 remains positive

Given the performance of the company's new orders and orders on hand, its target for unit sales in 2007 is being raised to between 280,000 and 290,000 engines. Consequently, revenue will grow significantly by between 20 per cent and 25 per cent. The operating profit for 2007 will be a clear improvement on that in 2006. However, extraordinary costs in logistics and production and the aforementioned start-up costs of the Chinese joint venture will have an adverse effect on profitability. Nonetheless, operating profit will be in line with projections and clearly exceed €100 million. EBIT margin will rise further to over six per cent. Net income will increase by a double-digit million euro amount.

Although the sale of DEUTZ Power Systems will affect our operating profit in absolute terms at the end of 2007 because of the loss of DEUTZ Power Systems' contribution, our margin target will remain unchanged. Our net income will turn out much higher than forecast owing to the proceeds from this sale.

DISCLAIMER

This publication includes certain statements about future events and developments, together with details and estimates provided by the company. Such forward-looking statements include known and unknown risks, uncertainties and other factors that may mean that the actual performances, developments and results in the company or those in sectors important to the company are significantly different (especially from a negative point of view) from those expressly or implicitly assumed in these statements. The Management Board cannot therefore make any warranty with regard to the statements made in this management report. The company gives no undertaking that it will update forward-looking statements to bring them into line with future developments.

Interim consolidated financial statements 1st Half-year 2007

INCOME STATEMENT FOR THE DEUTZ GROUP

	4–6/2007	4–6/2006	1–6/2007	1–6/2006
€ million				
Revenue	**448.6**	**335.5**	**839.5**	**645.0**
Changes in inventories and other own work capitalised	25.4	7.9	57.1	25.9
Other operating income	19.2	9.9	27.7	26.7
Cost of materials	–314.1	–206.4	–589.0	–408.6
Staff costs	–87.0	–75.8	–169.2	–149.4
Depreciation and amortisation	–17.1	–16.8	–35.2	–32.4
Other operating expenses	–45.8	–33.6	–89.3	–74.0
Gains on financial assets measured at equity	0.3	0.4	1.0	0.9
Reversal of impairment losses on non-current financial assets	0.2	–	0.2	–
EBIT	**29.7**	**21.1**	**42.8**	**34.1**
thereof operating profit (EBIT before one-off items)	**29.7**	**21.1**	**42.8**	**34.1**
Interest expenses, net	–6.0	–4.9	–11.7	–12.0
thereof financial costs	–6.3	–5.0	–12.7	–12.4
Other taxes	–0.5	–0.5	–0.7	–0.8
Net income before taxes	**23.2**	**15.7**	**30.4**	**21.3**
Income taxes	–2.6	–2.3	–4.0	–4.0
Net income	**20.6**	**13.4**	**26.4**	**17.3**
thereof minority interest	–	–	–	–0.1
thereof attributable to the shareholders of the parent enterprise	20.6	13.4	26.4	17.4
Earnings per share				
Earnings per share, basic, in €	0.18	0.13	0.23	0.17
Earnings per share, diluted, in €	0.17	0.10	0.22	0.14

BALANCE SHEET FOR THE DEUTZ GROUP

Assets

	30/6/2007	31/12/2006
€ million		
Property, plant and equipment	376.9	374.6
Intangible assets	100.5	100.3
Financial assets measured at equity	13.3	12.8
Other financial assets	11.1	11.4
Non-current assets before deferred tax assets	**501.8**	**499.1**
Deferred tax assets	59.1	56.2
Non-current assets	**560.9**	**555.3**
Inventories	329.6	249.6
Trade receivables	227.0	222.0
Other receivables and assets	83.4	84.2
Cash and cash equivalents	13.9	49.4
Current assets	**653.9**	**605.2**
Non-current assets held for sale	2.4	2.4
Total assets	**1,217.2**	**1,162.9**

Equity and liabilities

Issued capital	299.9	292.3
Additional paid-in capital	26.3	24.1
Other reserves	–4.9	–1.8
Retained earnings	0.4	0.4
Accumulated income	69.9	43.5
Equity attributable to the shareholders of the parent enterprise (DEUTZ Group's interest)	**391.6**	**358.5**
Minority interest	–	–
Equity	**391.6**	**358.5**
Provisions for pensions and other post-retirement benefits	236.8	271.2
Deferred tax provisions	0.6	0.5
Other provisions	50.1	52.0
Financial liabilities	34.6	69.5
Other liabilities	4.7	2.8
Non-current liabilities	**326.8**	**396.0**
Provisions for pensions and other post-retirement benefits	23.4	26.5
Provision for current income taxes	0.7	6.5
Other provisions	64.4	44.7
Financial liabilities	53.4	13.9
Trade payables	238.1	236.4
Other liabilities	118.8	80.4
Current liabilities	**498.8**	**408.4**
Total equity and liabilities	**1,217.2**	**1,162.9**

STATEMENT OF CHANGES IN EQUITY FOR THE DEUTZ GROUP

€ million	Issued capital	Additional paid-in capital	Retained earnings	Fair value reserve[1)2)]	Currency translation reserve[1)]	Accumu-lated income/ loss	Total Group interest	Minority interest	Total
Balance at 1 January 2006	**242.9**	**20.1**	**–**	**–1.3**	**2.9**	**–18.2**	**246.4**	**0.6**	**247.0**
Increase from exercise of conversion rights on convertible bonds	19.8	4.2					24.0		24.0
Increase from exercise of conversion rights on profit-sharing rights	25.5	–2.1					23.4		23.4
Accumulated other comprehensive income/loss				2.9	–3.0		–0.1	0.1	0.0
(thereof reversal recognised in period income)				(–0.7)			(–0.7)		(–0.7)
Net income						17.4	17.4	–0.1	17.3
Total of net income and accumulated other comprehensive income/loss in reporting period				2.9	–3.0	17.4	17.3	–	17.3
Balance at 30 June 2006	**288.2**	**22.2**	**–**	**1.6**	**–0.1**	**–0.8**	**311.1**	**0.6**	**311.7**
Balance at 1 January 2007	**292.3**	**24.1**	**0.4**	**1.0**	**–2.8**	**43.5**	**358.5**	**–**	**358.5**
Increase from exercise of conversion rights on convertible bonds	7.6	2.2					9.8		9.8
Accumulated other comprehensive income/loss				–2.3	–0.8		–3.1		–3.1
(thereof reversal recognised in period income)				(2.1)			(2.1)		(2.1)
Net income						26.4	26.4		26.4
Total of net income and accumulated other comprehensive income/loss in reporting period				–2.3	–0.8	26.4	23.3	–	23.3
Balance at 30 June 2007	**299.9**	**26.3**	**0.4**	**–1.3**	**–3.6**	**69.9**	**391.6**	**–**	**391.6**

1) These items are aggregated as “Other reserves” on the face of the balance sheet.

2) Reserves from the measurement of cash flow hedges and reserves from the measurement of available-for-sale financial assets.

CASH FLOW STATEMENT OF THE DEUTZ GROUP

	1–6/2007	1–6/2006
€ million		
EBIT	**42.8**	**34.1**
Interest income	1.0	0.4
Other taxes paid	–0.7	–0.8
Income taxes paid	–13.2	–4.3
Depreciation, amortisation of non-current assets	35.0	32.4
Gains/losses on the sale of non-current assets	–	0.3
Gains/losses on measurement at equity	–0.5	–
Other non-cash income and expenses	–7.4	–7.8
Change in inventories	–80.8	–42.5
Change in receivables and other assets	–8.6	–9.9
Change in current provisions and liabilities (excl. financial liabilities)	59.4	–5.4
Change in non-current provisions and liabilities (excl. financial liabilities)	–35.2	–5.4
Cash flow from operating activities	**–8.2**	**–8.9**
Capital expenditure on intangible assets and property, plant and equipment	–42.5	–25.1
Capital expenditure on investments	–0.4	0.1
Cash receipts from the sale of businesses	3.6	–
Proceeds from the sale of non-current assets	0.5	0.1
Cash flow from investing activities	**–38.8**	**–24.9**
Interest expenses	–4.5	–3.1
Cash receipts from borrowings	50.5	26.2
Repayments of loans	–34.4	–26.6
Cash flow from financing activities	**11.6**	**–3.5**
Cash flow from operating activities	–8.2	–8.9
Cash flow from investing activities	–38.8	–24.9
Cash flow from financing activities	11.6	–3.5
Change in cash and cash equivalents	**–35.4**	**–37.3**
Cash and cash equivalents at 1 January	**49.4**	**48.4**
Change in cash and cash equivalents	–35.4	–37.3
Exchange rate-related change in cash and cash equivalents	–0.1	–0.5
Cash and cash equivalents at 30 June	**13.9**	**10.6**

DEUTZ Group – Notes to the consolidated financial statements, 1st Half-year 2007

BASIS OF PRESENTATION

The consolidated financial statements of DEUTZ AG for the year ended 31 December 2006 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The standards comprise the IFRS and International Accounting Standards (IAS) promulgated by the International Accounting Standards Board (IASB), together with the interpretations of both the International Financial Reporting Interpretations Committee (IFRIC) and the Standard Interpretations Committee (SIC).

The consolidated financial statements for the year ended 31 December 2006 are consistent with the statutory obligations applicable to publicly traded parent companies subject to disclosure requirements pursuant to section 315a (1) of the German Commercial Code (HGB) in conjunction with Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council dated 19 July 2002 concerning the adoption of current international accounting standards in the version applicable at the time (IAS Regulation). The supplementary provisions of the German Stock Corporation Act (AktG) have been applied.

These interim financial statements for the period ended 30 June 2007 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the relevant interpretations of the International Accounting Standards Board (IASB) regarding interim financial reporting (IAS 34) as adopted by the European Union. Consequently, these interim financial statements do not contain all the information and notes required by the IFRS for consolidated financial statements for a full financial year, and should therefore be read in conjunction with the IFRS consolidated financial statements published by the company for the 2006 financial year. The accounting policies used in the preparation of these interim consolidated financial statements are essentially the same as those used in the most recent consolidated financial statements for the year ended 31 December 2006. Further information on the accounting policies used can be found in the notes to the consolidated financial statements for the year ended 31 December 2006.

If material, revenue-related and cyclical items are deferred during the year on the basis of annual business plans.

The condensed interim consolidated financial statements as at 30 June 2007 – consisting of the balance sheet, income statement, cash flow statement, statement of changes in equity as well as selected explanatory notes to the financial statements – and the interim management report of the Group for the period from 1 January to 30 June 2007, which are components of the 1st half-year interim report have been reviewed under section 37 w of the German Securities Trading Act (WpHG) by an auditor for the first time. The other parts of the interim report have not been reviewed.

BASIS OF CONSOLIDATION

Following the deconsolidation of one of the Group's investments in Germany, the number of companies included in the consolidation has reduced since 31 December 2006.

FURTHER INFORMATION ON MATERIAL CHANGES IN THE BALANCE SHEET AND INCOME STATEMENT

Balance Sheet

Inventories grew by €80.0 million to €329.6 million compared with 31 December 2006. This expansion reflects the increase in inventories needed to handle the high level of orders on hand as at 30 June 2007.

The €35.5 million reduction in cash and cash equivalents resulted from the financing of the larger volume of business in the first half of 2007.

Equity increased from €358.5 million to €391.6 million owing to the encouraging level of net income and the conversion of 2,969,747 bonds and 180 profit-sharing rights, with the improvement in net income having a particular effect. The effect of the above conversions totalled €9.8 million. Consequently, the equity ratio as at 30 June 2007 rose to 32.2 per cent.

Non-current and current provisions as at 30 June 2007 fell by €25.4 million to €376.0 million. The reduction in provisions was more than offset by an increase of €38.4 million in other current liabilities. The majority of this increase stemmed from other current staff-related obligations.

Other current provisions grew by €19.7 million in connection with the high level of procurement.

Non-current financial liabilities decreased by €34.9 million owing to conversions of bonds and profit-sharing rights and the repayment of loans. Current financial liabilities grew by €39.5 million due to the financing of the larger volume of business.

These changes are largely the result of compensation paid in lieu of vested company pension rights. In June, DEUTZ AG offered – where permitted by law – to pay compensation to its pensioners and those with pension entitlements in the form of a one-off payment for their vested company pension rights. 60 per cent of those affected accepted the offer. Because of the amounts committed by the end of June, €31 million had already been reclassified from the company's pension provisions to its other current liabilities on the balance sheet date of 30 June because this compensation is due to be paid in August 2007.

Income Statement

The company's revenue continued to grow on the back of the ongoing expansion of the global economy.

The DEUTZ Group's revenue in the first half of 2007 rose by 30.2 per cent year on year to €839.5 million. This strong growth stemmed almost exclusively from the Compact Engines segment. A key revenue driver was the ramp-up of production of the new commercial vehicle engine at the end of 2006, which accounted for roughly 50 per cent of revenue growth.

The cost of materials rose significantly, in line with revenue. This item includes higher-than-planned logistics costs in the form of freight inward. The expansion in the volume of business resulted in higher logistics costs to cope with temporary capacity bottlenecks.

Other operating expenses also rose year on year owing to higher logistics costs in the form of freight outward for finished engines and to higher costs for external logistics services.

CONTINGENT LIABILITIES

Contingent liabilities as at 30 June 2007 amounted to €11.0 million, a decrease of €6.3 million on the figure as at 31 December 2006.

RELATED-PARTY DISCLOSURES

In addition to its consolidated subsidiaries, the DEUTZ Group maintains relationships with related parties. These include the business relationships between the DEUTZ Group and its associates and subsidiaries as well as the following DEUTZ AG shareholders (including their subsidiaries), who are in a position to exert a significant influence over the DEUTZ Group. These are

- SAME DEUTZ-FAHR Holding & Finance B.V., Amsterdam, Netherlands (Group), and
- AB Volvo Power (publ), Gothenburg, Sweden (Group).

There were the following business relationships between the DEUTZ Group and its shareholders, including their subsidiaries:

The DEUTZ Group's revenue from the Volvo Group arising from deliveries of engines and spare parts and from services amounted to €213.6 million in the first half of 2007. Revenue from the companies of the SAME DEUTZ-FAHR Group arising from deliveries of engines and spare parts and from services over the same period amounted to €17.4 million.

SEGMENT REPORTING

	Compact Engines		DEUTZ Customised Solutions		DEUTZ Power Systems		Other		DEUTZ Group	
	1–6/ 2007	1–6/ 2006	1–6/ 2007	1–6/ 2006	1–6/ 2007	1–6/ 2006	1–6/ 2007	1–6/ 2006	1–6/ 2007	1–6/ 2006
€ million										
Revenue	568.2	382.4	149.5	142.9	121.8	119.7			839.5	645.0
Operating profit (EBIT before one-off items)	19.5	18.7	17.8	13.3	2.4	0.4	3.1	1.7	42.8	34.1

Other

This segment contains Group and consolidation activities that do not belong in any other segment. In the first half of 2007 this essentially comprises the legacy effects of the disposal of the Marine Service business.

EVENTS AFTER THE BALANCE SHEET DATE (30 JUNE 2007)

Sale of DEUTZ Power Systems

Because their business processes, customer profiles and market conditions differ, there is little overlap between the Compact Engines business – which comprises the Compact Engines segment and the DEUTZ Customised Solutions segment – and DEUTZ Power Systems, which is a separate segment. Subject to approval by the Supervisory Board, the Management Board has therefore sold DEUTZ Power Systems, including its associates and subsidiaries. This represents a continuation of the strategy of focus that was launched with the sale of the Marine Service business.

Consequently, the DEUTZ Power Systems segment was reclassified after the reporting period as "held for sale". This segment brings together the gas engine and diesel engine business for decentralised power generation in the 180kW to 4,000kW power output range. The most important company in this segment is DEUTZ Power Systems GmbH & Co. KG in Mannheim, where development and production are based.

The sale will essentially include the investments held in the following currently consolidated companies:

- DEUTZ Power Systems GmbH & Co. KG, Mannheim
- DEUTZ Power Systems B.V., Rotterdam
- DEUTZ POWER SYSTEMS IBERIA S.A., Madrid (formerly DEUTZ IBERIA S.A., Madrid)
- DEUTZ Asia-Pacific (Pte) Ltd., Singapore (since 1 July 2007 DEUTZ POWER SYSTEMS ASIA-PACIFIC PTE. LTD.),

which will be sold under a shareholding sale agreement.

In addition, material assets that are essential to the business operations of the DEUTZ Power Systems segment and do not belong to any of the companies being sold, such as real estate, will be sold under a sale agreement.

The sale is subject to approval by the Supervisory Board of DEUTZ AG and the antitrust authorities. The aim is to complete the commercial transfer of this business by the end of the third quarter of 2007.

US private placement

DEUTZ AG issued bonds worth US$ 274 million as part of a private placement in the United States. The placement was completed on 16 July. The bonds – which carry maturities of five, seven and ten years – were purchased by US institutional investors. This transaction provides DEUTZ with an international, long-term financing base. Most of the funds raised will be used to finance the company's growth and internationalisation strategy. €60 million of the total will be appropriated to finance its 50 per cent stake in its Chinese joint venture (DEUTZ Dalian). A further amount of around €77 million will be used to pay compensation for post-employment benefits and pension entitlements.

Payment of compensation for vested company pension rights

In June, DEUTZ AG offered – where permitted by law – to pay compensation to its pensioners and those with pension entitlements in the form of a one-off payment for their vested company pension rights. The deadline for acceptance of the offer, which 60 per cent of those affected accepted, was 20 July 2007. Based on the number of acceptances received by the end of June, the company's pension provisions were already reduced by €31 million on the balance sheet date. The corresponding obligations were reclassified as other current liabilities because this compensation is due to be paid in August 2007. It will then be possible to reduce the pension provisions by a further €52 million or so in the third quarter.

OTHER DISCLOSURES

Personnel

On 26 June the Supervisory Board of DEUTZ AG extended the contract of Helmut Meyer, the Management Board member with responsibility for Finance and Human Resources, by an additional five years until 31 May 2013. At the same time the Management Board was expanded. Gino Mario Biondi was appointed to the Management Board of DEUTZ AG with effect from 1 September 2007 and will be responsible for procurement and logistics.

Change in share of voting rights

In May, FMR Corp., USA, notified DEUTZ AG pursuant to sections 21 (1) and 22 (1) of the German Securities Trading Act (WpHG) that it held 4.93 per cent of the voting rights in the company. In July, FMR Corp., USA, notified DEUTZ AG pursuant to sections 21 (1) and 22 (1) WpHG that its shareholding in the company had fallen below 3 per cent and now amounted to 2.92 per cent of the voting rights.

RESPONSIBILITY STATEMENT

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

Cologne, 30 July 2007

DEUTZ Aktiengesellschaft
The Management Board

Gordon Riske **Karl Huebser** **Helmut Meyer**

REVIEW REPORT

To DEUTZ AG

We have reviewed the condensed interim consolidated financial statements as at 30 June 2007 – comprising the balance sheet, the income statement, the cash flow statement, the statement of changes in equity as well as selected explanatory notes to the financial statements – and the interim management report of the group for the period from 1 January to 30 June 2007, which are components of the half-year financial report under § 37 WpHG ("German Securities Trading Act") of DEUTZ AG.

The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the Management Board. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). The other components of the half-year financial report were not subject of the review. Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with moderate assurance, that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, 30 July 2007

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Crampton	Signed: Lammers
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Financial Calendar

Dates 2007	Event	Location
8 November	Publication Interim Report 1st to 3rd Quarter 2007 Conference call with analysts and investors	

Dates 2008		
21 May	Annual General Meeting 2008	Koelnmesse, Cologne

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